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Public Member

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STAFF

Luis Tapia
Interim Executive Officer

Scott Smith
General Counsel

MEETING DATE: October 8, 2025

8a | Commission
Discussion

TO: Local Agency Formation Commission
of Orange County

FROM: Interim Executive Officer

SUBJECT: Fiscal Year 2025-2026 Quarterly Financial Report
(*First Quarter*)

The attached quarterly financial report provides an assessment of the agency's budget and investment portfolio for the period of July 1 through September 30, 2025. Upon review by the Commission, the quarterly reports are published on the transparency page of the agency's website. The next review of the agency's financial status will be presented in January 2026.

RECOMMENDED ACTION

Staff recommends the Commission:

1. Receive and file the Fiscal Year 2025-2026 Quarterly Financial Report (*First Quarter*).

Respectfully submitted,



LUIS TAPIA

Attachments:

1. Fiscal Year 2025-2026 Quarterly Financial Report (*First Quarter*)

Quarterly Financial Report
Fiscal Year 2025-26
(First Quarter)

Prepared: October 8, 2025

Highlights:

FY 2025-26 Budget Overview - Pages 2-4

Balance Sheet & Reserves Analysis - Pages 5-6

FY 2025-26 BUDGET OVERVIEW

This report provides a summary of the agency's budget and investment portfolio performance for the period of July 1, 2025 through September 30, 2025.¹ The Fiscal Year 2025-26 budget of approximately \$1.83 million supports the operations of the Commission and the resources needed to accomplish the agency's work plan. For the first quarter, as in past fiscal cycles, there was minimal activity with the start of a new fiscal year. However, the report does reflect that budget activities are generally within target levels.

Revenues

The majority of OC LAFCO's revenues are from the \$1,692,010 collected in apportionments from the funding agencies. This revenue source was at approximately 93% at the end of the first quarter, with apportionments received from 31 cities, 27 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 \$253 in interest, representing only 0.7 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 \$7,123 that remain on deposit with the Commission for continued processing of the Three Arch Bay Community Services District application for the activation of latent powers. 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, 2025, are below the first quarter target level, totaling \$220,820 or approximately 12% of the total budget, with most expenses attributed to operational costs, such as salaries and benefits, professional services, and office lease. 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	12%	-	-	-

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 September 30, 2025.

As of 09/30/25	Balance
770-Payroll Account	\$ 501,455
Wells Fargo Checking	\$ 353,454
Wells Fargo Savings	\$ 218,876
Total	\$ 1,073,785

To maximize the interest accrued on the agency's revenues, apportionment fees are deposited in the Local Agency Investment Fund (LAIF). Throughout the fiscal year, funds are transferred from the investment account 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 \$113,286. The Trust has experienced three deposits totaling \$102,437 and a current gain of \$10,846 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 2024-25 Fiscal Year audit in November.

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

As of 09/30/25	Balance
LAIF	\$ 1,650,975
PARS Trust	\$ 113,286
Total	\$ 1,764,261

APPENDIX A
OC LAFCO - Quarterly Budget Overview³
July 1, 2025 – September 30, 2025

	YTD Special Revenue Funds	1st Qtr. General Fund	YTD General Fund	TOTAL FY 25/26 Budget	General Fund
Revenue:					
Addition/(Use) of Unreserved Equity	\$ -	\$ -	\$ -	\$ 110,340	0.0%
LAFCO Apportionment	-	1,574,002	1,574,002	1,692,010	93.0%
Filing Fees	7,123	-	-	-	0.0%
Interest & Dividends	-	253	253	35,640	0.7%
PARS Trust Investment Gain/Loss	-	425	425	-	0.0%
Total Revenue	\$ 7,123	\$ 1,574,679	\$ 1,574,679	\$ 1,837,990	85.7%
Expenditures:					
Salaries	\$ 413	\$ 84,364	\$ 84,364	\$ 671,000	12.6%
Hourly Employees	-	4,287	4,287	20,800	20.6%
Benefits & Insurance					
Optional Benefit Plan	-	-	-	18,500	0.0%
Deferred Compensation	-	833	833	19,400	4.3%
Retirement Benefits	-	30,550	30,550	274,700	11.1%
Health Insurance	-	9,059	9,059	78,500	11.5%
Retiree Health Benefits	-	763	763	6,200	12.3%
Dental Insurance	-	436	436	5,600	7.8%
Life Insurance	-	49	49	420	11.7%
Medicare	-	1,255	1,255	10,300	12.2%
Unemployment Insurance	-	36	36	540	6.6%
Health Reimbursement	-	1,282	1,282	8,200	15.6%
Salary Continuance	-	220	220	1,750	12.6%
Accidental Death Insurance	-	15	15	120	12.2%
Executive Car Allowance	-	-	-	7,200	0.0%
Total - Benefits & Insurance	413	44,498	44,498	431,430	10.3%
Information Technology	-	1,801	1,801	21,600	8.3%
Telephone & Internet	-	4,421	4,421	21,500	20.6%
County of Orange	-	807	807	13,100	6.2%
General Liability Insurance	-	5,404	5,404	21,860	24.7%
Memberships	-	6,909	6,909	28,600	24.2%
Office Equipment/Supplies	-	3,807	3,807	28,400	13.4%
Professional Services:					
Legal	-	3,830	3,830	60,000	6.4%
Accounting/Audit	-	13,304	13,304	60,900	21.8%
Human Resources	-	143	143	30,000	0.5%
Mapping/Archiving	-	984	984	4,000	24.6%
Other Professional Services	-	2,375	2,375	200,000	1.2%
Total - Professional Services	-	20,635	20,635	354,900	5.8%
Investment Admin Fees	-	-	-	850	0.0%
Public Noticing	-	2,405	2,405	14,400	16.7%
Unincorporated Areas Program	-	-	-	11,000	0.0%
Rents/Maintenance	-	38,335	38,335	118,700	32.3%
Equipment Leases	-	2,045	2,045	8,100	25.3%
Comm. & Staff Expense	-	244	244	5,000	4.9%
Educations & Legislative Partn	-	250	250	16,000	1.6%
Comm. Stipends & Taxes/Fees	-	265	265	15,750	1.7%
Professional Development	-	145	145	20,000	0.7%
Transportation/Travel	-	-	-	5,000	0.0%
Commission Meeting Expense	-	199	199	10,000	2.0%
Total Expenditures	413	220,820	220,820	1,837,990	12.0%
Total Net Income (Loss)	\$ 6,710	\$ 1,353,859	\$ 1,353,859	\$ -	

³No 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, 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 (Unaudited) As of September 30, 2025

	Sep 30, 25
ASSETS	
Current Assets	
Cash and Investments	
County Acct-Payroll	\$ 501,455
Wells Fargo Checking	353,454
Wells Fargo Savings	218,876
Investment Acct - LAIF	1,650,975
PARS Trust	113,286
Fair Market Value Adjustments	627
Total Cash and Investments	2,838,674
Other Current Asset	
Interest Receivable	2,250
Prepaid Expenses	23,484
Retirement Prepaid Expense	266,183
Total Other Current Asset	291,918
Total Current Assets	3,130,592
Fixed Assets	31,744
Other Assets	
Right to Use Assets	520,141
Def. Outflows Pension Related	317,133
Deferred OPEB Contributions	8,874
Deferred Outflows OPEB Related	30,000
Total Other Assets	876,148
TOTAL ASSETS	\$ 4,038,483
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accrued Liability	8,203
Salaries Payable	25,840
Compensated Absences	46,218
Total Current Liabilities	80,261
Long Term Liabilities	
Lease Liabilities	582,914
Deferred Inflows OPEB Related	39,000
Net OPEB Liability	85,000
Net Pension Liability	1,274,187
Def. Inflows Pension Related	277,153
Total Long Term Liabilities	2,258,254
Total Liabilities	2,338,515
Equity	1,699,969
TOTAL LIABILITIES & EQUITY	\$ 4,038,483

*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 ANALYSIS
As of September 30, 2025

Cash & Investments Description	Sept. 30, 2025 Balance	Commission Approved Balances	Balance Excess / (Deficiency)
County Payroll	\$ 501,455	\$ 280,808 ₁	\$ 220,647
Checking - Wells Fargo	353,454	178,690 ₁	174,764
Savings - Wells Fargo	218,876	205,000 ₁	13,876
LAIF Investment	1,650,975	-	1,650,975
PARS Trust	113,286	-	113,286
Total	\$ 2,838,047	\$ 664,498	\$ 2,173,549 ₂

Footnotes:

1 - Per the Cash and Cash Management Policy, the Commission must maintain \$280,808 during fiscal year 2025/26 in order to cover three months of payroll costs (County Payroll), \$178,690 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.