



# Year-End Comprehensive Report

## *Fiscal Year 2024-25*

*Prepared: July 9, 2025*

### HIGHLIGHTS:

FY 2024-25 Work Plan Accomplishments– Pages 2-5

FY 2024-25 Commission Mandates and Analytics – Pages 5-6

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## INTRODUCTION

The Year-End Comprehensive Report presents an overview of the Commission's Work Plan accomplishments and the agency's budget and investment portfolio performance for Fiscal Year 2024-25.

## WORK PLAN ACCOMPLISHMENTS

This section highlights the Commission's accomplishments during the last fiscal year of its three-year 2022-2025 Work Plan. In addition to the processing of filed applications and responding to the legislative mandate to prepare Municipal Service Reviews, a Work Plan has been adopted by the Commission that includes objectives assigned to the following strategic goals – *Goal One*: Staff Development, Retention, and Recruitment; *Goal Two*: Improve Municipal Service Review (MSR) Process for Future MSRs; *Goal Three*: Promote Legislative Engagement; and, *Goal Four*: Optimize External Communication.

The last fiscal year of the three-year Work Plan came to an end on June 30, 2025. The agency's overall performance includes the completion of many objectives within the timeline established by the Commission. A discussion of each goal and the accomplishments and respective status of each objective are provided in the next section of this report and referenced in **Attachment 2**.

### **Goal One:** *Staff Development, Retention, and Recruitment*

Staff development, retention, and recruitment continued to be an area of priority during the FY 24-25 fiscal cycle. During the last quarter of the cycle, the agency experienced some staff attrition through transitional and unanticipated vacancies of the Executive Officer and Policy Analyst II. While the temporary loss of two key positions has presented some interruptions to projects and activities, the ongoing objective of this goal involving cross-training of staff has allowed for operational efficiencies to continue. Additionally, a recruitment to fill the currently vacant Policy Analyst I position is nearing completion, and it is anticipated that a new member will join the OC LAFCO team in August. Staff is currently working on the Employee Classification and Compensation Study with Kelly Associates Management Group, and the report will be presented to the Commission during the July regular meeting for consideration.



Professional development involving staff continued to be supported and encouraged by executive management during this cycle. Staff participated in LAFCO-related and external activities to expand their acumen in the areas of human resources, leadership, government, and municipal fiscal analyses.

During the past fiscal cycle, OC LAFCO completed the following activities to align with the key priorities of staff development, retention, and recruitment:

- ✓ Conduct recruitment for the vacancy of the Policy Analyst I (underway).
- ✓ \$20K annual funding for staff participation in professional development and training activities.
- ✓ Conducting employee classification and compensation(underway).
- ✓ Conducting cross-training of staff in multiple areas of the agency operations (underway).

Retaining and recruiting strong talent remains a priority for the Commission as the new three-year Work Plan 2025–2028 commences on July 1 and will play a critical role in the agency's success in this area.

### **Goal Two:** *Improve Municipal Service Review (MSR) Process for Future MSRs*

With 75 percent of the objectives completed for this goal, the MSR process has experienced many changes under the current work plan that have resulted in efficiencies in report preparation, data collection, and feedback from agencies. The report preparation and data collection areas have been enhanced through budgeting and the use of consultants to complement staff's expertise and resources. This has resulted in the completion of MSRs for 34 agencies and a joint powers authority over the past three fiscal years of the Work Plan, with two others that include 12 additional agencies underway and will be completed by September 2025. Additionally, staff has released a request for proposals for the North Region MSR, which includes seven agencies.

In addition to using surveys before and after the process to gather data and feedback from cities and special districts, the MSR process also includes conducting agency interviews. These direct discussions with agency staff have allowed OC LAFCO staff and consultants to collect additional information and receive clarification on information provided in the surveys to ensure accuracy. The interviews also provide an additional opportunity for the agency staff to receive answers or clarification on the MSR process.

Enhancements to the MSR process discussed in this section have contributed to the completion of approximately 54 percent of the Commission's current five-year cycle MSR program, with the expectation that this will increase to 77 percent during the next fiscal cycle. The updated MSR program schedule is attached to this report for reference and is also available to the agencies and other interested parties on the agency's website.

### **Goal Three:** *Promote Legislative Engagement*

During the FY 2024-25, the legislative cycle included modest activity that required the Commission to take action by adopting positions on proposed legislation of LAFCO interest. The Commission's monitoring of the state and federal legislation led to the adoption of six positions on bills focused on wastewater services to disadvantaged communities, sale of generated electricity by a water district, LAFCO's ability to require indemnification from applicants, property tax exchange for district formation proposals, federal assistance funding for special districts, and LAFCO's role with abandoned endowment care cemeteries.

With the end of the fiscal year, Commissioner McGregor and staff are transitioning out of the CALAFCO Legislative Committee, as OC LAFCO will not renew its membership with CALAFCO. The executive officers from San Bernardino, San Diego, and Los Angeles LAFCOs are initiating discussions on establishing a standing staff committee to continue monitoring legislation of LAFCO interest for the upcoming fiscal year. Staff will provide the Commission with an update during the Commission's September general meeting.

### **Goal Four:** *Optimize External Communication*

The Commission's communication tools and resources remain key in keeping OC LAFCO Commissioners and staff connected with our local agencies and other external organizations and groups. Below is a list of the strategic plan objectives for this goal completed during FY 2024-25:

- ✓ Published Fall edition of the Pulse with distributions to local agencies and other external organizations and associations.
- ✓ Distributed introduction letters and OC LAFCO media kits to new OC legislators and other interested stakeholders.

Additional objectives that were also completed or started during the past fiscal year to support effective efforts of internal and external communication include the following efforts:

- Completion of website enhancements and improvements.
- Electronic access improvements of OC LAFCO local bylaws, policies, and procedures.

Finally, to ensure OC LAFCO stays connected with various external groups, staff and Commissioners continued participation with the following groups over the past fiscal year:

- ❖ CALAFCO Board of Directors (Commissioner McGregor, Board Director)
- ❖ CALAFCO Legislative and Advisory Committees (Commissioner McGregor and Luis Tapia, Interim Executive Officer)

- ❖ CALAFCO Southern Region (Imperial, Orange, Los Angeles, Riverside, San Bernardino, San Diego LAFCOs) – staff and Commissioners, with Commissioner McGregor service as the 2024-25 Chair.
- ❖ Center for Demographic Research (CDR) - staff
- ❖ Independent Special Districts of Orange County (ISDOC) (Commissioner Fisler and Luis Tapia Interim Executive Officer, Aimee Diaz Policy Analyst I)
- ❖ Orange County City Managers Association – staff
- ❖ Orange County Council of Governments (OCCOG Immediate Past Wagner, Vice Chair Bucknum, Luis Tapia Interim Executive Officer)
- ❖ Orange County Business Council – staff
- ❖ UC Berkeley, LAFCO and Water/Wastewater Systems Consolidation Working Group (Luis Tapia, Interim Executive Officer)

## COMMISSION MANDATES

While not included within the Commission's Work Plan, the Commission is required to efficiently process filed applications and conduct MSRs and sphere reviews and updates in accordance with the timelines prescribed in State law and adopted local policies. Because of statutory timelines and mandates, filed applications and MSRs take precedence over other agency activities and projects.

The past fiscal cycle presented a slow-down in filed applications, however, staff resources were allocated to efforts and inquiries involving potential changes of organization. Summaries below include highlights of these efforts.

### **Completed**

#### MSR/SOI Reviews:

- Orange County Water District (OCWD) Municipal Service Review – *Approved March 12, 2025.*

### **Underway**

#### Application

- Three Arch Bay Community Service District Latent Powers – *Early Fall.*

#### MSR/SOI Reviews:

- Orange County Mosquito Vector Control District – *Complete by July 2025.*
- Central Region – *Anticipated Completion – September 2025.*
- North Region MSR Request for Proposals – *Select a consultant and present a contract for Commission Consideration – September 2025.*

### **Potential Applications**

- City of Cypress is exploring an annexation to the Cypress Recreation & Park District.
- City of Irvine exploring annexation of two unincorporated areas within the City's SOI.
- City of Anaheim is exploring the annexation of several right-of-way unincorporated areas within the City's SOI.
- City of Westminster is exploring the annexation of four islands within the City's SOI.
- Irvine Ranch Water District is exploring the annexation of two areas.

## **FY 2024-25 ANALYTICS**

An objective within the Commission's Work Plan includes presenting a year-end analytics report on MSR agency feedback and the use of the agency's web-based programs, including social media. Staff has continued to utilize the agency's website as a platform to communicate key OC LAFCO events and projects, including monthly meetings, new commissioner appointments, and project activity of high interest.

The completion of the enhancements to the agency's website in 2023 included the analytical tool ("google analytics") used to gauge the website's performance by external users.

### **Website Analytics (January 1 – June 30, 2025):**

- ❖ 3,700 total visitors.
- ❖ 3,600 new visitors visited the website through google search.
- ❖ 1,461 people visited the website through direct connection at oclafco.org.
- ❖ 2,239 people visited the website through other paths.
- ❖ Most commonly viewed pages: **homepage, unincorporated areas, agency meetings, municipal service reviews.**

### **Social Media Analytics (January 1 – June 30, 2025):**

- ❖ **Facebook** (99 friends)
- ❖ **X (formerly Twitter)** (101 followers)

The agency's social media volume experienced a minor increase, indicating that interest in OC LAFCO's activities is most likely explored through the agency's website.

# YEAR-END BUDGET OVERVIEW

This report provides an update on the agency's budget and investment portfolio performance for the period of July 1, 2024, through June 30, 2025.<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.

## Revenues

The OC LAFCO revenues (agency apportionments and interest earnings) exceeded budget projections at the end of the fiscal cycle. The year-to-date agency revenues received include \$1,581,320 in agency apportionments and \$45,251 in interest earnings received from the Commission's investment accounts. The fiscal year budget for 2024-25 included moderate projections for the interest earnings that were based on the market performance at that time. However, interest earnings at year-end were performing well and exceeded those projections.

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. During the 2024-2025 fiscal year, the agency had filing fees for two applications on deposit as shown in the financial overview as revenue within the Special Revenue Fund column. The Special Fund column in the table on page 10 includes year-to-date accounting of the application fees and expenses incurred during the current fiscal year.

## Expenditures

Throughout FY 2024-25, the General Fund expenditures were trending between eight and approximately 35.3 percent below quarterly target levels, and as of June 30, 2025, expenditures are at approximately 67.4 percent of the overall budget of approximately \$1.86 million. The following table provides a comparison of the percentage of actual funds used and the target levels for the 2024-2025 budget cycle.<sup>2</sup>

Total Funds Used (as of June 30, 2025)				
	1 <sup>st</sup> Qtr.	2 <sup>nd</sup> Qtr.	3 <sup>rd</sup> Qtr.	4 <sup>th</sup> Qtr.
Target	25%	50%	75%	100%
Actual	17%	39%	54.4%	64.7%

As indicated in the table on page 10, at close of the fourth quarter, overall expenses are projected to be approximately 35.3 percent below the approved budget total by June 30. Ending below the target level is largely attributed to savings within the salaries and benefits line items resulting from unanticipated staff vacancies and professional services. Other year-

<sup>1</sup> All financial statements contained in this report are on an accrual accounting basis.  
<sup>2</sup> Actual expenditures for the year-end reporting are unaudited and subject to change.

end expenditures are generally within target levels, and larger costs are attributed to key operational expenditures that include salaries, benefits, and office equipment-supplies. Line items, general liability insurance and memberships reflect a slightly larger cost above the budgeted amount due to a minor increase in the estimates used during the preparation of the annual budget. Line items, including unincorporated islands, transportation/travel/registration fees, and commission meeting expenses reflect low percentages of expenses due to delays (external and internal) in projects, potential applications, and other relative actions.

## Balances and Investment Report

The following table illustrates the balance of OC LAFCO's bank accounts as of June 30, 2025:

As of 06/30/25	Balance
770-Payroll Account	\$384,765
Wells Fargo Checking	\$230,828
Wells Fargo Savings	\$218,501
<b>Total</b>	<b><u>\$834,094</u></b>

To maximize the interest accrued on the agency's revenues, apportionment fees have been deposited in the Local Agency Investment Fund (LAIF) and OC Fund accounts. However, the Commission was notified by the County's Office of the Treasurer-Tax Collector that the OC Fund account would not be available past February 2025. Consequently, the LAIF account served as the only agency investment account. Throughout the fiscal year, funds are transferred from the investment account to the bank accounts to cover the agency's operational expenses. Additionally, the past fiscal year saw continued improvement involving the investment earnings of the agency's Section 115 Public Agencies Post-Employment Benefits Trust (Trust). The balance of the Trust account is \$109,802, and includes a Commission approved transfer of \$25,437 made in April 2025 and interest earnings as of June 30, 2025.

The following table illustrates the complete balance of OC LAFCO's investment portfolio as of June 30, 2025.

As of 06/30/25	Balance
LAIF	\$ 523,303
PARS Trust	\$ 109,802
<b>Total</b>	<b><u>\$633,105</u></b>



**APPENDIX A**  
**OC LAFCO – Year-End Budget Overview**  
**July 1, 2024 – June 30, 2025**

	YTD Special Revenue Funds	1st Qtr. General Fund	2nd Qtr. General Fund	3rd Qtr General Fund	4th 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	-	1,523,813	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	12,787	45,251	38,390	117.9%
PARS Trust Investment Gain/Loss	-	4,902	(1,018)	(20)	2,269	6,133	-	0.0%
<b>Total Revenue</b>	<b>\$ 92,260</b>	<b>\$ 1,529,481</b>	<b>\$ 73,343</b>	<b>\$ 15,323</b>	<b>\$ 15,056</b>	<b>\$ 1,633,202</b>	<b>\$ 1,860,050</b>	<b>87.8%</b>
<b>Expenditures:</b>								
Salaries	\$ 9,658	\$ 130,810	\$ 157,449	\$ 103,862	\$ 82,567	\$ 474,689	\$ 657,300	72.2%
Hourly Employees	-	4,225	4,899	4,462	4,485	18,071	20,800	86.9%
<b>Benefits &amp; Insurance</b>								
Optional Benefit Plan	-	-	15,225	-	-	15,225	18,500	82.3%
Deferred Compensation	-	3,641	4,238	2,379	1,151	11,409	19,000	60.0%
Retirement Benefits	-	51,520	64,578	42,585	31,040	189,723	265,900	71.4%
Health Insurance	-	12,965	18,819	12,755	10,424	54,962	88,900	61.8%
Retiree Health Benefits	-	1,336	1,654	1,051	850	4,891	22,000	22.2%
Dental Insurance	-	320	533	616	499	1,968	11,600	17.0%
Life Insurance	-	65	98	72	54	289	420	68.9%
Medicare	-	1,938	2,758	1,537	1,395	7,629	10,200	74.8%
Unemployment Insurance	-	41	54	33	30	158	200	79.0%
Health Reimbursement	-	1,638	2,030	1,476	1,169	6,312	7,800	80.9%
Salary Continuance	-	344	424	270	219	1,258	1,650	76.2%
Accidental Death Insurance	-	16	25	21	16	79	120	65.5%
Executive Car Allowance	-	1,200	2,400	1,200	600	5,400	7,200	75.0%
<b>Total - Benefits &amp; Insurance</b>	<b>9,658</b>	<b>75,025</b>	<b>112,836</b>	<b>63,994</b>	<b>47,448</b>	<b>299,302</b>	<b>453,490</b>	<b>66.0%</b>
Information Technology	-	4,295	2,567	3,267	1,313	11,441	21,600	53.0%
Telephone & Internet	-	3,684	5,071	5,974	3,021	17,750	20,500	86.6%
County of Orange	-	1,242	369	2,473	-	4,084	12,000	34.0%
General Liability Insurance	-	3,302	3,302	5,128	4,323	16,056	15,760	101.9%
Memberships	-	10,002	10,179	10,376	10,026	40,583	40,400	100.5%
Office Equipment/Supplies	-	6,317	8,744	4,105	3,829	22,995	26,100	88.1%
<b>Professional Services:</b>								
Legal	-	15,427	10,396	15,713	9,233	50,768	60,000	84.6%
Accounting/Audit	-	14,304	22,170	8,203	8,203	52,880	57,000	92.8%
Human Resources	-	137	8,500	7,500	7,500	23,637	35,000	67.5%
Mapping/Archiving	-	984	984	984	984	3,935	4,000	98.4%
Other Professional Services	75,479	20,900	15,688	2,188	20,490	59,265	200,000	29.6%
<b>Total - Professional Services</b>	<b>75,479</b>	<b>51,751</b>	<b>57,737</b>	<b>34,587</b>	<b>46,409</b>	<b>190,484</b>	<b>356,000</b>	<b>53.5%</b>
Investment Admin Fees	-	133	119	24	4	280	850	33.0%
Public Noticing	-	-	-	1,638	3,998	5,636	12,000	47.0%
Unincorporated Areas Program	-	-	-	-	-	-	11,000	0.0%
Rents/Maintenance	-	37,246	18,623	37,246	19,167	112,282	115,000	97.6%
Equipment Leases	-	1,552	3,504	1,411	1,151	7,618	8,100	94.1%
Comm. & Staff Expense	-	1,092	968	1,095	926	4,081	5,000	81.6%
Comm. Stipends & Taxes/Fees	-	3,096	1,914	2,835	3,075	10,919	16,450	66.4%
Professional Development	-	-	650	-	-	650	20,000	3.3%
Transportation/Travel	-	9,176	5,189	637	50	15,052	35,300	42.6%
Commission Meeting Expense	-	287	501	354	996	2,138	12,400	17.2%
Refund of Deposit	-	-	-	-	-	-	-	0.0%
<b>Total Expenditures</b>	<b>85,137</b>	<b>343,235</b>	<b>394,621</b>	<b>283,467</b>	<b>232,788</b>	<b>1,254,111</b>	<b>1,860,050</b>	<b>67.4%</b>
<b>Total Net Income (Loss)</b>	<b>\$ 7,123</b>	<b>\$ 1,186,246</b>	<b>\$ (321,278)</b>	<b>\$ (268,145)</b>	<b>\$ (217,732)</b>	<b>\$ 379,091</b>	<b>\$ -</b>	

\*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, 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 in this year-end report summarizes the agency's assets and liabilities as of June 30, 2025. Additionally, an analysis of the agency's reserve balances is provided on page 11.

### APPENDIX B OC LAFCO BALANCE SHEET As of June 30, 2025

	Jun 30, 25
<b>ASSETS</b>	
Current Assets	
Cash and Investments	
County Acct-Payroll	\$ 384,765
Wells Fargo Checking	230,828
Wells Fargo Savings	218,501
Investment Acct - LAIF	523,303
PARS Trust	109,802
Fair Market Value Adjustments	(2,294)
Total Cash and Investments	1,464,905
Other Current Asset	
Miscellaneous Receivable	
Prepaid Expenses	35,547
Retirement Prepaid Expense	62,203
Total Other Current Asset	97,750
Total Current Assets	1,562,655
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	1,456,300
<b>TOTAL ASSETS</b>	<b>\$ 3,065,492</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Compensated Absences	29,481
Total Current Liabilities	29,481
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	165,906
Total Long Term Liabilities	2,671,824
Total Liabilities	2,701,305
Equity	364,187
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 3,065,492</b>

\*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 June 30, 2025**

<b>Cash &amp; Investments Description</b>	<b>June 30, 2025 Balance</b>	<b>Commission Approved Balances</b>	<b>Balance Excess / (Deficiency)</b>
County Payroll	\$ 384,765	\$ 282,898 <sub>1</sub>	\$ 101,867
Checking - Wells Fargo	230,828	182,115 <sub>1</sub>	48,713
Savings - Wells Fargo	218,501	205,000 <sub>1</sub>	13,501
LAIF Investment	523,303	-	523,303
PARS Trust	109,802	-	109,802
<b>Total</b>	<b>\$ 1,467,199</b>	<b>\$ 670,013</b>	<b>\$ 797,186<sub>2</sub></b>

**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.*