



**Quarterly Financial Report
Fiscal Year 2025-26
(Second Quarter)**

Prepared: January 14, 2026

Highlights:

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FY 2025-26 BUDGET OVERVIEW

This report provides a summary of the agency's budget and investment portfolio performance for the period of October 1, 2025 through December 31, 2025.¹ The Fiscal Year 2025-26 budget, which is approximately \$1.83 million, supports the operations of the Commission and the resources needed to accomplish the agency's work plan. During the second quarter, overall expenditures were at approximately 29.4 percent of the approved budget.

Revenues

The OC LAFCO funding apportionment collected from the County, 34 cities, and 27 independent special districts totaling \$1,692,010 was at 100% at the end of the second quarter. The agency also earns interest from its investment portfolio. At the end of the second quarter, the Commission's earnings totaled \$17,571, which is approximately 49.3% of the interest revenue anticipated for the fiscal year.

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 Revenue Fund column in the chart on page 4 displays a year-to-date accounting of fees totaling \$10,958 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 and the recent submittal by the City of Irvine of an application requesting the proposed annexation of two "notch areas" in County unincorporated area to the City.

Expenditures

The General Fund total expenditures as of December 31, 2025, are below the second quarter target level, totaling \$539,689 or approximately 29.4% 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%	29.4%	-	-

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, 2025.

As of 12/31/25	Balance
770-Payroll Account	\$ 387,027
Wells Fargo Checking	\$ 263,911
Wells Fargo Savings	\$ 219,184
Total	\$ 870,122

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 second quarter is \$119,788. The Trust has experienced three deposits totaling \$102,437 and a current gain of \$17,351 since being established by the Commission in 2021. Staff will complete a transfer to the agency's LAIF investment account during the third quarter and assess the opportunity to transfer to the Section 115 account consistent with the completion of the 2024-25 Fiscal Year audit.

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

As of 12/31/25	Balance
LAIF	\$ 1,637,895
PARS Trust	\$ 119,788
Total	\$ 1,757,683

APPENDIX A
OC LAFCO - Quarterly Budget Overview³
October 1, 2025 – December 31, 2025

	YTD Special Revenue Funds	1st Qtr. General Fund	2nd 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	-	1,692,010	-	1,692,010	1,692,010	100.0%
Filing Fees	11,723	-	-	-	-	0.0%
Misc Revenue	-	167	116	283	-	0.0%
Interest & Dividends	-	369	17,202	17,571	35,640	49.3%
PARS Trust Investment Gain/Loss	-	5,027	1,900	6,927	-	0.0%
Total Revenue	\$ 11,723	\$ 1,697,573	\$ 19,217	\$ 1,716,790	\$ 1,837,990	93.4%
Expenditures:						
Salaries	\$ 764	\$ 84,364	\$ 119,065	\$ 203,430	\$ 671,000	30.3%
Hourly Employees	-	4,195	4,336	8,531	20,800	41.0%
Benefits & Insurance						
Optional Benefit Plan	-	-	1,042	1,042	18,500	5.6%
Deferred Compensation	-	833	3,511	4,344	19,400	22.4%
Retirement Benefits	-	29,802	41,887	71,689	274,700	26.1%
Health Insurance	-	9,059	13,911	22,970	78,500	29.3%
Retiree Health Benefits	-	763	1,086	1,849	6,200	29.8%
Dental Insurance	-	436	736	1,172	5,600	20.9%
Life Insurance	-	49	82	131	420	31.2%
Medicare	-	1,254	1,780	3,033	10,300	29.4%
Unemployment Insurance	-	36	50	86	540	15.8%
Health Reimbursement	-	1,282	1,765	3,047	8,200	37.2%
Salary Continuance	-	220	311	531	1,750	30.3%
Accidental Death Insurance	-	15	24	39	120	32.5%
Executive Car Allowance	-	-	1,200	1,200	7,200	16.7%
Total - Benefits & Insurance	764	43,749	67,383	111,133	431,430	25.8%
Information Technology	-	2,457	2,501	4,958	21,600	23.0%
Telephone & Internet	-	5,946	4,393	10,339	21,500	48.1%
County of Orange	-	807	353	1,159	13,100	8.9%
General Liability Insurance	-	5,404	5,404	10,808	21,860	49.4%
Memberships	-	7,234	6,909	14,142	28,600	49.4%
Office Equipment/Supplies	-	4,530	3,248	7,778	28,400	27.4%
Professional Services:						
Legal	-	6,832	4,504	11,336	60,000	18.9%
Accounting/Audit	-	23,405	12,903	36,308	60,900	59.6%
Human Resources	-	6,331	-	6,331	30,000	21.1%
Mapping/Archiving	-	984	984	1,968	4,000	49.2%
Other Professional Services	-	5,740	22,208	27,948	200,000	14.0%
Total - Professional Services	-	43,293	40,597	83,890	354,900	23.6%
Investment Admin Fees	-	91	63	154	850	18.1%
Public Noticing	-	2,405	-	2,405	14,400	16.7%
Unincorporated Areas Program	-	-	-	-	11,000	0.0%
Rents/Maintenance	-	38,335	28,760	67,095	118,700	56.5%
Equipment Leases	-	2,527	1,089	3,616	8,100	44.6%
Comm. & Staff Expense	-	540	781	1,321	5,000	26.4%
Eductions & Legislative Partn	-	250	4,030	4,280	16,000	26.8%
Comm. Stipends & Taxes/Fees	-	1,124	1,923	3,046	15,750	19.3%
Professional Development	-	145	-	145	20,000	0.7%
Transportation/Travel	-	-	680	680	5,000	13.6%
Commission Meeting Expense	-	267	512	779	10,000	7.8%
Total Expenditures	764	247,662	292,027	539,689	1,837,990	29.4%
Total Net Income (Loss)	\$ 10,958	\$ 1,449,911	\$ (272,810)	\$ 1,177,101	\$ -	General Fund

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 December 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 (Unaudited) As of December 31, 2025

		<u>Dec 31, 25</u>
ASSETS		
Current Assets		
Cash and Investments		
County Acct-Payroll	\$ 387,027	
Wells Fargo Checking	263,911	
Wells Fargo Savings	219,184	
Investment Acct - LAIF	1,637,895	
PARS Trust	119,788	
Fair Market Value Adjustments	627	
Total Cash and Investments	<u>2,628,431</u>	
Other Current Asset		
Interest Receivable	-	
Prepaid Expenses	15,193	
Retirement Prepaid Expense	<u>222,233</u>	
Total Other Current Asset	<u>237,426</u>	
Total Current Assets	<u>2,865,857</u>	
Fixed Assets	31,744	
Other Assets		
Pension Deposit	93,802	
Right to Use Assets	520,141	
Def. Outflows Pension Related	317,133	
Deferred OPEB Contributions	8,874	
Deferred Outflows OPEB Related	<u>30,000</u>	
Total Other Assets	<u>969,949</u>	
TOTAL ASSETS	<u><u>\$ 3,867,551</u></u>	
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable	9,538	
Accrued Liability	27,562	
Compensated Absences	<u>46,218</u>	
Total Current Liabilities	<u>83,318</u>	
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	<u>277,153</u>	
Total Long Term Liabilities	<u>2,258,254</u>	
Total Liabilities	<u>2,341,571</u>	
Equity	<u>1,525,979</u>	
TOTAL LIABILITIES & EQUITY	<u><u>\$ 3,867,551</u></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 ANALYSIS
As of December 31, 2025

Cash & Investments Description	Dec. 31, 2025 Balance	Commission Approved Balances		Balance Excess / (Deficiency)
		1	1	
County Payroll	\$ 387,027	\$ 280,808	¹	\$ 106,219
Checking - Wells Fargo	263,911	178,690	¹	85,221
Savings - Wells Fargo	219,184	205,000	¹	14,184
LAIF Investment	1,637,895	-		1,637,895
PARS Trust	119,788	-		119,788
Total	\$ 2,627,804	\$ 664,498		\$ 1,963,306

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.