

Quarterly Financial Report
Fiscal Year 2026-27
(First Quarter)

Prepared: October 14, 2026

Highlights:

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FY 2026-27 BUDGET OVERVIEW

This report provides a summary of the agency's budget and investment portfolio performance for the period of July 1, 2026 through September 30, 2026.¹ The Fiscal Year 2026-27 budget of approximately \$1.55 million supports the operations of the Commission and the resources needed to accomplish the agency's work plan. In the first quarter, activity was regular as the agency began the new fiscal year. The report reflects that budget activities are generally within target levels.

Revenues

The majority of OC LAFCO's revenues are from the \$1,505,890 collected in apportionments from the funding agencies. This revenue source was at approximately 95.5% (\$1,437,907) at the end of the first quarter, with apportionments received from 32 cities, 34 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 \$2,195 in interest, representing only 4.4 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. There were no filing fees received during the first quarter. There was \$173 of expenses incurred, which was offset by \$173 in fees collected in the prior year. The Special Fund column in the chart on page 4 displays a year-to-date accounting of fees totaling \$0.00.

Expenditures

The General Fund total expenditures as of September 30, 2026, are below the first quarter target level, totaling \$271,679 or approximately 18.1% 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 (as of September 30, 2026)				
	1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.
Target	25%	50%	75%	100%
Actual	18.1%	-	-	-

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, 2026.

As of September 30, 2026	Balance
770-Payroll Account	\$ 635,029
Wells Fargo Checking	\$ 352,071
Wells Fargo Savings	\$ 219,975
Total	\$ 1,207,075

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 \$127,786. The Trust has experienced three deposits totaling \$102,437 and a current gain of \$25,349 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 Trust account following completion of the 2025-26 Fiscal Year audit in November.

The following table illustrates the balance of OC LAFCO's investment portfolio as of September 30, 2026.

As of September 30, 2026	Balance
LAIF	\$ 1,924,267
PARS Trust	<u>\$ 127,786</u>
Total	\$ 2,052,053

APPENDIX A
OC LAFCO - Quarterly Budget Overview³
July 1, 2026 – September 30, 2026

	YTD Special Revenue Funds	1st Qtr. General Fund	YTD General Fund	TOTAL FY 26/27 Budget	General Fund
Revenue:					
Addition/(Use) of Unreserved Equity	\$ -	\$ -	\$ -		0.0%
LAFCO Apportionment	-	1,437,907	1,437,907	1,505,890	95.5%
Filing Fees	-	-	-	-	0.0%
Filing Fees - Collected in PY	173				
Misc Revenue	-	-	-	-	0.0%
Interest & Dividends	-	2,195	2,195	50,015	4.4%
PARS Trust Investment Gain/Loss	-	560	560	-	0.0%
Total Revenue	173	1,440,662	1,440,662	1,555,905	92.6%
Expenditures:					
Salaries	160	100,135	100,135	465,400	21.5%
Hourly Employees	-	1,227	1,227	20,800	5.9%
Benefits & Insurance					
Retirement Benefits	-	35,379	35,379	154,600	22.9%
Health Insurance	-	12,167	12,167	61,300	19.8%
Dental Insurance	-	1,228	1,228	5,600	21.9%
Life Insurance	-	68	68	350	19.4%
Unemployment Insurance	-	107	107	480	22.3%
Health Reimbursement	-	1,461	1,461	6,730	21.7%
Optional Benefit Plan	-	-	-	14,000	0.0%
Deferred Compensation	-	3,504	3,504	14,000	25.0%
Medicare	-	1,522	1,522	7,300	20.8%
Workers Compensation	-	3,173	3,173	12,700	25.0%
Salary Continuance	-	256	256	1,210	21.2%
Accidental Death Insurance	-	20	20	110	18.2%
Executive Car Allowance	-	1,200	1,200	7,200	16.7%
Retiree Health Benefits	-	913	913	4,300	21.2%
Total - Benefits & Insurance	-	60,998	60,998	289,880	21.0%
Rents/Maintenance	-	29,486	29,486	122,100	24.1%
Equipment Leases	-	1,525	1,525	8,100	18.8%
Insurance	-	4,067	4,067	16,610	24.5%
Educations & Legislative Partn	-	2,200	2,200	21,000	10.5%
Unincorporated Areas Program	-	-	-	10,000	0.0%
Mapping/Archiving	-	748	748	4,300	17.4%
Public Noticing and Communication	-	1,924	1,924	14,400	13.4%
Comm. Stipends & Taxes/Fees	-	2,182	2,182	15,900	13.7%
Commission Meeting Expense	-	240	240	7,700	3.1%
Comm. & Staff Expense	-	209	209	10,000	2.1%
Information Technology	-	2,277	2,277	27,640	8.2%
Internet and Electronic Service	-	4,553	4,553	21,700	21.0%
County Charges	-	1,112	1,112	13,100	8.5%
Memberships and Subscriptions	-	6,968	6,968	29,600	23.5%
Professional Development	-	3,582	3,582	20,000	17.9%
Travel and Training	-	210	210	5,000	4.2%
Office Equipment/Supplies	13	2,483	2,483	24,300	10.2%
Investment Admin Fees	-	32	32	850	3.8%
Professional Services:					
Legal	-	2,522	2,522	60,000	4.2%
Accounting/Audit	-	9,116	9,116	70,200	13.0%
Human Resources	-	-	-	25,000	0.0%
Other Professional Services	-	33,883	33,883	200,000	16.9%
Total - Professional Services	-	45,521	45,521	355,200	12.8%
Total Expenditures	173	271,679	271,679	1,503,580	18.1%
Total Net Income (Loss)	\$ (0)	\$ 1,168,983	\$ 1,168,983	\$ 52,325	

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, 2026. 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, 2026

	9/30/2026
ASSETS	
Current Assets	
Cash and Investments	
County Acct-Payroll	635,029
Wells Fargo Checking	352,071
Wells Fargo Savings	219,975
Investment Acct - LAIF	1,924,267
PARS Trust	127,786
Fair Market Value Adjustments	(1,394)
Total Cash and Investments	3,257,734
Other Current Asset	
Interest Receivable	38,256
Prepaid Expenses	208,975
Retirement Prepaid Expense	-
Total Other Current Asset	247,231
Total Current Assets	3,504,965
Fixed Assets	16,951
Other Assets	
Pension Deposit	-
Right to Use Assets	418,385
Def. Outflows Pension Related	204,580
Deferred OPEB Contributions	2,055
Deferred Outflows OPEB Related	18,000
Total Other Assets	643,020
TOTAL ASSETS	\$ 4,164,936
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	-
Accrued Liabilities	3,039
Salaries Payable	9,173
Compensated Absences	41,762
Total Current Liabilities	53,974
Long Term Liabilities	
Lease Liabilities	482,756
Deferred Inflows OPEB Related	61,000
Net OPEB Liability	45,000
Net Pension Liability	520,664
Def. Inflows Pension Related	499,991
Total Long Term Liabilities	1,609,411
Total Liabilities	1,663,385
Equity	2,501,551
TOTAL LIABILITIES & EQUITY	\$ 4,164,936

*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, 2026

Cash & Investments	September 30,	Commission	Balance Excess
Description	2026 Balance	Approved	/ (Deficiency)
		Balances	
County Payroll	635,029	266,648 ¹	368,381
Checking - Wells Fargo	352,071	120,196 ¹	231,875
Savings - Wells Fargo	219,975	205,000 ¹	14,975
LAIF Investment	1,924,267	-	1,924,267
PARS Trust	127,786	-	127,786
Total	\$ 3,259,129	\$ 591,844	\$ 2,667,285

Footnotes:

1 - Per the Cash and Cash Management Policy, the Commission must maintain \$266,648 during fiscal year 2026/27 in order to cover three months of payroll costs (County Payroll), \$120,196 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.