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Special District Member**Carol Moore**  
City Member**Lou Penrose**  
Public Member**VACANT**  
County Member**STAFF****Luis Tapia**  
Executive Officer**Scott Smith**  
General Counsel**MEETING DATE:** October 14, 2026**TO:** Local Agency Formation Commission  
of Orange County**FROM:** Executive Officer**SUBJECT:** Fiscal Year 2026-27 Quarterly Financial Report  
(*First Quarter*)

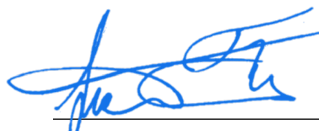
The attached quarterly financial report provides an assessment of the agency's budget and investment portfolio for the period of July 1 through September 30, 2026. Upon review by the Commission, the quarterly reports are published on the agency's website's Transparency page. The next review of the agency's financial status will be presented in January 2027.

**RECOMMENDED ACTION**

Staff recommends the Commission:

1. Receive and file the Fiscal Year 2026-27 Quarterly Financial Report (*First Quarter*).

Respectfully submitted,



LUIS TAPIA

Attachments:

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



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

Prepared: October 14, 2026

Highlights:

FY 2026-27 Budget Overview - Pages 2-4

Balance Sheet & Reserves Analysis - Pages 5-6

## 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.<sup>1</sup> 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.<sup>2</sup>

| Total Funds Used (as of September 30, 2026) |                         |                         |                      |                      |
|---------------------------------------------|-------------------------|-------------------------|----------------------|----------------------|
|                                             | 1 <sup>st</sup><br>Qtr. | 2 <sup>nd</sup><br>Qtr. | 3 <sup>rd</sup> Qtr. | 4 <sup>th</sup> Qtr. |
| <b>Target</b>                               | 25%                     | 50%                     | 75%                  | 100%                 |
| <b>Actual</b>                               | 18.1%                   | -                       | -                    | -                    |

<sup>1</sup> All financial statements contained in this report are on an accrual accounting basis.

<sup>2</sup> 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          |
| <b>Total</b>             | <b>\$ 1,207,075</b> |

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>   |
| <b>Total</b>             | <b>\$ 2,052,053</b> |

**APPENDIX A**  
**OC LAFCO - Quarterly Budget Overview<sup>3</sup>**  
**July 1, 2026 – September 30, 2026**

|                                         | YTD<br>Special<br>Revenue<br>Funds | 1st Qtr.<br>General Fund | YTD<br>General Fund | TOTAL<br>FY 26/27 Budget | General Fund |
|-----------------------------------------|------------------------------------|--------------------------|---------------------|--------------------------|--------------|
| <b>Revenue:</b>                         |                                    |                          |                     |                          |              |
| 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%         |
| <b>Total Revenue</b>                    | <b>173</b>                         | <b>1,440,662</b>         | <b>1,440,662</b>    | <b>1,555,905</b>         | <b>92.6%</b> |
| <b>Expenditures:</b>                    |                                    |                          |                     |                          |              |
| Salaries                                | 160                                | 100,135                  | 100,135             | 465,400                  | 21.5%        |
| Hourly Employees                        | -                                  | 1,227                    | 1,227               | 20,800                   | 5.9%         |
| <b>Benefits &amp; Insurance</b>         |                                    |                          |                     |                          |              |
| 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%        |
| <b>Total - Benefits &amp; Insurance</b> | <b>-</b>                           | <b>60,998</b>            | <b>60,998</b>       | <b>289,880</b>           | <b>21.0%</b> |
| 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%         |
| <b>Professional Services:</b>           |                                    |                          |                     |                          |              |
| 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%        |
| <b>Total - Professional Services</b>    | <b>-</b>                           | <b>45,521</b>            | <b>45,521</b>       | <b>355,200</b>           | <b>12.8%</b> |
| <b>Total Expenditures</b>               | <b>173</b>                         | <b>271,679</b>           | <b>271,679</b>      | <b>1,503,580</b>         | <b>18.1%</b> |
| <b>Total Net Income (Loss)</b>          | <b>\$ (0)</b>                      | <b>\$ 1,168,983</b>      | <b>\$ 1,168,983</b> | <b>\$ 52,325</b>         |              |

<sup>3</sup>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,

## 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           |
|---------------------------------------|---------------------|
| <b>ASSETS</b>                         |                     |
| <b>Current Assets</b>                 |                     |
| <b>Cash and Investments</b>           |                     |
| 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)             |
| <b>Total Cash and Investments</b>     | <b>3,257,734</b>    |
| <b>Other Current Asset</b>            |                     |
| Interest Receivable                   | 38,256              |
| Prepaid Expenses                      | 208,975             |
| Retirement Prepaid Expense            | -                   |
| <b>Total Other Current Asset</b>      | <b>247,231</b>      |
| <b>Total Current Assets</b>           | <b>3,504,965</b>    |
| <b>Fixed Assets</b>                   | <b>16,951</b>       |
| <b>Other Assets</b>                   |                     |
| 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              |
| <b>Total Other Assets</b>             | <b>643,020</b>      |
| <b>TOTAL ASSETS</b>                   | <b>\$ 4,164,936</b> |
| <b>LIABILITIES &amp; EQUITY</b>       |                     |
| <b>Liabilities</b>                    |                     |
| <b>Current Liabilities</b>            |                     |
| Accounts Payable                      | -                   |
| Accrued Liabilities                   | 3,039               |
| Salaries Payable                      | 9,173               |
| Compensated Absences                  | 41,762              |
| <b>Total Current Liabilities</b>      | <b>53,974</b>       |
| <b>Long Term Liabilities</b>          |                     |
| 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             |
| <b>Total Long Term Liabilities</b>    | <b>1,609,411</b>    |
| <b>Total Liabilities</b>              | <b>1,663,385</b>    |
| <b>Equity</b>                         | <b>2,501,551</b>    |
| <b>TOTAL LIABILITIES &amp; EQUITY</b> | <b>\$ 4,164,936</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 ANALYSIS**  
**As of September 30, 2026**

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

**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.*