



ORANGE COUNTY FIRE AUTHORITY AGENDA

BUDGET AND FINANCE COMMITTEE REGULAR MEETING

Wednesday, January 10, 2024
12:00 Noon

Orange County Fire Authority
Regional Fire Operations and Training Center
Classroom 1
1 Fire Authority Road
Irvine, California 92602

Committee Members

John O'Neill, Chair • Troy Bourne, Vice Chair
Shelley Hasselbrink • Gene Hernandez • Austin Lumbard
Vince Rossini • John Gabbard • Nitesh Patel • Chi Charlie Nguyen
Jennifer Cervantez, Ex Officio

NOTICE REGARDING PUBLIC ACCESS AND PARTICIPATION

This meeting is open to the public. Committee members will participate in person. There are several alternative ways to make comments including:

In Person Comments at Meeting: Resolution No. 97-024 established rules of decorum for public meetings held by the Orange County Fire Authority. Resolution No. 97-024 is available from the Clerk of the Authority.

Any member of the public may address the Committee on items within their subject matter jurisdiction, but which are not listed on this agenda during PUBLIC COMMENTS. However, no action may be taken on matters that are not part of the posted agenda. We request comments made on the agenda be made at the time the item is considered and that comments be limited to three minutes per person. Please address your comments to the Committee and do not engage in dialogue with individual Board Members, Authority staff, or members of the audience.

If you wish to speak, please complete a Speaker Form identifying which item(s) you wish to address. Please return the completed form to the Clerk of the Authority prior to the item being considered. Speaker Forms are available at the entryway of the meeting location.

E-Comments: Alternatively, you may email your written comments to coa@ocfa.org. E-comments will be provided to the Committee members upon receipt and will be part of the meeting record as long as they are received during or before the Committee takes action on an item. Emails related to an item that are received after the item has been acted upon by the Committee will not be considered.

This Agenda contains a brief general description of each item to be considered. Except as otherwise provided by law, no action or discussion shall be taken on any item not appearing on the following Agenda. Unless legally privileged, all supporting documents, including staff reports, and any writings or documents provided to a majority of the Committee members after the posting of this agenda are available for review at the Orange County Fire Authority Regional Fire Operations & Training Center, 1 Fire Authority Road, Irvine, CA 92602 or you may contact the Clerk of the Authority at (714) 573-6040 Monday through Thursday, and every other Friday from 8 a.m. to 5 p.m. and available online at <http://www.ocfa.org> under Board & Committee Agendas/Minutes.



In compliance with the Americans with Disabilities Act and [Board of Directors policy](#), if you need reasonable accommodations to participate in this meeting, please complete the [ADA Reasonable Accommodation Form](#) available on the Agency's website and email to COA@ocfa.org, or you may contact the Clerk of the Authority at (714) 573-6040 during regular business hours to submit your request orally. Please notify us at least 48 hours prior to the meeting to enable the Authority to make reasonable arrangements to assure accessibility to the meeting.

CALL TO ORDER - Chair O'Neill

PLEDGE OF ALLEGIANCE - Director Lombard

ROLL CALL - Clerk of the Authority

PUBLIC COMMENTS

Please refer to instructions on how to submit a public comment on Page 1 of this Agenda.

1. PRESENTATION

No items.

2. CONSENT CALENDAR

All matters on the consent calendar are considered routine and are to be approved with one motion unless a director or a member of the public requests separate action on a specific item.

A. Minutes for the Budget and Finance Committee Meeting

Submitted by: Maria D. Huizar, Clerk of the Authority

The record will show that any Director not in attendance at the meeting of the Minutes will be registered as an abstention, unless otherwise indicated.

Recommended Action:

Approve the Minutes for the November 8, 2023, Regular Meeting as submitted.

B. FY 22 Grant for All Hazard-All Risks Regional Training and Hazardous Materials Support Vehicle

Submitted by: TJ McGovern, Deputy Chief/Emergency Operations Bureau and Nick Freeman, Division Chief

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of January 25, 2024, with the Budget and Finance Committee's recommendation that the Board of Directors approve a budget adjustment in Fund 121 to increase revenue and expenditures by \$180,000 for the grant program award.

C. Monthly Investment Reports

Submitted by: Robert Cortez, Assistant Chief/Business Services Department, Tricia Jakubiak, Treasurer/Treasury & Financial Planning and James Slobojan, Assistant Treasurer/Treasury & Financial Planning

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of January 25, 2024, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

3. DISCUSSION CALENDAR

A. FY 2023/2024 Mid-Year Financial Report

Submitted by: Robert Cortez, Assistant Chief/Business Services Department, Tricia Jakubiak, Treasurer/Treasury & Financial Planning and Stuart Lam, Budget Manager/Treasury & Financial Planning

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of January 25, 2024 with the Budget and Finance Committee's recommendation that the Board of Directors direct staff to return to the Board of Directors on March 21, 2024 for approval of the budget adjustments discussed herein for the FY 2023/24 budget.

B. Prefunding of CIP Projects Policy Review Process – Prefunding CIP Options

Submitted by: Lori Zeller, Deputy Chief/Administration & Support Bureau and Robert Cortez, Assistant Chief/Business Services Department

Recommended Action:

Receive and file Prefunding CIP Options.

REPORTS

None.

COMMITTEE MEMBER COMMENTS

ADJOURNMENT – The next meeting of the Budget and Finance Committee is scheduled for Wednesday, February 14, 2024, at 12:00 noon.

AFFIDAVIT OF POSTING

I hereby certify under penalty of perjury and as required by the State of California, Government Code § 54954.2(a), that the foregoing Agenda was posted in the lobby and front gate public display case of the Orange County Fire Authority, Regional Fire Operations and Training Center, 1 Fire Authority Road, Irvine, CA, not less than 72 hours prior to the meeting.

Maria D. Huizar, CMC
Clerk of the Authority

FUTURE B&FC AGENDA ITEMS – THREE-MONTH OUTLOOK:

- Monthly Investment Report
- Prefunding of CIP Projects Policy Development
- Annual Long-Term Liability Report

UPCOMING MEETINGS:

Legislative & Public Affairs Committee
Executive Committee
Board of Directors

Wednesday, January 17, 2024, 12 noon
Thursday, January 25, 2024, 5:30 p.m.
Thursday, January 25, 2024, 6:00 p.m.

MINUTES ORANGE COUNTY FIRE AUTHORITY

**Budget and Finance Committee Regular Meeting
Wednesday, November 8, 2023
12 noon**

**Regional Fire Operations and Training Center
Classroom One
1 Fire Authority Road
Irvine, CA 92602**

CALL TO ORDER

A regular meeting of the Orange County Fire Authority Budget and Finance Committee was called to order on November 8, 2023, at 12:00 p.m. by Chair O'Neill.

PLEDGE OF ALLEGIANCE

Director Gabbard led the assembly in the Pledge of Allegiance to our Flag.

ROLL CALL

Present: John O'Neill, Garden Grove, Chair
Troy Bourne, San Juan Capistrano, Vice Chair
John Gabbard, Dana Point
Shelley Hasselbrink, Los Alamitos
Gene Hernandez, Yorba Linda
Austin Lombard, Tustin
Vince Rossini, Villa Park

Absent: Chi Charlie Nguyen, Westminster
Nitesh Patel, La Palma

Staff present:

Deputy Chief Lori Zeller
Assistant Chief Jim Ruane
Assistant Chief Tim Perkins (remote)
General Counsel David Kendig
Clerk of the Authority Maria D. Huizar
Ex-Officio Member Jennifer Cervantez

Assistant Chief Robert Cortez
Assistant Chief Shane Sherwood
Director of Communications Matt Olson
Assistant Chief Stephanie Holloman
Assistant General Counsel Michael Daudt

PUBLIC COMMENTS

None.

1. PRESENTATION

No items.

2. CONSENT CALENDAR

On motion of Director Hernandez and second by Director Rossini approved 7-0 Agenda Item Nos. 2A-2G (Director Nguyen and Patel absent).

A. Minutes for the Budget and Finance Committee Meeting (FILE 12.02B2)

The record will show that any Director not in attendance at the meeting of the Minutes will be registered as an abstention, unless otherwise indicated.

Action: Approve the Minutes for the October 17, 2023, Special Meeting as submitted.

B. Monthly Investment Reports (FILE 11.10D2)

Action: Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of November 16, 2023, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

C. First Quarter Financial Newsletter (FILE 15.07)

Action: Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of November 16, 2023, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

D. First Quarter Purchasing Report (FILE 11.10H1)

Action: Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of November 16, 2023, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

E. Updated Cost Reimbursement Equipment Rates (FILE 15.12)

Action: Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of November 16, 2023, with the Budget and Finance Committee's recommendation that the Board of Directors approve and adopt the proposed Cost Reimbursement Equipment Rate schedule to be effective October 1, 2023 per Cal OES and FEMA.

F. Organizational Service Level Assessment Update (FILE 17.16)

Action: Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of November 16, 2023, with the Budget and Finance Committee's recommendation that the Board of Directors receive and file the Organizational Service Level Assessment (SLA) update.

G. Approval of Annual Statement of Investment Policy, Broker/Dealer List and Investment Authorization (FILE 11.10D)

Action: Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of November 16, 2023, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Review and approve the submitted Investment Policy of the Orange County Fire Authority, to be effective January 1, 2024.
2. Review and approve the Broker/Dealer list for a term of three years through November 30, 2026.
3. Pursuant to Government Code Sections 53601 and 53607, renew delegation of investment authority to the Treasurer for a one-year period, to be effective January 1, 2024.

3. DISCUSSION CALENDAR

A. Audited Financial Reports for the Fiscal Year Ended June 30, 2023 (FILE 15.06)

Assistant Chief Cortez presented the Audited Financial Reports for the Fiscal Year Ended June 30, 2023.

On motion of Director Hernandez and second by Director Hasselbrink, approved 7-0, (Directors Nguyen and Nitesh absent) to review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of November 16, 2023, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Receive and approve the reports.
2. Review the calculations used to determine the fund balance amounts assigned to the capital improvement program and workers' compensation, and confirm the calculations' consistency with the OCFA's Assigned Fund Balance Policy.

B. Quick Reaction Force (QRF) Program (FILE 18.09D)

Assistant Chief Cortez presented the Quick Reaction Force (QRF) Program.

On motion of Director Hernandez and second by Director Rossini, approved 7-0 (Directors Nguyen and Patel absent) to review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of November 16, 2023, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Approve the Funding Agreement with Southern California Edison in the attached form to accept funding in the amount of \$16,007,672 to fund the fixed-cost portion of the

- 365-day 2024 Quick Reaction Force Program, with the option to renew for the 2025 Program year (pending SCE funding for 2025).
2. Approve and authorize the Purchasing Manager to enter into new QRF-related vendor contracts, in the forms attached by the individual amounts needed in support of the QRF Program so long as the aggregate value does not exceed the program budget (see table).
 3. Approve and authorize a FY 2023/24 General Fund (121) budget adjustment to recognize 2024 Program funding from SCE for a revenue increase of \$16,007,672 and to increase appropriations by the same amount. The 2025 Program funding will be reflected in the 2024-25 budget if SCE exercises the option to renew funding.
 4. Approve the updated Cost Reimbursement Rate schedule to include the CH-47 Very Large Helitanker, S-61 Helitanker, and S-76 Helitanker daily stand-by and hourly flight rates, and mobile fire-retardant plant daily stand-by and hourly rates, and hourly rates for Program Manager and Air Tactical Group Supervisors to be effective January 1, 2024.
 5. Adopt an exemption from the California Environmental Quality Act (CEQA) pursuant to Title 14, California Code of Regulations, Section 15301 (Existing Facilities) and direct staff to file a Notice of Exemption.
 6. Authorize the Fire Chief to approve non-substantive changes to the Agreements in items 1, 2 and 3 above, provided such changes are consistent with the purpose of the program described herein, do not increase the total cost of the program in either program year, and are in a form approved by General Counsel.

C. Prefunding of CIP Projects Policy Review Process – Review of CIP Sample Policies and Best Practices (FILE 11.13A)

Assistant Chief Cortez presented a PowerPoint presentation of the Prefunding of CIP Projects Policy Review Process – Review of CIP Sample Policies and Best Practices.

On motion of Director Rossini and second by Director Hernandez, approved 7-0, (Directors Nguyen and Patel absent) to receive and file a review of CIP Sample Policies and Best Practices.

REPORTS

None.

COMMITTEE MEMBER COMMENTS

None.

ADJOURNMENT – Chair O'Neill adjourned the meeting at 12:27 p.m. The next meeting of the Budget and Finance Committee is scheduled for Wednesday, January 10, 2024, at 12:00 noon.

Maria D. Huizar, CMC
Clerk of the Authority



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
January 10, 2024

Agenda Item No. 2B
Consent Calendar

FY 22 Grant for All Hazard-All Risks
Regional Training and Hazardous Materials Support Vehicle

Contact(s) for Further Information

TJ McGovern, Deputy Chief
Emergency Operations Bureau

TJMcGovern@ocfa.org

714.573.6006

Nick Freeman, Division Chief

nicholasfreeman@ocfa.org

949.341.0294

Summary

These items are submitted for approval of FY 2022 State Homeland Security Program (SHGP) Grant Program in the Amount of \$180,000. The grant's intent is to offset funding for the Orange County Intelligence Assessment Center liaison officer position.

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of January 25, 2024, with the Budget and Finance Committee's recommendation that the Board of Directors approve a budget adjustment in Fund 121 to increase revenue and expenditures by \$180,000 for the grant program award.

Impact to Cities/County

Not Applicable.

Fiscal Impact

The FY 2022/23 General Fund 121 revenues and expenditures will be increased by \$180,000 for the grant program award.

Increase Cost Funded by Structural Fire Fund: \$0

Increase Cost Funded by Cash Contract Cities: \$0

Background

On November 13, 2003, the United States Department of Homeland Security (DHS) established the SHGP Grant Program through the Federal Office of Domestic Preparedness. The grant only allows the Orange County Sheriff's Department, to apply for funds through the SHGP. SHGP provides funds to local emergency first responders to enhance security and overall preparedness to prevent, respond to, and recover from acts of terrorism. The grant specifically provides funding for anti-terror equipment, planning, training, exercises and technical assistance.

To ensure these funding sources did not undermine the process already in place, all principal parties involved formed a collaborative regional effort to facilitate the needs for the entire

operational area. This ensured the funds were utilized to provide for the region and not one particular jurisdiction. The administrative responsibilities are managed by the Orange County Sheriff's Department as the lead agency for FY 2022 funding. Utilizing the goals and objectives developed by the Urban Area Working Group, priorities were established in the allowable grant categories of equipment, training, organization, and planning.

The OCFA was notified that it was awarded \$180,000 as part of the FY 2022 for funding the Orange County Intelligence Assessment Center Liaison Officer position. The grant funds are designated for reimbursement for employee pay and benefits related to serving as a liaison officer with the OCIAC.

Attachment(s)

Grant Sub-Recipient Award Amendment



ORANGE COUNTY SHERIFF'S DEPARTMENT

SHERIFF-CORONER DON BARNES

2022 Homeland Security Grant Program

Project Approval Notification

September 26, 2023
Chief Brian Fennessy
1 Fire Authority Rd.
Irvine, CA 92602

This letter serves to inform you that the State Homeland Security Program (SHSP) has approved your project request. This project award will recognize the Orange County Fire Authority as a sub-recipient. Your agency can only spend the allocated grant funding based on the preapproved project below and any administrative modifications have been requested by the County of Orange. Below is some important information related to the project approval:

- Requesting Jurisdiction: Orange County Fire Authority
- Project Awarded: OCIAC – Planning \$180,000
- Project Awarded: Equipment – Hazmat Support Unit \$100,000 (Partial, the rest will be funded by UASI)
- Awarding Agency: Cal-OES / Department of Homeland Security
- Award Name: Homeland Security Grant Program
- Federal Grant Number: 2022-0043
- Recipient Performance: September 1, 2022, to May 31, 2025
- Subrecipient Performance: September 1, 2022, to March 31, 2025
- CFDA: 97.067
- UEI #: RFT6BJ98H2A5
- Cal-OES FIPS #: 059-00000
- Identification of whether the award is research and development: No
- Indirect Cost Rate: N/A

An in-depth review process of the application was necessary prior to approval. This process is required due to stringent HSGP guidelines that must be adhered to. Following the review process, your project was found to be a viable concept based on investment justifications, regional benefit, and degree of applicability to the overarching Homeland Security Grant goals and objectives.

It is critical that you become familiar with the 2022 Homeland Security Grant Program Guidance and the 2022 Homeland Security Grant Program California Supplemental Guidance. It is also imperative you contact the Homeland Security Grant Unit before funding any part of the project that may be questionable regarding procurement guidelines and or Authorized Equipment List allowability. In order to eliminate reimbursement issues, we will seek reimbursement approval from the State on behalf of your agency or jurisdiction.

If you have any questions regarding this notification or the review process, feel free to contact me or Yumi Leung at (714) 834-6674 or Yleung@ocsheriff.gov.

Respectfully,

Jerry Millhollon

Captain Jerry Millhollon
Homeland Security Division
Orange County Sheriff's Department
jsmillhollon@ocsheriff.gov
(949)919-4731



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
January 10, 2024

Agenda Item No. 2C
Consent Calendar

Monthly Investment Reports

Contact(s) for Further Information

Robert Cortez, Assistant Chief Business Services Department	robertcortez@ocfa.org	714.573.6012
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Tricia Jakubiak, Treasurer Treasury & Financial Planning	triciajakubiak@ocfa.org	714.573.6301
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James Slobojan, Assistant Treasurer Treasury & Financial Planning	jamesjslobojan@ocfa.org	714.573.6305
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Summary

This agenda item is a routine transmittal of the monthly investment reports submitted to the Committee in compliance with the investment policy of the Orange County Fire Authority and with Government Code Section 53646.

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of January 25, 2024, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

Since the Committee did not meet in December, attached are the final monthly investment reports for the months ending October 31, 2023, and November 30, 2023. A preliminary investment report as of December 8, 2023, is also provided as the most complete report that was available at the time this agenda item was prepared.

Attachment(s)

1. Final Investment Report – October 2023/Preliminary Report – November 2023
2. Final Investment Report – November 2023/Preliminary Report – December 2023

Orange County Fire Authority Monthly Investment Report



Final Report – October 2023

Preliminary Report – November 2023



Monthly Investment Report Table of Contents

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Orange County Fire Authority

Final Investment Report

October 31, 2023



EXECUTIVE SUMMARY

Portfolio Activity & Earnings

During the month of October 2023, the size of the portfolio decreased by \$27 million to approximately \$162 million. Receipts for the month totaled \$10.5 million, including property tax apportionment payments, receipts from cash contract payments, and various grant reimbursement payments and charges for current services. Total October cash outflows amounted to nearly \$38.3 million. Significant disbursements for the month included two biweekly payrolls and related benefits totaling approximately \$30.7 million. The portfolio's balance is expected to increase in November as receipts are projected to exceed expenditures. In October, the portfolio's yield to maturity (365-day equivalent) decreased by twenty-five basis points to 3.15%. The effective rate of return increased by 5 basis points to 3.22% for the month, while the average maturity of the portfolio increased by 7 days to 50 days to maturity.

Economic News

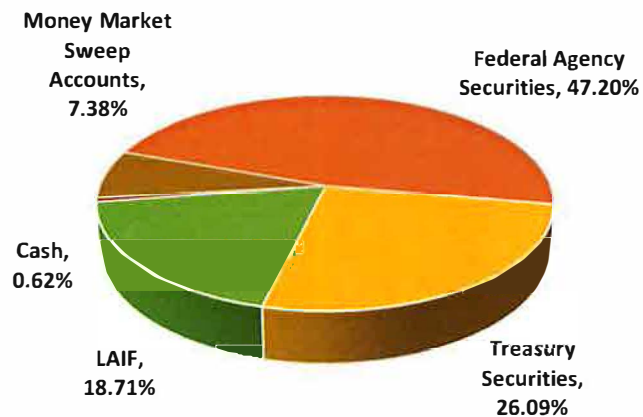
Nonfarm payroll employment increased 150,000 in October 2023, and the unemployment rate rose to 3.9%, the highest level since January 2022. Job gains occurred in health care, government, and social assistance while manufacturing saw a decline due to strike activity. Average hourly earnings rose 4.1% over last year. Retail sales decreased 0.1% in October and were up 2.5% on a year-over-year basis. Consumer spending was led by restaurants and bars, and at grocery stores and online. Consumers spent less at auto dealerships as rising interest rates deterred some big-ticket purchases. Gasoline prices dropped resulting in less spending at gas stations. For the third consecutive month, consumer sentiment declined as consumers feel the pressure of higher interest rates and the return of student loan payments. The Consumer Price Index (CPI) was flat in October and increased 3.2% over last year. The slowdown in October was reflected in lower prices for cars and airfare and moderate growth in housing costs. The Producer Price Index (PPI), which measures the prices paid by wholesalers, decreased 0.5% in October, the largest monthly decline since April 2020, while increasing 1.3% for the year. Nearly 80% of the drop in goods prices came from a 15.3% drop in gasoline prices. PPI is considered a forward-looking inflation measure as it tracks prices in the pipeline for goods and services that eventually reach consumers.

The Federal Reserve met November 1st and left rates unchanged at the target of 5.25%-5.50%, marking the longest period without an increase since March of 2022. The mild inflation and employment reports for October may keep the Fed on hold at their December 13, 2023 meeting.

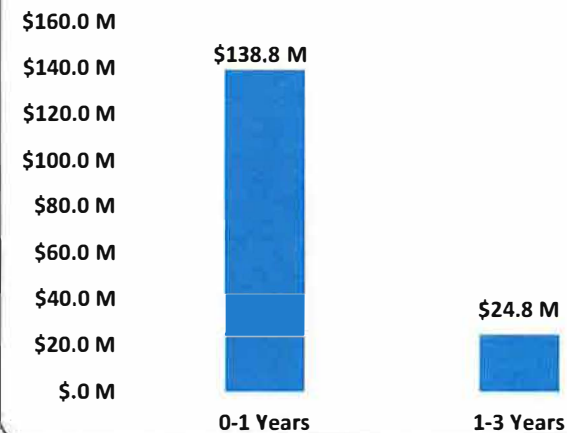


OCFA'S PORTFOLIO HAS AMPLE LIQUIDITY AND IS TRACKING ITS LAIF BENCHMARK AS OF OCTOBER 31, 2023

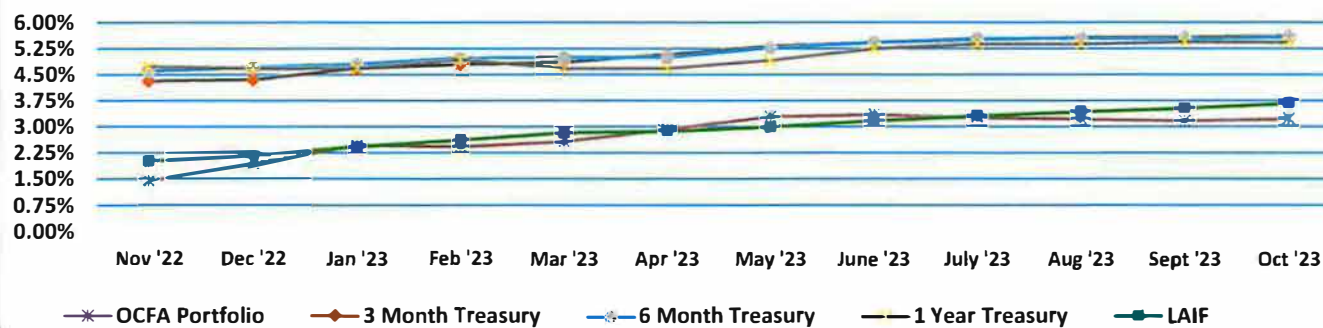
Market Value \$163,629,321



Aging Summary



12 Month Benchmarks





BENCHMARK COMPARISON AS OF OCTOBER 31, 2023

3 Month T-Bill: 5.60%

1 Year T-Bill: 5.42%

6 Month T-Bill: 5.57%

LAIF: 3.67%

OCFA Portfolio: 3.22%

PORTFOLIO SIZE, YIELD, & DURATION

	<u><i>Current Month</i></u>	<u><i>Prior Month</i></u>	<u><i>Prior Year</i></u>
<i>Book Value</i>	<i>\$162,323,806</i>	<i>\$189,321,437</i>	<i>\$116,456,168</i>
<i>Yield to Maturity (365 day)</i>	<i>3.15%</i>	<i>3.40%</i>	<i>1.28%</i>
<i>Effective Rate of Return</i>	<i>3.22%</i>	<i>3.17%</i>	<i>1.33%</i>
<i>Days to Maturity</i>	<i>50</i>	<i>43</i>	<i>30</i>



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
October 31, 2023

Orange County Fire Authority
 1 Fire Authority Road
 Irvine, CA 92602
 (714)573-6301

See Note 1 on page 10

See Note 2 on page 10

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Mat./Call	YTM/Call 360 Equiv.	YTM/Call 365 Equiv.
Money Mkt Mutual Funds/Cash	12,070,920.47	12,070,920.47	12,070,920.47	7.24	1	1	5.084	5.154
Federal Agency Coupon Securities	67,450,000.00	63,657,816.60	67,451,035.88	40.43	1,384	49	0.632	0.641
Federal Agency Disc. -Amortizing	14,000,000.00	13,579,440.00	13,564,372.50	8.13	323	219	5.372	5.447
Treasury Discounts -Amortizing	43,000,000.00	42,690,730.00	42,694,713.35	25.59	124	49	5.358	5.433
Local Agency Investment Funds	31,034,495.04	30,609,562.63	31,034,495.04	18.60	1	1	3.620	3.670
Investments	167,555,415.51	162,608,469.70	166,815,537.24	100.00%	618	50	3.105	3.148
Cash								
Passbook/Checking (not included in yield calculations)	1,020,850.99	1,020,850.99	1,020,850.99		1	1	0.000	0.000
Total Cash and Investments	168,576,266.50	163,629,320.69	167,836,388.23		618	50	3.105	3.148

Total Earnings	October 31 Month Ending	Fiscal Year To Date
Current Year	499,613.65	2,355,105.70
Average Daily Balance	182,495,505.15	215,571,624.84
Effective Rate of Return	3.22%	3.24%

"I certify that this investment report accurately reflects all pooled investments and is in compliance with the investment policy adopted by the Board of Directors to be effective on January 1, 2023. A copy of this policy is available from the Clerk of the Authority. Sufficient investment liquidity and anticipated revenues are available to meet budgeted expenditure requirements for the next thirty days and the next six months."


 Patricia Jakubiak, Treasurer

11/3/23

Cash and Investments with GASB 31 Adjustment:

Book Value of Cash & Investments before GASB 31 (Above)	\$ 167,836,388.23
GASB 31 Adjustment to Books (See Note 3 on page 10)	\$ (5,512,582.65)
Total	\$ 162,323,805.58

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
October 31, 2023

See Note 1 on page 10

See Note 2 on page 10

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/Call 365 Mat./Call	Days to Maturity	Maturity Date
Money Mkt Mutual Funds/Cash											
SYS1042	1042	US Bank - Treasury Obligations			8,636,522.89	8,636,522.89	8,636,522.89	5.236	5.236	1	
SYS528	528	MUFG Treasury Obligations		07/01/2023	0.00	0.00	0.00	4.620	4.620	1	
SYS530	530	US Bancorp Sweep Account			3,434,397.58	3,434,397.58	3,434,397.58	4.950	4.950	1	
Subtotal and Average			16,653,323.58		12,070,920.47	12,070,920.47	12,070,920.47		5.154	1	
Federal Agency Coupon Securities											
3133EMWH1	1030	Federal Farm Credit Bank (Callable 11/21/2023)		04/22/2021	3,000,000.00	2,802,090.00	3,001,035.88	0.710	0.673	20	04/21/2025
3133EMXS6	1032	Federal Farm Credit Bank (Continuous Call)		04/28/2021	12,000,000.00	11,201,280.00	12,000,000.00	0.720	0.720	0	04/28/2025
3130ALNY6	1025	Fed Home Loan Bank (Callable 12/30/2023)		03/30/2021	8,000,000.00	7,643,680.00	8,000,000.00	0.550	0.550	59	09/30/2024
3130ALTJ3	1029	Fed Home Loan Bank (Callable 1/08/2024)		04/22/2021	9,435,000.00	9,224,222.10	9,435,000.00	0.375	0.409	68	04/08/2024
3130ALVR2	1031	Fed Home Loan Bank (Callable 1/23/2024)		04/23/2021	11,015,000.00	10,489,584.50	11,015,000.00	0.520	0.520	83	10/23/2024
3130AM6P2	1034	Fed Home Loan Bank (Callable 1/29/2023)		04/29/2021	12,000,000.00	10,848,120.00	12,000,000.00	1.000	1.000	89	04/29/2026
3130AM6H0	1035	Fed Home Loan Bank (Callable 2/11/2024)		05/11/2021	12,000,000.00	11,448,840.00	12,000,000.00	0.550	0.550	10	10/11/2024
Subtotal and Average			67,451,063.30		67,450,000.00	63,657,816.60	67,451,035.88		0.641	49	
Federal Agency Disc. -Amortizing											
313384XV6	1095	Fed Home Loan Bank		07/20/2023	14,000,000.00	13,579,440.00	13,564,372.50	5.115	5.447	219	06/07/2024
Subtotal and Average			18,498,930.61		14,000,000.00	13,579,440.00	13,564,372.50		5.447	219	
Treasury Discounts -Amortizing											
912797FJ1	1083	US Treasury Bill		06/21/2023	14,000,000.00	13,983,480.00	13,984,164.45	5.090	5.339	8	11/09/2023
912797GC5	1096	US Treasury Bill		08/03/2023	9,000,000.00	8,905,950.00	8,907,522.49	5.210	5.483	71	01/11/2024
912797FW2	1097	US Treasury Bill		09/14/2023	10,000,000.00	9,905,800.00	9,906,666.69	5.250	5.486	64	01/04/2024
912797GC5	1098	US Treasury Bill		10/24/2023	10,000,000.00	9,895,500.00	9,896,359.72	5.255	5.465	71	01/11/2024
Subtotal and Average			48,966,658.25		43,000,000.00	42,690,730.00	42,694,713.35		5.433	49	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			31,034,495.04	30,609,562.63	31,034,495.04	3.670	3.670	1	
Subtotal and Average			30,925,529.41		31,034,495.04	30,609,562.63	31,034,495.04		3.670	1	
Total and Average			182,495,505.15		167,555,415.51	162,608,469.70	166,815,537.24		3.148	50	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
October 31, 2023

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Mat./Call
Money Mkt Mutual Funds/Cash										
SYS10033	10033	Revolving Fund		07/01/2023	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2023	0.00	0.00	0.00		0.000	1
SYS5	5	US Bancorp		07/01/2023	1,000,850.99	1,000,850.99	1,000,850.99		0.000	1
		Average Balance	0.00							1
Total Cash and Investments			182,495,505.15		168,576,266.50	163,629,320.69	167,836,388.23		3.148	50

Orange County Fire Authority
In Service of Others!



ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of November 1, 2023

Orange County Fire Authority
 1 Fire Authority Road
 Irvine, CA 92602
 (714)573-6301

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval: 0 days	(11/01/2023 - 11/01/2023)	7 Maturities	0 Payments	44,126,266.50	26.71%	44,126,266.50	43,701,334.09
Aging Interval: 1 - 30 days	(11/02/2023 - 12/01/2023)	1 Maturities	0 Payments	14,000,000.00	8.55%	13,984,164.45	13,983,480.00
Aging Interval: 31 - 60 days	(12/02/2023 - 12/31/2023)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 61 - 90 days	(01/01/2024 - 01/30/2024)	3 Maturities	0 Payments	29,000,000.00	17.54%	28,710,548.90	28,707,250.00
Aging Interval: 91 - 120 days	(01/31/2024 - 02/29/2024)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 121 - 365 days	(03/01/2024 - 10/31/2024)	5 Maturities	0 Payments	54,450,000.00	32.01%	54,014,372.50	52,385,766.60
Aging Interval: 366 - 1095 days	(11/01/2024 - 10/31/2026)	3 Maturities	0 Payments	27,000,000.00	15.19%	27,001,035.88	24,851,490.00
Aging Interval: 1096 days and after	(11/01/2026 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for		19 Investments	0 Payments		100.00	167,836,388.23	163,629,320.69



NOTES TO PORTFOLIO MANAGEMENT REPORT

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The U.S. Bank Corporate Trust and Custody Department provides market values of the remaining investments.
- Note 2: Book value reflects the cost or amortized cost before the GASB 31 accounting adjustment.
- Note 3: GASB 31 requires governmental entities to report investments at fair value in the financial statements and to reflect the corresponding unrealized gains/ (losses) as a component of investment income. The GASB 31 adjustment is recorded only at fiscal year-end. Fluctuations in the marketplace have little effect on our long-term investment yield because it is our policy to hold investments to maturity. However, adjusting to market values as required by GAAP resulted in a decrease in recorded interest earnings of \$5,512,582.65. The adjustment for June 30, 2023, includes a decrease of \$612,970.63 to the LAIF investment and a decrease of \$4,899,612.02 to the remaining investments.
- Note 4: The Federated Treasury Obligations money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks yet allow that liquidity to be invested while payment of the outstanding checks is pending.



Local Agency Investment Fund (LAIF)

As of October 31, 2023, OCFA has \$31,034,495.04 invested in LAIF. The fair value of OCFA's LAIF investment is calculated using a participant fair value factor provided by LAIF on a quarterly basis. The fair value factor as of October 31, 2023 is .986307739. When applied to OCFA's LAIF investment, the fair value is \$30,609,562.63 or \$424,932.41 below cost. Although the fair value of the LAIF investment is lower than cost, OCFA can withdraw the actual amount invested at any time.

LAIF is included in the State Treasurer's Pooled Money Investment Account (PMIA) for investment purposes. The PMIA market valuation on October 31, 2023 is included on the following page.



Fair Value Including Accrued Interest	\$	165,101,492,376.64
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Orange County Fire Authority

Preliminary Investment Report

November 17, 2023



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
November 17, 2023

Orange County Fire Authority
 1 Fire Authority Road
 Irvine, CA 92602
 (714)573-6301

	See Note 1 on page 19	See Note 2 on page 19						
Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Mat./Call	YTM/Call 360 Equiv.	YTM/Call 365 Equiv.
Money Mkt Mutual Funds/Cash	22,960,542.38	22,960,542.38	22,960,542.38	12.50	1	1	4.955	5.024
Federal Agency Coupon Securities	67,450,000.00	63,939,274.05	67,451,002.65	36.73	1,384	53	0.632	0.641
Federal Agency Disc. -Amortizing	14,000,000.00	13,620,040.00	13,598,188.34	7.41	323	202	5.372	5.447
Treasury Discounts -Amortizing	43,000,000.00	42,585,230.00	42,572,487.34	23.19	115	68	5.402	5.477
Local Agency Investment Funds	37,034,495.04	36,527,409.07	37,034,495.04	20.17	1	1	3.620	3.670
	184,445,037.42	179,632,495.50	183,616,715.75	100.00%	559	51	3.232	3.277

Investments

Cash

Passbook/Checking (not included in yield calculations)	319,406.01	319,406.01	319,406.01		1	1	0.000	0.000
Total Cash and Investments	184,764,443.43	179,951,901.51	183,936,121.76		559	51	3.232	3.277

Total Earnings	November 17 Month Ending	Fiscal Year To Date
Current Year	264,308.37	2,619,414.07
Average Daily Balance	177,906,220.09	210,997,968.55
Effective Rate of Return	3.19%	3.24%

"I certify that this investment report accurately reflects all pooled investments and is in compliance with the investment policy adopted by the Board of Directors to be effective on January 1, 2023. A copy of this policy is available from the Clerk of the Authority. Sufficient investment liquidity and anticipated revenues are available to meet budgeted expenditure requirements for the next thirty days and the next six months."

 11/24/23
 Patricia Jakubik, Treasurer

Cash and Investments with GASB 31 Adjustment:

Book Value of Cash & Investments before GASB 31 (Above)	\$ 183,936,121.76
GASB 31 Adjustment to Books (See Note 3 on page 19)	\$ (5,512,582.65)
Total	\$ 178,423,539.11

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
November 17, 2023

CUSIP	Investment #	Issuer	Average	Purchase	See Note 1 on page 19		See Note 2 on page 19		Stated	YTM/Call	Maturity
			Balance	Date	Par Value	Market Value	Book Value	Rate		365 Mat./Call	
Money Mkt Mutual Funds/Cash											
SYS1042	1042	US Bank - Treasury Obligations			5,936,301.94	5,936,301.94	5,936,301.94	5.236		5.236	1
SYS528	528	MUFG Treasury Obligations		07/01/2023	0.00	0.00	0.00	4.620		4.620	1
SYS530	530	US Bancorp Sweep Account			17,024,240.44	17,024,240.44	17,024,240.44	4.950		4.950	1
Subtotal and Average			22,502,665.84		22,960,542.38	22,960,542.38	22,960,542.38			5.024	1
Federal Agency Coupon Securities											
3133EMWH1	1030	Federal Farm Credit Bank (Callable 11/21/2023)		04/22/2021	3,000,000.00	2,814,570.00	3,001,002.65	0.710		0.673	3 04/21/2025
3133EMXS6	1032	Federal Farm Credit Bank (Continuous Call)		04/28/2021	12,000,000.00	11,252,280.00	12,000,000.00	0.720		0.720	13 04/28/2025
3130ALNY6	1025	Fed Home Loan Bank (Callable 12/30/2023)		03/30/2021	8,000,000.00	7,669,920.00	8,000,000.00	0.550		0.550	42 09/30/2024
3130ALTJ3	1029	Fed Home Loan Bank (Callable 1/08/2024)		04/22/2021	9,435,000.00	9,253,659.30	9,435,000.00	0.375		0.409	51 04/08/2024
3130ALVR2	1031	Fed Home Loan Bank (Callable 1/23/2024)		04/23/2021	11,015,000.00	10,526,484.75	11,015,000.00	0.520		0.520	66 10/23/2024
3130AM6P2	1034	Fed Home Loan Bank (Callable 1/29/2023)		04/29/2021	12,000,000.00	10,933,920.00	12,000,000.00	1.000		1.000	72 04/29/2026
3130AM6H0	1035	Fed Home Loan Bank (Callable 2/11/2024)		05/11/2021	12,000,000.00	11,488,440.00	12,000,000.00	0.550		0.550	85 10/11/2024
Subtotal and Average			67,451,018.29		67,450,000.00	63,939,274.05	67,451,002.65			0.641	53
Federal Agency Disc. -Amortizing											
313384XV6	1095	Fed Home Loan Bank		07/20/2023	14,000,000.00	13,620,040.00	13,598,188.34	5.115		5.447	202 06/07/2024
Subtotal and Average			13,582,275.00		14,000,000.00	13,620,040.00	13,598,188.34			5.447	202
Treasury Discounts -Amortizing											
912797GC5	1096	US Treasury Bill		08/03/2023	9,000,000.00	8,931,870.00	8,929,664.99	5.210		5.483	54 01/11/2024
912797FW2	1097	US Treasury Bill		09/14/2023	10,000,000.00	9,934,300.00	9,931,458.35	5.250		5.486	47 01/04/2024
912797GC5	1098	US Treasury Bill		10/24/2023	10,000,000.00	9,924,300.00	9,921,175.00	5.255		5.465	54 01/11/2024
912797GP6	1099	US Treasury Bill		11/09/2023	14,000,000.00	13,794,760.00	13,790,189.00	5.238		5.474	103 02/29/2024
Subtotal and Average			42,629,883.57		43,000,000.00	42,585,230.00	42,572,487.34			5.477	68
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			37,034,495.04	36,527,409.07	37,034,495.04	3.670		3.670	1
Subtotal and Average			31,740,377.39		37,034,495.04	36,527,409.07	37,034,495.04			3.670	1
Total and Average			177,906,220.09		184,445,037.42	179,632,495.50	183,616,715.75			3.277	51

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
November 17, 2023

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Mat./Call
Money Mkt Mutual Funds/Cash										
SYS10033	10033	Revolving Fund		07/01/2023	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2023	0.00	0.00	0.00		0.000	1
SYS5	5	US Bancorp		07/01/2023	299,406.01	299,406.01	299,406.01		0.000	1
		Average Balance	0.00							1
Total Cash and Investments			177,906,220.09		184,764,443.43	179,961,901.51	183,936,121.76		3.277	51

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ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of November 18, 2023

Orange County Fire Authority
 1 Fire Authority Road
 Irvine, CA 92602
 (714)573-6301

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				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval: 0 days	(11/18/2023 - 11/18/2023)	7 Maturities	0 Payments	60,314,443.43	33.24%	60,314,443.43	59,807,357.46
Aging Interval: 1 - 30 days	(11/19/2023 - 12/18/2023)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 31 - 60 days	(12/19/2023 - 01/17/2024)	3 Maturities	0 Payments	29,000,000.00	16.00%	28,782,298.34	28,790,470.00
Aging Interval: 61 - 90 days	(01/18/2024 - 02/16/2024)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 91 - 120 days	(02/17/2024 - 03/17/2024)	1 Maturities	0 Payments	14,000,000.00	7.67%	13,790,189.00	13,794,760.00
Aging Interval: 121 - 365 days	(03/18/2024 - 11/17/2024)	6 Maturities	0 Payments	54,460,000.00	29.21%	54,048,188.34	52,558,544.06
Aging Interval: 366 - 1095 days	(11/18/2024 - 11/17/2026)	3 Maturities	0 Payments	27,000,000.00	13.89%	27,001,002.65	25,000,770.00
Aging Interval: 1096 days and after	(11/18/2026 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for		19 Investments	0 Payments		100.00	183,936,121.76	179,951,901.61



NOTES TO PORTFOLIO MANAGEMENT REPORT

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The U.S. Bank Corporate Trust and Custody Department provides market values of the remaining investments.
- Note 2: Book value reflects the cost or amortized cost before the GASB 31 accounting adjustment.
- Note 3: GASB 31 requires governmental entities to report investments at fair value in the financial statements and to reflect the corresponding unrealized gains/ (losses) as a component of investment income. The GASB 31 adjustment is recorded only at fiscal year-end. The adjustment for June 30, 2023 includes a decrease of \$612,970.63 to the LAIF investment and a decrease of \$4,899,612.02 to the remaining investments.
- Note 4: The Federated Treasury Obligations money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks yet allow that liquidity to be invested while payment of the outstanding checks is pending.

GLOSSARY

INVESTMENT TERMS

Basis Point. Measure used in quoting yields on bonds and notes. One basis point is .01% of yield.

Book Value. This value may be the original cost of acquisition of the security, or original cost adjusted by the amortization of a premium or accretion of a discount. The book value may differ significantly from the security's current value in the market.

Commercial Paper. Unsecured short-term promissory notes issued by corporations, with maturities ranging from 2 to 270 days; may be sold on a discount basis or may bear interest.

Coupon Rate. Interest rate, expressed as a percentage of par or face value, that issuer promises to pay over lifetime of debt security.

Discount. The amount by which a bond sells under its par (face) value.

Discount Securities. Securities that do not pay periodic interest. Investors earn the difference between the discount issue price and the full face value paid at maturity. Treasury bills, bankers' acceptances and most commercial paper are issued at a discount.

Effective Rate of Return. Rate of return on a security, based on its purchase price, coupon rate, maturity date, and the period between interest payments.

Federal Agency Securities. Securities issued by agencies such as the Federal National Mortgage Association and the Federal Farm Credit Bank. Though not general obligations of the US Treasury, such securities are sponsored by the government and therefore have high credit ratings. Some are issued on a discount basis and some are issued with coupons.

Federal Funds. Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed Funds are considered to be immediately available funds.

Fed Funds Rate. The interest rate charged by one institution lending federal funds to another.

Federal Open Market Committee. The branch of the Federal Reserve Board that determines the direction of monetary policy.

Local Agency Investment Fund (LAIF). A California State Treasury fund which local agencies may use to deposit funds for investment and for reinvestment with a maximum of \$75 million for any agency (*excluding bond funds, which have no maximum*). It offers high liquidity because

deposits can be converted to cash in 24 hours and no interest is lost. Interest is paid quarterly and the State's administrative fee cannot to exceed 1/4 of a percent of the earnings.

Market value. The price at which the security is trading and could presumably be purchased or sold.

Maturity Date. The specified day on which the issuer of a debt security is obligated to repay the principal amount or face value of security.

Money Market Mutual Fund. Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repurchase agreements and federal funds).

Par. Face value or principal value of a bond typically \$1,000 per bond.

Rate of Return. The amount of income received from an investment, expressed as a percentage. A *market rate of return* is the yield that an investor can expect to receive in the current interest-rate environment utilizing a buy-and-hold to maturity investment strategy.

Treasury Bills. Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

Treasury Notes. Intermediate U.S. government debt securities with maturities of one to 10 years.

Treasury bonds. Long-term U.S. government debt securities with maturities of 10 years or longer.

Yield. Rate of return on a bond.

Yield-to-maturity. Rate of return on a bond taking into account the total annual interest payments, the purchase price, the redemption value and the amount of time remaining until maturity.

ECONOMIC TERMS

Conference Board Consumer Confidence Index. A survey that measures how optimistic or pessimistic consumers are with respect to the economy in the near future.

Consumer Price Index (CPI). A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. Changes in CPI are used to assess price changes associated with the cost of living.

Durable Goods Orders. An economic indicator released monthly that reflects new orders placed with domestic manufacturers for delivery of factory durable goods such as autos and appliances in the near term or future.

Gross Domestic Product. The monetary value of all the finished goods and services produced within a country's borders in a specific time period. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory.

Industrial Production. An economic indicator that is released monthly by the Federal Reserve Board. The indicator measures the amount of output from the manufacturing, mining, electric and gas industries.

ISM Institute for Supply Management (ISM) Manufacturing Index. A monthly index that monitors employment, production inventories, new orders and supplier deliveries.

ISM Non-manufacturing Index. An index based on surveys of non-manufacturing firms' purchasing and supply executives. It tracks economic data for the service sector.

Leading Economic Index. A monthly index used to predict the direction of the economy's movements in the months to come. The index is made up of 10 economic components, whose changes tend to precede changes in the overall economy.

National Federation of Independent Business Small Business Optimism Index. An index based on surveys of small business owners' plans and expectations regarding employment, capital, inventories, economic improvement, credit conditions, expansion, and earnings trends in the near term or future.

Producer Price Index. An index that measures the average change over time in the selling prices received by domestic producers for their output.

University of Michigan Consumer Sentiment Index. An index that measures the overall health of the economy as determined by consumer opinion. It takes into account an individual's feelings toward his or her own current financial health, the health of the economy in the short term and the prospects for longer term economic growth.

Orange County Fire Authority Monthly Investment Report



Final Report – November 2023

Preliminary Report – December 2023



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Orange County Fire Authority

Final Investment Report

November 30, 2023



EXECUTIVE SUMMARY

Portfolio Activity & Earnings

During the month of November 2023, the size of the portfolio increased by \$40.5 million to approximately \$202.9 million. Receipts for the month totaled \$77.8 million, including property tax apportionment payments of \$65.2 million, receipts from cash contract payments of approximately \$6.3 million, and various grant reimbursement payments and charges for current services of approximately \$6.3 million. Total November cash outflows amounted to nearly \$39.5 million. Significant disbursements for the month included two biweekly payrolls and related benefits totaling approximately \$31 million. The portfolio's balance is expected to increase in December as receipts are projected to exceed expenditures. In November, the portfolio's yield to maturity (365-day equivalent) increased by thirty-nine basis points to 3.54%. The effective rate of return remained at 3.22% for the month, while the average maturity of the portfolio increased by 6 days to 56 days to maturity.

Economic News

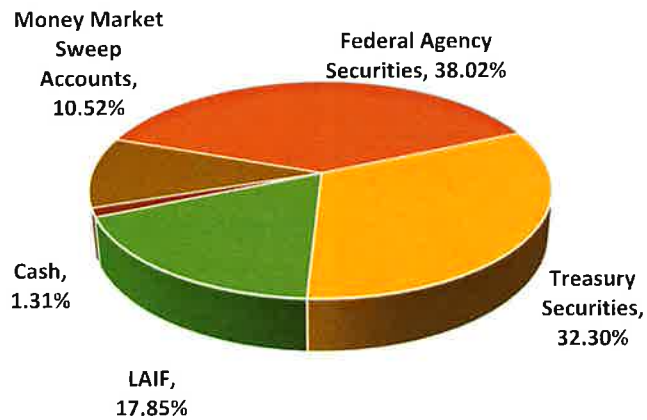
Nonfarm payroll employment increased 199,000 in November 2023, and the unemployment rate decreased to 3.7% from 3.9%. Most of the job gains came from state and local government and healthcare. Average hourly earnings rose 4% over a year ago. After three consecutive monthly declines, American consumer sentiment moved upwards in November heading into the holiday shopping season. Gross Domestic Product (GDP), a measure of all goods and services produced during the 3-month period, jumped at a 5.2% annualized rate. While consumer spending rose only 3.6%, total GDP increased through nonresidential fixed investments and governmental spending. The Consumer Price Index (CPI) increased 0.1% in November and was up 3.1% over last year. November saw a decrease in energy prices, namely gasoline, which helped offset the increases in shelter and keep inflation stable.

The Federal Reserve will meet on December 13, 2023. Rates are currently at the target range of 5.25%-5.50%. Inflation has continued to improve this year. The mild inflation and employment reports for November is expected to allow the Fed to hold rates steady on the 13th and heading into 2024.

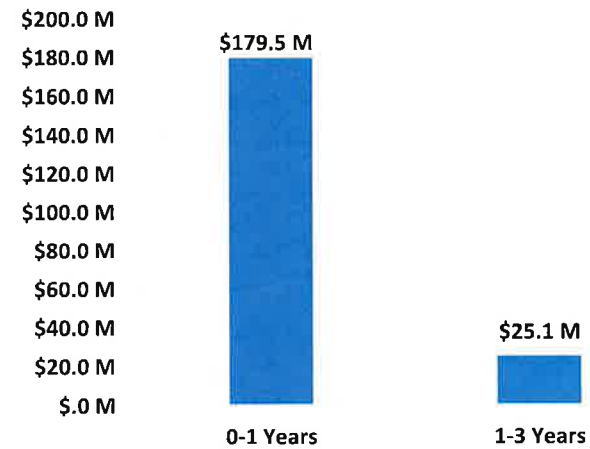


OCFA'S PORTFOLIO HAS AMPLE LIQUIDITY AND IS TRACKING ITS LAIF BENCHMARK AS OF NOVEMBER 30, 2023

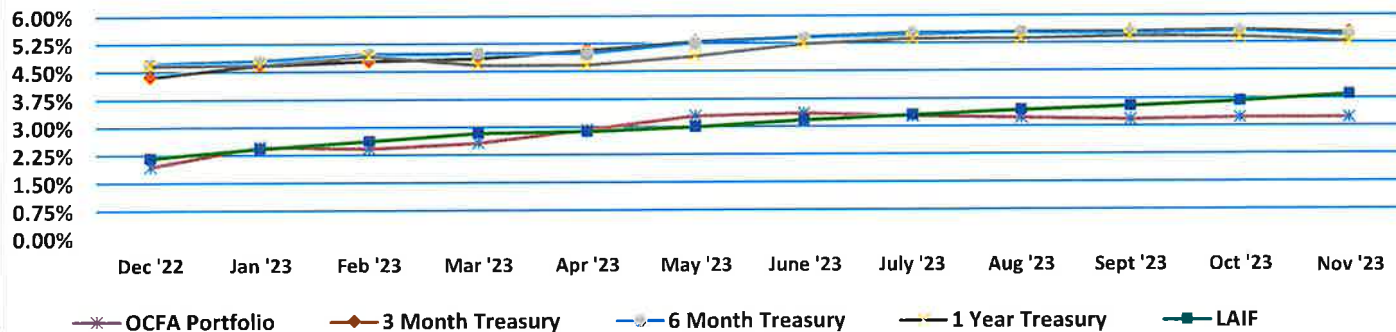
Market Value \$204,628,858



Aging Summary



12 Month Benchmarks





BENCHMARK COMPARISON AS OF NOVEMBER 30, 2023

3 Month T-Bill: 5.52%

1 Year T-Bill: 5.28%

6 Month T-Bill: 5.44%

LAIF: 3.84%

OCFA Portfolio: 3.22%

PORTFOLIO SIZE, YIELD, & DURATION

	<u><i>Current Month</i></u>	<u><i>Prior Month</i></u>	<u><i>Prior Year</i></u>
<i>Book Value</i>	\$202,900,933	\$162,323,806	\$128,499,367
<i>Yield to Maturity (365 day)</i>	3.54%	3.15%	1.53%
<i>Effective Rate of Return</i>	3.22%	3.22%	1.45%
<i>Days to Maturity</i>	56	50	29



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
November 30, 2023

Orange County Fire Authority
 1 Fire Authority Road
 Irvine, CA 92602
 (714)573-6301

	See Note 1 on page 10	See Note 2 on page 10						
Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Mat./Call	YTM/Call 360 Equiv.	YTM/Call 365 Equiv.
Money Mkt Mutual Funds/Cash	21,518,519.00	21,518,519.00	21,518,519.00	10.46	1	1	4.970	5.039
Federal Agency Coupon Securities	67,450,000.00	64,157,367.85	67,450,977.24	32.79	1,384	42	0.633	0.641
Federal Agency Disc. -Amortizing	14,000,000.00	13,644,960.00	13,624,047.50	6.62	323	189	5.372	5.447
Treasury Discounts -Amortizing	67,000,000.00	66,097,770.00	66,102,645.56	32.13	131	93	5.374	5.449
Local Agency Investment Funds	37,034,495.04	36,527,409.07	37,034,495.04	18.00	1	1	3.790	3.843
	207,003,014.04	201,946,025.92	205,730,684.34	100.00%	518	56	3.492	3.541

Investments								
Cash								
Passbook/Checking (not included in yield calculations)	2,682,831.79	2,682,831.79	2,682,831.79		1	1	0.000	0.000
Total Cash and Investments	209,685,845.83	204,628,857.71	208,413,516.13		518	56	3.492	3.541

Total Earnings	November 30 Month Ending	Fiscal Year To Date
Current Year	475,771.99	2,861,672.84
Average Daily Balance	179,759,378.55	208,549,615.76
Effective Rate of Return	3.22%	3.27%

"I certify that this investment report accurately reflects all pooled investments and is in compliance with the investment policy adopted by the Board of Directors to be effective on January 1, 2023. A copy of this policy is available from the Clerk of the Authority. Sufficient investment liquidity and anticipated revenues are available to meet budgeted expenditure requirements for the next thirty days and the next six months."


 Patricia Jakubiak, Treasurer 12/1/23

Cash and Investments with GASB 31 Adjustment:

Book Value of Cash & Investments before GASB 31 (Above)	\$ 208,413,516.13
GASB 31 Adjustment to Books (See Note 3 on page 10)	\$ (5,512,582.65)
Total	\$ 202,900,933.48

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
November 30, 2023

See Note 1 on page 10

See Note 2 on page 10

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/Call 365 Mat./Call	Days to Maturity	Maturity Date
Money Mkt Mutual Funds/Cash											
SYS1042	1042	US Bank - Treasury Obligations			5,490,620.27	5,490,620.27	5,490,620.27	5.241	5.241	1	
SYS528	528	MUFG Treasury Obligations		07/01/2023	0.00	0.00	0.00	4.620	4.620	1	
SYS530	530	US Bancorp Sweep Account			16,027,898.73	16,027,898.73	16,027,898.73	4.970	4.970	1	
Subtotal and Average			21,273,053.22		21,518,519.00	21,518,519.00	21,518,519.00		5.039	1	
Federal Agency Coupon Securities											
3133EMWH1	1030	Federal Farm Credit Bank (Callable 12/21/2023)		04/22/2021	3,000,000.00	2,824,410.00	3,000,977.24	0.710	0.674	20	04/21/2025
3133EMXS6	1032	Federal Farm Credit Bank (Continuous Call)		04/28/2021	12,000,000.00	11,291,520.00	12,000,000.00	0.720	0.720	0	04/28/2025
3130ALNY6	1025	Fed Home Loan Bank (Callable 12/30/2023)		03/30/2021	8,000,000.00	7,690,320.00	8,000,000.00	0.550	0.550	29	09/30/2024
3130ALTJ3	1029	Fed Home Loan Bank (Callable 1/08/2024)		04/22/2021	9,435,000.00	9,269,981.85	9,435,000.00	0.375	0.409	38	04/08/2024
3130ALVR2	1031	Fed Home Loan Bank (Callable 1/23/2024)		04/23/2021	11,015,000.00	10,556,776.00	11,015,000.00	0.520	0.520	53	10/23/2024
3130AM6P2	1034	Fed Home Loan Bank (Callable 1/29/2024)		04/29/2021	12,000,000.00	11,004,480.00	12,000,000.00	1.000	1.000	59	04/29/2026
3130AM6H0	1035	Fed Home Loan Bank (Callable 2/11/2024)		05/11/2021	12,000,000.00	11,519,880.00	12,000,000.00	0.550	0.550	72	10/11/2024
Subtotal and Average			67,451,005.58		67,450,000.00	64,157,367.85	67,450,977.24		0.641	42	
Federal Agency Disc. -Amortizing											
313384XV6	1095	Fed Home Loan Bank		07/20/2023	14,000,000.00	13,644,960.00	13,624,047.50	5.115	5.447	189	06/07/2024
Subtotal and Average			13,595,204.59		14,000,000.00	13,644,960.00	13,624,047.50		5.447	189	
Treasury Discounts -Amortizing											
912797GC5	1096	US Treasury Bill		08/03/2023	9,000,000.00	8,945,910.00	8,946,597.49	5.210	5.483	41	01/11/2024
912797FW2	1097	US Treasury Bill		09/14/2023	10,000,000.00	9,950,200.00	9,950,416.68	5.250	5.486	34	01/04/2024
912797GC5	1098	US Treasury Bill		10/24/2023	10,000,000.00	9,939,900.00	9,940,151.39	5.255	5.465	41	01/11/2024
912797GP6	1099	US Treasury Bill		11/09/2023	14,000,000.00	13,816,460.00	13,816,670.00	5.238	5.474	90	02/29/2024
912797HH3	1100	US Treasury Bill		11/30/2023	10,000,000.00	9,780,600.00	9,781,975.00	5.130	5.392	153	05/02/2024
912797FH5	1101	US Treasury Bill		11/30/2023	14,000,000.00	13,664,700.00	13,666,835.00	5.130	5.403	167	05/16/2024
Subtotal and Average			43,405,620.12		67,000,000.00	66,097,770.00	66,102,645.56		5.449	93	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			37,034,495.04	36,527,409.07	37,034,495.04	3.843	3.843	1	
Subtotal and Average			34,034,495.04		37,034,495.04	36,527,409.07	37,034,495.04		3.843	1	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
November 30, 2023

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Mat./Call
Money Mkt Mutual Funds/Cash										
SYS10033	10033	Revolving Fund		07/01/2023	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2023	0.00	0.00	0.00		0.000	1
SYS5	5	US Bancorp		07/01/2023	2,662,831.79	2,662,831.79	2,662,831.79		0.000	1
		Average Balance	0.00							1
Total Cash and Investments			179,759,378.66		209,685,845.83	204,628,857.71	208,413,516.13		3.641	56

Orange County Fire Authority
In Service of Others!



ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of December 1, 2023

Orange County Fire Authority
 1 Fire Authority Road
 Irvine, CA 92602
 (714)573-6301

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval: 0 days	(12/01/2023 - 12/01/2023)	7 Maturities	0 Payments	61,235,846.83	29.88%	61,235,846.83	60,728,759.86
Aging Interval: 1 - 30 days	(12/02/2023 - 12/31/2023)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 31 - 60 days	(01/01/2024 - 01/30/2024)	3 Maturities	0 Payments	29,000,000.00	14.09%	28,837,165.56	28,836,010.00
Aging Interval: 61 - 90 days	(01/31/2024 - 02/29/2024)	1 Maturities	0 Payments	14,000,000.00	6.75%	13,816,670.00	13,816,460.00
Aging Interval: 91 - 120 days	(03/01/2024 - 03/30/2024)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 121 - 365 days	(03/31/2024 - 11/30/2024)	7 Maturities	0 Payments	78,460,000.00	37.20%	77,522,867.50	76,127,217.85
Aging Interval: 366 - 1095 days	(12/01/2024 - 11/30/2026)	3 Maturities	0 Payments	27,000,000.00	12.28%	27,000,977.24	25,120,410.00
Aging Interval: 1096 days and after	(12/01/2026 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for		21 Investments	0 Payments		100.00	208,413,516.13	204,628,867.71



NOTES TO PORTFOLIO MANAGEMENT REPORT

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The U.S. Bank Corporate Trust and Custody Department provides market values of the remaining investments.
- Note 2: Book value reflects the cost or amortized cost before the GASB 31 accounting adjustment.
- Note 3: GASB 31 requires governmental entities to report investments at fair value in the financial statements and to reflect the corresponding unrealized gains/ (losses) as a component of investment income. The GASB 31 adjustment is recorded only at fiscal year-end. Fluctuations in the marketplace have little effect on our long-term investment yield because it is our policy to hold investments to maturity. However, adjusting to market values as required by GAAP resulted in a decrease in recorded interest earnings of \$5,512,582.65. The adjustment for June 30, 2023, includes a decrease of \$612,970.63 to the LAIF investment and a decrease of \$4,899,612.02 to the remaining investments.
- Note 4: The Federated Treasury Obligations money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks yet allow that liquidity to be invested while payment of the outstanding checks is pending.



Local Agency Investment Fund (LAIF)

As of November 30, 2023, OCFA has \$37,034,495.04 invested in LAIF. The fair value of OCFA's LAIF investment is calculated using a participant fair value factor provided by LAIF on a quarterly basis. The fair value factor as of November 30, 2023 is .986307739. When applied to OCFA's LAIF investment, the fair value is \$36,527,409.07 or \$507,085.97 below cost. Although the fair value of the LAIF investment is lower than cost, OCFA can withdraw the actual amount invested at any time.

LAIF is included in the State Treasurer's Pooled Money Investment Account (PMIA) for investment purposes. The PMIA market valuation on November 30, 2023 is included on the following page.



Fair Value Including Accrued Interest	\$	159,261,240,663.65
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Page 12



Orange County Fire Authority

Preliminary Investment Report

December 8, 2023



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
December 8, 2023


Orange County Fire Authority
 1 Fire Authority Road
 Irvine, CA 92602
 (714)573-6301

	See Note 1 on page 19	See Note 2 on page 19						
Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Mat./Call	YTM/Call 360 Equiv.	YTM/Call 365 Equiv.
Money Mkt Mutual Funds/Cash	7,049,127.30	7,049,127.30	7,049,127.30	3.68	1	1	5.111	5.182
Federal Agency Coupon Securities	67,450,000.00	64,236,570.15	67,450,961.61	35.25	1,384	125	0.633	0.641
Federal Agency Disc. -Amortizing	14,000,000.00	13,652,940.00	13,639,960.84	7.13	323	181	5.372	5.447
Treasury Discounts -Amortizing	67,000,000.00	66,201,600.00	66,180,066.00	34.59	131	85	5.374	5.449
Local Agency Investment Funds	37,034,495.04	36,527,409.07	37,034,495.04	19.35	1	1	3.790	3.843
	192,533,622.34	187,667,646.52	191,354,610.79	100.00%	557	87	3.386	3.433

Investments								
Cash								
Passbook/Checking (not included in yield calculations)	518,697.33	518,697.33	518,697.33		1	1	0.000	0.000
Total Cash and Investments	193,052,319.67	188,186,343.85	191,873,308.12		557	87	3.386	3.433

Total Earnings	December 8 Month Ending	Fiscal Year To Date
Current Year	152,018.70	3,013,691.54
Average Daily Balance	202,747,054.83	208,261,289.75
Effective Rate of Return	3.42%	3.28%

"I certify that this investment report accurately reflects all pooled investments and is in compliance with the investment policy adopted by the Board of Directors to be effective on January 1, 2023. A copy of this policy is available from the Clerk of the Authority. Sufficient investment liquidity and anticipated revenues are available to meet budgeted expenditure requirements for the next thirty days and the next six months."

 12/15/23
 Patricia Jakubiak, Treasurer

Cash and Investments with GASB 31 Adjustment:

Book Value of Cash & Investments before GASB 31 (Above)	\$ 191,873,308.12
GASB 31 Adjustment to Books (See Note 3 on page 19)	\$ (5,512,582.65)
Total	\$ 186,360,725.47

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
December 8, 2023

See Note 1 on page 19

See Note 2 on page 19

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/Call 365	Days to Mat./Call	Maturity Date
Money Mkt Mutual Funds/Cash											
SYS1042	1042	US Bank - Treasury Obligations			5,517,918.61	5,517,918.61	5,517,918.61	5.241	5.241	1	
SYS528	528	MUFG Treasury Obligations		07/01/2023	0.00	0.00	0.00	4.620	4.620	1	
SYS530	530	US Bancorp Sweep Account			1,531,208.69	1,531,208.69	1,531,208.69	4.970	4.970	1	
Subtotal and Average			18,482,398.03		7,049,127.30	7,049,127.30	7,049,127.30		5.182	1	
Federal Agency Coupon Securities											
3133EMWH1	1030	Federal Farm Credit Bank (Callable 12/21/2023)		04/22/2021	3,000,000.00	2,830,770.00	3,000,961.61	0.710	0.674	12	04/21/2025
3133EMXS6	1032	Federal Farm Credit Bank (Continuous Call)		04/28/2021	12,000,000.00	11,305,920.00	12,000,000.00	0.720	0.720	506	04/28/2025
3130ALNY6	1025	Fed Home Loan Bank (Callable 12/30/2023)		03/30/2021	8,000,000.00	7,701,920.00	8,000,000.00	0.550	0.550	21	09/30/2024
3130ALTJ3	1029	Fed Home Loan Bank (Callable 1/08/2024)		04/22/2021	9,435,000.00	9,280,832.10	9,435,000.00	0.375	0.409	30	04/08/2024
3130ALVR2	1031	Fed Home Loan Bank (Callable 1/23/2024)		04/23/2021	11,015,000.00	10,572,968.05	11,015,000.00	0.520	0.520	45	10/23/2024
3130AM6P2	1034	Fed Home Loan Bank (Callable 1/29/2024)		04/29/2021	12,000,000.00	11,006,760.00	12,000,000.00	1.000	1.000	51	04/29/2026
3130AM6H0	1035	Fed Home Loan Bank (Callable 2/11/2024)		05/11/2021	12,000,000.00	11,537,400.00	12,000,000.00	0.550	0.550	64	10/11/2024
Subtotal and Average			67,450,968.45		67,450,000.00	64,236,570.15	67,450,961.61		0.641	125	
Federal Agency Disc. -Amortizing											
313384XV6	1095	Fed Home Loan Bank		07/20/2023	14,000,000.00	13,652,940.00	13,639,960.84	5.115	5.447	181	06/07/2024
Subtotal and Average			13,632,998.75		14,000,000.00	13,652,940.00	13,639,960.84		5.447	181	
Treasury Discounts -Amortizing											
912797GC5	1096	US Treasury Bill		08/03/2023	9,000,000.00	8,959,140.00	8,957,017.50	5.210	5.483	33	01/11/2024
912797FW2	1097	US Treasury Bill		09/14/2023	10,000,000.00	9,964,900.00	9,962,083.34	5.250	5.486	26	01/04/2024
912797GC5	1098	US Treasury Bill		10/24/2023	10,000,000.00	9,954,600.00	9,951,829.16	5.255	5.465	33	01/11/2024
912797GP6	1099	US Treasury Bill		11/09/2023	14,000,000.00	13,841,800.00	13,832,966.00	5.238	5.474	82	02/29/2024
912797HH3	1100	US Treasury Bill		11/30/2023	10,000,000.00	9,794,900.00	9,793,375.00	5.130	5.392	145	05/02/2024
912797FH5	1101	US Treasury Bill		11/30/2023	14,000,000.00	13,686,260.00	13,682,795.00	5.130	5.403	159	05/16/2024
Subtotal and Average			66,146,194.56		67,000,000.00	66,201,600.00	66,180,066.00		5.449	85	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			37,034,495.04	36,527,409.07	37,034,495.04	3.843	3.843	1	
Subtotal and Average			37,034,495.04		37,034,495.04	36,527,409.07	37,034,495.04		3.843	1	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
December 8, 2023

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Mat./Call
Money Mkt Mutual Funds/Cash										
SYS10033	10033	Revolving Fund		07/01/2023	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2023	0.00	0.00	0.00		0.000	1
SYS5	5	US Bancorp		07/01/2023	498,697.33	498,697.33	498,697.33		0.000	1
		Average Balance	0.00							1
Total Cash and Investments			202,747,064.83		193,062,319.67	188,186,343.85	191,873,308.12		3.433	87

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ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of December 9, 2023

Orange County Fire Authority
 1 Fire Authority Road
 Irvine, CA 92602
 (714)573-6301

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval: 0 days	(12/09/2023 - 12/09/2023)	7 Maturities	0 Payments	44,602,319.67	23.43%	44,602,319.67	44,095,233.70
Aging Interval: 1 - 30 days	(12/10/2023 - 01/08/2024)	1 Maturities	0 Payments	10,000,000.00	5.30%	9,962,083.34	9,964,900.00
Aging Interval: 31 - 60 days	(01/09/2024 - 02/07/2024)	2 Maturities	0 Payments	19,000,000.00	10.06%	18,908,846.66	18,913,740.00
Aging Interval: 61 - 90 days	(02/08/2024 - 03/08/2024)	1 Maturities	0 Payments	14,000,000.00	7.36%	13,832,966.00	13,841,800.00
Aging Interval: 91 - 120 days	(03/09/2024 - 04/07/2024)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 121 - 365 days	(04/08/2024 - 12/08/2024)	7 Maturities	0 Payments	78,450,000.00	40.61%	77,566,130.84	76,227,220.16
Aging Interval: 366 - 1095 days	(12/09/2024 - 12/08/2026)	3 Maturities	0 Payments	27,000,000.00	13.36%	27,000,961.61	25,143,460.00
Aging Interval: 1096 days and after	(12/09/2026 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for		21 Investments	0 Payments		100.00	191,873,308.12	188,186,343.86



NOTES TO PORTFOLIO MANAGEMENT REPORT

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The U.S. Bank Corporate Trust and Custody Department provides market values of the remaining investments.
- Note 2: Book value reflects the cost or amortized cost before the GASB 31 accounting adjustment.
- Note 3: GASB 31 requires governmental entities to report investments at fair value in the financial statements and to reflect the corresponding unrealized gains/ (losses) as a component of investment income. The GASB 31 adjustment is recorded only at fiscal year-end. The adjustment for June 30, 2023 includes a decrease of \$612,970.63 to the LAIF investment and a decrease of \$4,899,612.02 to the remaining investments.
- Note 4: The Federated Treasury Obligations money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks yet allow that liquidity to be invested while payment of the outstanding checks is pending.

GLOSSARY

INVESTMENT TERMS

Basis Point. Measure used in quoting yields on bonds and notes. One basis point is .01% of yield.

Book Value. This value may be the original cost of acquisition of the security, or original cost adjusted by the amortization of a premium or accretion of a discount. The book value may differ significantly from the security's current value in the market.

Commercial Paper. Unsecured short-term promissory notes issued by corporations, with maturities ranging from 2 to 270 days; may be sold on a discount basis or may bear interest.

Coupon Rate. Interest rate, expressed as a percentage of par or face value, that issuer promises to pay over lifetime of debt security.

Discount. The amount by which a bond sells under its par (face) value.

Discount Securities. Securities that do not pay periodic interest. Investors earn the difference between the discount issue price and the full face value paid at maturity. Treasury bills, bankers' acceptances and most commercial paper are issued at a discount.

Effective Rate of Return. Rate of return on a security, based on its purchase price, coupon rate, maturity date, and the period between interest payments.

Federal Agency Securities. Securities issued by agencies such as the Federal National Mortgage Association and the Federal Farm Credit Bank. Though not general obligations of the US Treasury, such securities are sponsored by the government and therefore have high credit ratings. Some are issued on a discount basis and some are issued with coupons.

Federal Funds. Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed Funds are considered to be immediately available funds.

Fed Funds Rate. The interest rate charged by one institution lending federal funds to another.

Federal Open Market Committee. The branch of the Federal Reserve Board that determines the direction of monetary policy.

Local Agency Investment Fund (LAIF). A California State Treasury fund which local agencies may use to deposit funds for investment and for reinvestment with a maximum of \$75 million for any agency (*excluding bond funds, which have no maximum*). It offers high liquidity because

deposits can be converted to cash in 24 hours and no interest is lost. Interest is paid quarterly and the State's administrative fee cannot exceed 1/4 of a percent of the earnings.

Market value. The price at which the security is trading and could presumably be purchased or sold.

Maturity Date. The specified day on which the issuer of a debt security is obligated to repay the principal amount or face value of security.

Money Market Mutual Fund. Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repurchase agreements and federal funds).

Par. Face value or principal value of a bond typically \$1,000 per bond.

Rate of Return. The amount of income received from an investment, expressed as a percentage. A *market rate of return* is the yield that an investor can expect to receive in the current interest-rate environment utilizing a buy-and-hold to maturity investment strategy.

Treasury Bills. Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

Treasury Notes. Intermediate U.S. government debt securities with maturities of one to 10 years.

Treasury bonds. Long-term U.S. government debt securities with maturities of 10 years or longer.

Yield. Rate of return on a bond.

Yield-to-maturity. Rate of return on a bond taking into account the total annual interest payments, the purchase price, the redemption value and the amount of time remaining until maturity.

ECONOMIC TERMS

Conference Board Consumer Confidence Index. A survey that measures how optimistic or pessimistic consumers are with respect to the economy in the near future.

Consumer Price Index (CPI). A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. Changes in CPI are used to assess price changes associated with the cost of living.

Durable Goods Orders. An economic indicator released monthly that reflects new orders placed with domestic manufacturers for delivery of factory durable goods such as autos and appliances in the near term or future.

Gross Domestic Product. The monetary value of all the finished goods and services produced within a country's borders in a specific time period. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory.

Industrial Production. An economic indicator that is released monthly by the Federal Reserve Board. The indicator measures the amount of output from the manufacturing, mining, electric and gas industries.

ISM Institute for Supply Management (ISM) Manufacturing Index. A monthly index that monitors employment, production inventories, new orders and supplier deliveries.

ISM Non-manufacturing Index. An index based on surveys of non-manufacturing firms' purchasing and supply executives. It tracks economic data for the service sector.

Leading Economic Index. A monthly index used to predict the direction of the economy's movements in the months to come. The index is made up of 10 economic components, whose changes tend to precede changes in the overall economy.

National Federation of Independent Business Small Business Optimism Index. An index based on surveys of small business owners' plans and expectations regarding employment, capital, inventories, economic improvement, credit conditions, expansion, and earnings trends in the near term or future.

Producer Price Index. An index that measures the average change over time in the selling prices received by domestic producers for their output.

University of Michigan Consumer Sentiment Index. An index that measures the overall health of the economy as determined by consumer opinion. It takes into account an individual's feelings toward his or her own current financial health, the health of the economy in the short term and the prospects for longer term economic growth.



Orange County Fire Authority **AGENDA STAFF REPORT**

**Budget and Finance Committee Meeting
January 10, 2024**

**Agenda Item No. 3A
Discussion Calendar**

FY 2023/2024 Mid-Year Financial Report

Contact(s) for Further Information

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Summary

This item is submitted to provide a mid-year financial update on the FY 2023/24 budget in accordance with the OCFA's Fiscal Health Plan and to preview expected budget adjustments for approval in March.

Prior Board/Committee Action

Not applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of January 25, 2024, with the Budget and Finance Committee's recommendation that the Board of Directors direct staff to return to the Board of Directors on March 21, 2024, for approval of the budget adjustments discussed herein for the FY 2023/24 budget.

Impact to Cities/County

The Five-Year Financial Forecast assumes cash contract city charges will range from 2.50% to 4.50% annually.

Fiscal Impact

Financial impact is detailed in the report, with an overall increase in revenues (all funds combined) of \$23,920,646, an overall increase in expenditures (all funds combined) of \$25,659,219, and a rebudget of remaining helicopter expenditures from FY 2022/23 to FY 2023/34 in the amount of \$12,190,741.

Increased Cost Funded by Structural Fire Fund: \$0

Increased Cost Funded by Cash Contract Cities: \$0

Background

The OCFA's Fiscal Health Plan calls for a comprehensive system to monitor OCFA's fiscal performance. This includes a review and comparison of forecasted revenues and expenditures against actual revenues and expenditures, as well as a mid-year budget review. The attached report

reviews the current year budget, highlights any potential financial challenges to the OCFA, and previews anticipated FY 2024/25 budget issues, to the extent they are known at this time.

FY 2023/24 Budget Review

Significant changes have occurred since the budget was adopted in May 2023, including increases to budgeted beginning fund balance, increase in property tax revenue, increases in both revenue and expenditures related to assistance-by-hire emergency responses, as well as all approved adjustments to-date such as Carryover and new grant funds. These changes are summarized in the table below and detailed in the attached Mid-Year Financial Report.

Fund	Revenues	Expenditures
General Fund (121)		
Property Taxes	\$6,371,053	-
Assistance by Hire/Emergency Incident	\$6,746,678	\$6,939,128
Grant/CalFire/Reimbursements	\$831,477	\$731,477
OCPPA Retiree Medical Trust Payment	\$7,836,090	\$7,836,090
Miscellaneous	(\$174,589)	-
Personnel/Training	-	\$3,678,374
Supplies/Equipment/Professional Services	-	\$699,650
Interfund Borrowing	-	\$2,102,500
Total General Fund (121)	\$21,610,709	\$21,987,219
GF Capital Improvement Program (12110)	-	\$520,000
Fire Stations & Facilities (123)	\$921,381	-
Comm. & Info Systems (124)	\$125,942	-
Vehicle Replacement (133)	\$485,195	\$3,113,000
Settlement Agreement (139)	\$48,102	\$39,000
SFF Entitlement Fund (171)	\$85,033	-
Workers' Compensation (190)	\$644,284	-
Total All Funds	\$23,920,646	\$25,659,219
Vehicle Replacement (133) Helicopter Rebudget	-	\$12,190,741
Total with Fund 133 Rebudget	\$23,920,646	\$37,849,960

Attachment(s)

Mid-year Financial Report

Exhibit 1 – 2023 Trend Analysis -- Forecast to Actual Comparison

Exhibit 2 – Updated Five-Year Financial Forecast

Exhibit 3 – Five-Year Financial Forecast Assumptions



In May 2020, the Board of Directors approved the updated Financial Stability Budget Policy. Together with the Fiscal Health Plan, these documents describe the Authority's strong fiscal policies, a comprehensive system for monitoring OCFA's fiscal performance, and a framework to assure timely and appropriate response to adverse fiscal circumstances. Included in the Fiscal Health Plan is the requirement for a mid-year financial report, which is presented below.

ECONOMIC OUTLOOK

Property tax is OCFA's largest source of revenue; therefore, this section focuses on economic factors impacting property values. Residential real estate assessed values have remained elevated in recent years due to a tight housing market with low inventory. The December 2023 Chapman Economic and Business Review forecast now foresees a slight increase in the Orange County median home price of 3.5% in 2024, but a 4.5% decrease in existing home sales, and a 6.9% reduction in residential permit activity. Annual homes sold in Orange County have been on the decline for several years from 38,610 in 2021, down to 26,711 in 2022, falling further to 21,303 in 2023 and projected at 20,337 in 2024. Although mortgage rates have increased sharply with rates now hovering around 7%, housing prices have remained elevated due to low inventory as homeowners cling to the fixed-rate mortgages that they acquired at historically low rates. According to Chapman, 81% of current mortgages in California have a rate below 5%.

CURRENT FISCAL YEAR FINANCES

The following are estimated changes to the budget that are needed since the adoption of the FY 2023/24 budget in May 2023. Overall, the proposed changes in the General Fund result in an estimated total revenue adjustment of approximately \$21.6 million and an estimated total expenditure adjustment of \$22.0 million. *Approximately \$7.5 million of the expenditure adjustments are related to emergency incidents that are offset by corresponding revenue or are items that are cost neutral.* Expenditures not directly offset by corresponding revenue increases are primarily due to the impact of new labor agreements that were ratified too late in the FY 2023/34 budget development process for inclusion in the Adopted Budget; however, these costs were disclosed to the Board at the time of budget adoption and the Board was advised that these costs would be added mid-year. Additional expenditure adjustments outlined below are driven by higher costs for services and supplies that were not known at the time of budget adoption including increased fuel costs.

FY 2023/24 General Fund Estimated Revenue Adjustments - \$21.6 million

Property Taxes: Based on property tax billing data provided by the Auditor/Controller and property tax received to date, preliminary projections indicate an approximate \$6.4 million increase over budget.	\$6,371,053
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Assistance by Hire (ABH)/Emergency Incident: ABH is the term used when OCFA responds to requests for assistance to incidents outside our area of responsibility, on a reimbursement basis. Current year activity is \$6.7 million greater than budget due to various in-county and out-of-county responses. Staff will be monitoring this source of revenue for additional reimbursements. An expenditure adjustment is also proposed to the overtime/backfill category to cover the costs associated with providing the ABH services.	\$6,746,678
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Grant/CalFire/Reimbursements: This category represents reimbursements for Grants or other programs where expenditures are reimbursed once incurred. The \$831K adjustment is for CalFire augmentation funding (\$488K), supplemental funding for the 2022 US&R Grant (\$158K), donations from Maruchan (\$100K), and County of Orange wire cutter grant (\$85K). **\$831,477**

OCPFA Retiree Medical Trust Payment: OCFA's audit firm Lance, Soll & Lunghard issued a final report on the OCPFA Medical Benefit Trust for the period January 1, 2022 through December 31, 2022 showing a \$7,836,090 excess fund balance credit due to the OCFA. Per the terms of the OCFA/OCPFA Health Plan Agreement, OCFA will remit these funds to the OCFA Retiree Medical Trust held at OCERS. **\$7,836,090**

Miscellaneous: This category of revenue adjustments includes decreased interest earnings, updates to cash contract city maintenance charges, increased charges for crews & equipment services, increased insurance settlement receipts, and increased late payment penalty fess. **(\$174,589)**

FY 2023/24 General Fund Estimated Expenditure Adjustments - \$22.0 million

Assistance by Hire/Emergency Incident Costs: As mentioned under Revenue for ABH, an adjustment is needed for in-county and out-of-county responses, primarily in the overtime/backfill category, but also for response-related supplies. This category also comprises US&R activation expenditures. Staff will be monitoring these categories closely as the fiscal year progresses. **\$6,939,128⁽¹⁾**

Grant/CalFire/Reimbursable Programs: These expenditure items include CalFire augmentation funding for handcrew overtime (\$488K), supplemental funding for the 2022 US&R Grant (\$158K), and County of Orange wire cutter grant (\$85K). **\$731,477⁽¹⁾**

OCPFA Retiree Medical Trust Payment: OCFA's audit firm Lance, Soll & Lunghard issued a final report on the OCPFA Medical Benefit Trust for the period January 1, 2022 through December 31, 2022 showing a \$7,836,090 excess fund balance credit due to the OCFA. Per the terms of the OCFA/OCPFA Health Plan Agreement, OCFA will remit these funds to the OCFA Retiree Medical Trust held at OCERS. **\$7,836,090⁽¹⁾**

¹ Expenditure increase is wholly or partially cost neutral, offset by a corresponding revenue source or dedicated fund balance.



Personnel/Training: At the time of budget development for current fiscal year 2023/24, a new firefighter labor agreement was approved by the Board and incorporated into the Adopted Budget, but the OCFA was still in the process of finalizing new labor agreements with the Chief Officer's Association (COA), OCFA Manager's Association (OCFAMA), and Orange County Employees Association (OCEA). Budget adjustments are now required to account for the impacts of these new MOUs to our FY2023/24 budget as follows: \$1.9M for OCEA, \$1.3M for COA, and \$425K for OCFAMA. This category also includes \$40,000 for anticipated overtime expenditures related to OCFA's annual open house. **\$3,678,374**

Supplies/Equipment/Professional Services: This category includes one-time adjustments for services and supplies which were unknown or for which costs have increased since budget development. Adjustments include increased fuel costs (\$534K); Outreach Recruitment Team trailer and supplies (\$90K); HazMat suits and gloves (\$25K); HazMat Response Team supplies (\$17K); supplies for OCFA's annual open house (\$14K); WEFIT equipment maintenance and repair (\$10K); and services and supplies to support Public Information Officers (\$10K). **\$699,650**

Interfund Borrowing: At the time of budget development, staff was in the process of analyzing if OCFA's cash flow needs could be met with interfund borrowing. When the budget was adopted in May, the Board approved interfund borrowing as our cash flow management mechanism in FY 2023/24. The money is borrowed from the Workers' Compensation Self-Insurance Fund 190 and repaid with interest which is reflected as a cost to the General Fund. **\$2,102,500**

FY 2023/24 CIP and Other Fund Adjustments

- **Fund 12110 – General Fund CIP:** A increase in expenditures in the amount of \$520,000 is needed for vehicle outfitting costs for 44 Dodge Rams and 2 HazMat vehicles.
- **Fund 133 – Fire Apparatus:** A carry-over adjustment is needed to rebudget remaining helicopter expenditures from FY 2022/23 to FY 2023/34 in the amount of \$12,190,741. This portion of the mid-year adjustment is not an increase in overall expenditures, but rather a change in timing from the prior year to the current year, and therefore, it is funded by corresponding unspent fund balance which remains available from the prior year. In addition to the carry-over adjustment, an increase in expenditures of \$3,113,000 is needed for the following: increase in emergency vehicle expenditures due to significant inflationary cost increases for Type 1 Engines (\$2,973,000), increase in grant funded vehicle expenditures (\$125,000), and increase in support vehicle expenditures (\$15,000).
- **Fund 139 – Settlement Agreement:** An increase in expenditures in the amount of \$39,000 is needed to accommodate Trustee and PARS fees for administering the 115 Trust.
- **Interest Earnings:** Interest earning revenue for each of the CIP and Other Funds have been increased based on the latest projections. The net interest earnings adjustment is a \$2,309,937 increase.

FY 2023/24 Fund Balance Transfer Adjustments

- **Unencumbered Fund Balance:** The FY 2022/23 year-end audit identified unencumbered fund balance in the amount of \$173,363. This fund balance increase resulted primarily from additional



revenue received in the fiscal year, as well as salary savings and S&S savings in the General Fund. Per the OCFA's Amended Joint Powers Agreement (JPA), the Board of Directors has the discretion to allocate this year-end unencumbered fund balance to the Structural Fire Fund Entitlement Fund for use by eligible member agencies, pursuant to the equity calculation as defined in the JPA. While that discretionary option is available, staff instead recommends allocating the unencumbered fund balance as follows, due to organizational need:

- Allocate 100% to remain in the General Fund to maintain the contingency reserve at 10% of expenditures, pursuant to the OCFA's Financial Stability Budget Policy.
- **CIP to Fund 121 Transfers:** The Financial Stability Policy requires a reconciliation of the 10% contingency reserve at mid-year. In order to maintain the 10% General Fund contingency reserve of \$47,325,126, a fund balance transfer of \$3,877,256 is required from the CIP to the General Fund (\$1,877,256 from Fund 123, \$1,000,000 from Fund 124, and \$1,000,000 from Fund 133).

FUTURE FISCAL YEAR FINANCES

Significant factors that are anticipated to influence the FY 2024/25 budget development include:

- **Prepayment of OCERS Contributions** – Staff will conduct an analysis of OCFA's cash flow position; we expect to prepay half of the employer contributions to take advantage of an approximately 7.0% discount. This discount fluctuates over time and increased over last year's discount of 5.8%. The prepayment discount amounts to significant savings. In the current FY 2023/24, OCFA saved an estimated \$1.8M by prepaying a portion of its OCERS contributions.
- **Property Taxes** - Since property tax is the largest source of income for the General Fund at about 63%, we have contracted with Harris and Associates to update our property tax projections. Updated preliminary information for our FY 2024/25 budget will be available in February 2024; therefore, in the interim we are continuing to use Harris & Associates' prior projection for FYs 2024/25 through 2027/28 of the Five-Year Financial Forecast.
- **Retirement Rates** - The Orange County Employees Retirement System (OCERS) Board has adopted retirement rates for FY 2024/25. Retirement rates in FY 2024/25 are approximately 0.08% lower for safety and 0.90% higher for non-safety compared to FY 2023/24 rates after removing the impact of the additional pension liability contributions OCFA has made to OCERS. Consistent with Board direction, we continue to pay the original rates, capturing those savings and increasing payments directly to our unfunded liability.
- **Workers' Compensation** – The current forecast is based on the workers' compensation actuarial study dated July 2023. We have contracted with Rivelle Consulting to update the actuarial study to be completed in January 2024 which may impact the workers' compensation cost projections in the five-year forecast.

PENDING ISSUES

- **CIP Project Budget Funding/Timing** – The next five-year Capital Improvement Program budgets are in the process of being developed. As we build the CIP, staff is working on options to align the updated five-year CIP schedule with available funding that is primarily derived from transfers from the General Fund.



MONITORING FINANCIAL HEALTH

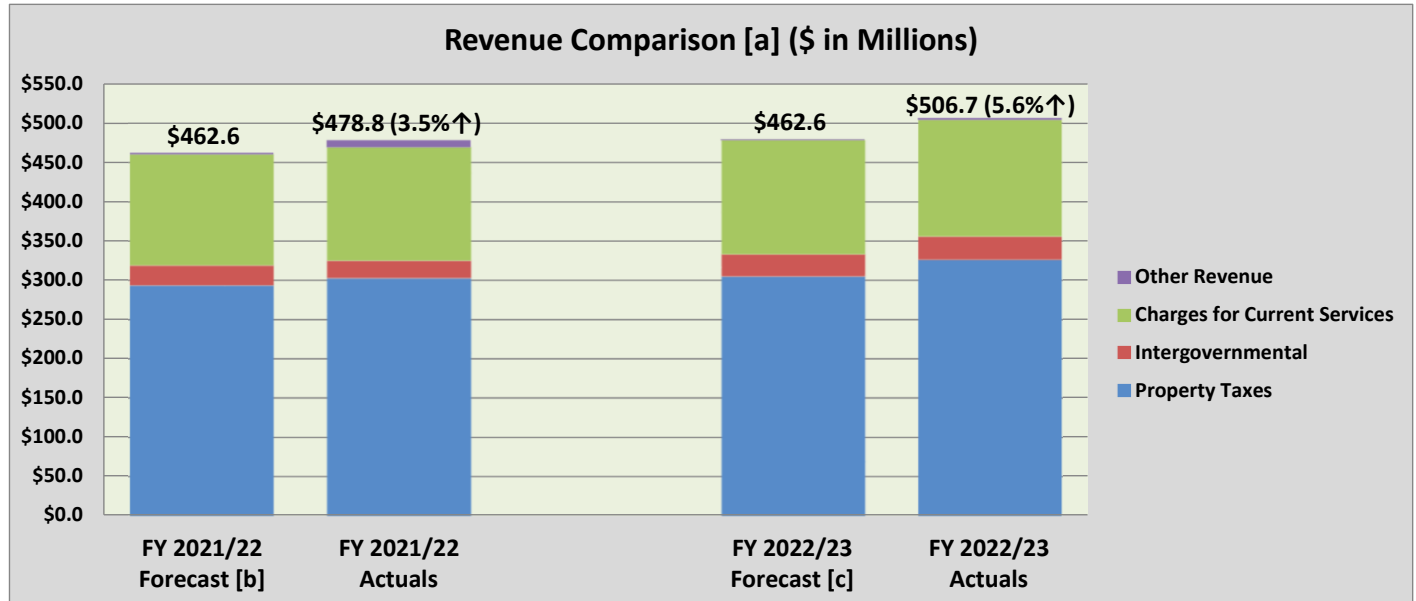
Financial Forecast

The Fiscal Health Plan directs staff to monitor our financial indicators through frequent updates to the Authority's Five-Year Financial Forecast, measuring revenue, expenditures, debt, and committed and uncommitted fund balance. These categories are forecasted using all available information, Board actions, and economic conditions (Exhibits 2 and 3).

A trend report has been developed comparing the differences between the forecasted data and actual financial results and is attached to this review as Exhibit 1.

2023 Trend Analysis: Summary of 2-Year Forecast vs. Adjusted Actuals

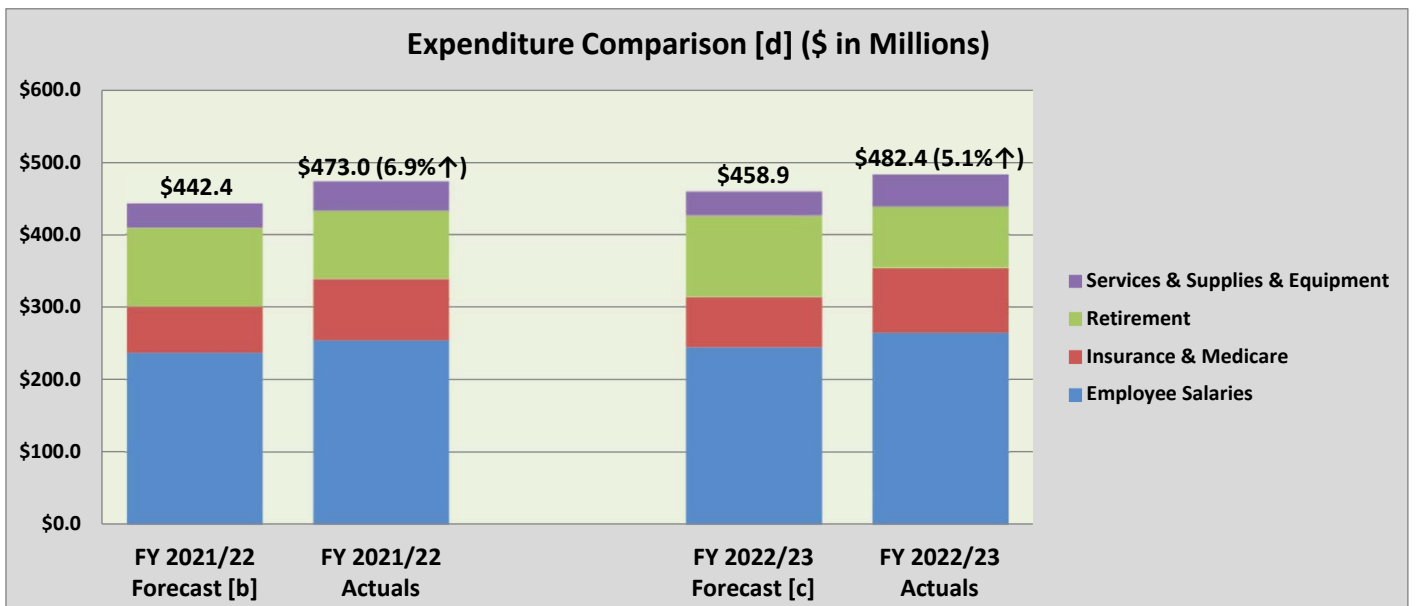
Comparison of 2021/22 Forecast to 2021/22 Actuals
and
Comparison of 2022/23 Forecast to 2022/23 Actuals



[a] Actual revenue adjusted for one-time sources not forecasted such as assistance by hire revenue, grant revenue, donation revenue, and one-time revenue associated with RDA dissolutions.

[b] As presented in the FY2020/21 Adopted Budget - Scenario 1.

[c] As presented in the FY2021/22 Adopted Budget - Scenario 1.



[d] Actual expenditures adjusted for one-time items not forecasted such as grant and donation expenditures.

Forecast Assumptions – Mid-Year Revised

Basic Assumptions

The Adopted FY 2023/24 Budget, and the Five-Year Capital Improvement Plan approved by the Board of Directors on May 25, 2023 form the basis for this financial forecast with the following adjustments:

- Updated total beginning fund balance from the FY 2022/23 audited financial statements.
- All approved budget adjustments that have occurred since the adoption of the budget
- Proposed FY 2023/24 mid-year adjustments.

General Fund Revenues

- ***Secured Property Taxes*** – The Harris & Associates Final 2023 Report Typical Scenario provides the growth factors assumed for the forecast. The following are projections of current secured property tax growth:

FY 2023/24	5.15%
FY 2024/25	3.43%
FY 2025/26	3.83%
FY 2026/27	6.93%
FY 2027/28	4.07%

- ***Public Utility, Unsecured, Homeowners Property Tax Relief, and Supplemental Delinquent Taxes*** – All of these categories of property taxes are projected to remain constant during the forecast period.
- ***State Reimbursements*** – State reimbursements are expected to remain constant, pending more details from CAL FIRE.
- ***Federal Reimbursements*** – This revenue is projected to remain constant.
- ***Community Redevelopment Agency Pass-thru Revenue*** – Harris & Associates completed a Redevelopment Area Excess Revenue Analysis of pass-thru and residual revenues from the dissolution of the redevelopment agencies dated April 3, 2023. The forecast figures come from this report.
- ***Cash Contracts*** – The forecast calculations are based on the Joint Powers Agreement and subsequent amendments with year-over-year changes ranging from 2.50% to 4.50%. In addition, this revenue category includes John Wayne Airport contract proceeds with an annual 4% increase cap, which is projected to continue through the forecast period.
- ***Community Risk Reduction Fees*** – Community Risk Reduction Fees are projected to remain constant through the forecast period from FY 2024/25 through FY 2027/28, pending any changes approved by the Board.

- **ALS Supplies & Transport Reimbursements** – This revenue is estimated to remain flat, pending any changes approved by the Board. Staff is currently in the process of reviewing medical supplies reimbursement rates.
- **Interest Earnings** – Assumes an average annual return of 2.25% for FY 2023/24, 4.00% for FY 2024/25, 3.50% for FY 2025/26, and 2.50% thereafter.
- **Other Revenue** – This revenue source includes various items such as reimbursements for training and cost recovery for the firefighter handcrew and is projected to remain flat over the forecast period.

General Fund Expenditures

- **Salaries & Employee Benefits** – S&EB is composed of the following factors:
 - ✓ **New Positions for New Stations** – The forecast assumes that new vehicles will be in service for Station 67 starting 11/1/2026 and Station 52 on 7/1/2027.
 - ✓ **Employee Salaries** – Projected salaries reflect increases consistent with the approved labor group MOUs.
 - ✓ **Retirement** – Retirement costs reflect projected employer retirement rates, which are based on the OCERS provided rates for FY 2023/24. The projected employer rates in the outer years of the forecast are based on a Segal Consulting study dated July 12, 2023 provided by OCERS. FY 2024/25 rates are approximately 0.08% lower for safety and 0.90% higher for non-safety compared to FY 2023/24 rates.

FY	Safety	General	Source
2023/24	42.09%	34.12%	FY 2023/24 based on OCERS provided rates. Outer years based on Segal Consulting Study dated July 12, 2023. Effective rates adjusted to remove impact of additional OCFA UAAL contributions.
2024/25	42.01%	35.02%	
2025/26	41.81%	34.92%	
2026/27	42.61%	35.52%	
2027/28	44.11%	36.62%	

In accordance with the Updated Snowball Strategy presented to the board in November 2015, the forecast includes the following unfunded liability paydowns:

- Contributing additional funds each year using projected savings that will be realized under new Public Employees' Pension Reform Act (PEPRA) of \$5.8M in FY 2023/24 and continuing in different amounts until payment is complete.
- Contributing an additional \$1M each year starting in FY 2016/17 and increasing by \$2M each year until it reaches \$15M and continuing at \$15M thereafter.
- In prior years, contributed \$1 million per year from surplus fund balance available in the Workers' Compensation Self-Insurance Fund from FY 2016/17 through FY 2020/21.
- Beginning in FY 2017/18 at mid-year, if CIP is sufficiently funded, allocate 50% of the General Fund surplus, if any, to UAAL with the remaining 50% used to fund CIP.

- ✓ **Workers' Compensation** – FY 2023/24 assumes a 50% confidence level for ongoing Workers' Compensation costs. The 50% confidence level is assumed throughout the forecast period. Workers' Compensation costs in the forecast period are based on projected payments in the Rivelle Consulting Services July 2023 Study.
- ✓ **Other Insurance** – Medical insurance rates for firefighters assume no increases through FY 2025/26 and 2.50% annual increases thereafter. For staff members, they are projected to grow by 10% annually. This category also includes \$60,000 for unemployment insurance in FY 2023/24.
- ✓ **Medicare** – Annual amounts are calculated at 1.45% of projected salaries.
- **Services and Supplies (S&S)** – S&S is held flat unless a new fire station is built, specific increases have been identified by section managers, or one-time grant proceeds have been received.

Net General Fund Revenue

This figure equals the General Fund Revenue minus the General Fund Expenditures.

Incremental Increase in General Fund 10% Contingency

This is the amount needed to add to the General Fund 10% Contingency each year to maintain this category of fund balance at the required policy level of 10% of General Fund expenditures (less one-time expenditures).

Transfer to Fund 139 from General Fund Surplus

This is the amount needed to pay for City of Irvine Settlement Agreement costs.

General Fund Surplus/(Deficit)

This figure is equal to the Net General Fund Revenue less the incremental increase in the General Fund 10% Contingency and the transfer out to Fund 139. In years when there is a surplus, unless an exception is triggered, 50% is transferred to the CIP funds and 50% is used to paydown unfunded liabilities as outlined in the Financial Stability Budget Policy. In years when there is a deficit, the deficit amount must be drawn from the 10% Contingency, and once those are exhausted, from fund balance for CIP.

Capital Improvement Program/Other Funds Revenue

- **Interest Earnings** – Assumes an average annual return of 2.25% for FY 2023/24, 4.00% for FY 2024/25, 3.50% for FY 2025/26, and 2.50% thereafter.
- **State/Federal Reimbursement** – The forecast assumes no State/Federal reimbursement revenue in the forecast period.
- **Cash Contracts** – The forecast calculations are based on the Joint Powers Agreement and subsequent amendments.
- **Developer Contributions** – The forecast assumes we will receive developer contributions to fund fire stations and vehicles in all years through FY 2027/28.

- ***Workers' Compensation Transfer*** – These amounts equal the General Fund Workers' Compensation budget.
- ***Fund 139 Transfer*** – These amounts are transferred from the General Fund to pay for various expenditures required under the City of Irvine Settlement Agreement.
- ***Operating Transfer In*** – This figure equals the Operating Transfer Out from the General Fund.

Capital Improvement Program/Other Funds Expenditures

Expenditures for each CIP fund are based on the CIP Budget.

- ***Irvine Settlement (Fund 139)*** – Budgeted expenditures in Fund 139 are based on the City of Irvine Settlement Agreement.
- ***Structural Fire Fund Entitlement (Fund 171)*** – The forecast period assumes no Structural Fire Fund Entitlement expenditures beyond FY 2023/24.
- ***Self-Insurance Fund (Fund 190)*** – Self-Insurance Fund expenditures are based on projected payments in the Rivelle Consulting Services July 2023 Workers' Compensation Actuarial Study.

Fund Balances

- ***Operating Contingency*** – Reflects policy of 10% of the General Fund expenditures each year (less one-time expenditures and UAAL payments). General Fund deficits (if applicable) are deducted from this category of fund balance.

Assigned Fund Balances

- ***Irvine Settlement (Fund 139)*** – Funding is set aside for City of Irvine Settlement Agreement costs, including the 115 Trust.
- ***Self-Insurance Fund (Fund 190)*** – Funding is set aside for Workers' Compensation outstanding claims at the 50% confidence level per Board policy. The required amount is based on the actuarial report for Estimated Outstanding Losses as of the last full fiscal year prior to report issuance. The required funding levels are maintained by retaining funds in fund balance that reflect the difference between the workers' compensation transfer and Fund 190 expenditures.
- ***Capital Improvement Program*** – This fund balance includes funding for future capital replacements and is reduced annually by the cost of capital assets and increased in years when there are Operating Transfers into the CIP.



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
January 10, 2024

Agenda Item No. 3B
Discussion Calendar

**Prefunding of CIP Projects Policy Review Process -
Prefunding CIP Options**

Contact(s) for Further Information

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Summary

This agenda item is provided to the Budget & Finance Committee to continue the review process for the prefunding of Capital Improvement Program (CIP) Projects. At this meeting, staff will provide Prefunding CIP Options.

Prior Board/Committee Action(s)

At the February 23, 2023, meeting of the Board of Directors, the Board directed staff to work with the Budget and Finance Committee to consider prefunding of capital improvement projects, with a recommendation to direct staff to return the item to the Board of Directors for future discussion.

At the July 12, 2023, meeting of the Budget and Finance Committee, the Committee approved the review process that will be utilized to educate and inform our policymakers regarding OCFA's current CIP policies and funding mechanism, best practices, and ultimately to develop options and recommendations for the prefunding of future CIP Projects.

At the September 13, 2023, meeting of the Budget and Finance Committee, the committee received and filed an overview of OCFA's Capital Improvement Program.

At the October 17, 2023, meeting of the Budget and Finance Committee, the committee received and filed the overview of OCFA Operating and CIP Funding Mechanism.

At the November 8, 2023, meeting of the Budget and Finance Committee, the committee received and filed the overview of OCFA Review of CIP Sample Policies and Best Practices.

RECOMMENDED ACTION(S)

Receive and file Prefunding CIP Options.

Impact to Cities/County

Not Applicable.

Fiscal Impact

The fiscal impact will be further developed as part of a future CIP Prefunding review process.

Background

During the January 18, 2023, Board of Directors Meeting, Director Tettemer requested that an item be agendaized at the following meeting to seek interest from the Board for the development of a policy to prefund the CIP. At the February 23, 2023, Board of Directors Meeting, Director Tettemer introduced the item titled, “Establish a Policy to Prefund Capital Improvement Program Projects.” Following Board discussion, on motion by Director Tettemer and second by Director Shawver, and following a roll call vote, the OCFA Board approved 24-0 (Director Bourne absent) to direct staff to work with the Budget and Finance Committee to consider prefunding of capital improvement projects, with a recommendation to direct staff to return the item to the Board of Directors for future discussion.

Review Process: Prefunding of CIP Projects Policy

The OCFA’s Budget and Finance Committee (B&FC) will be utilized to conduct the Review Process, with delivery of its findings and recommendations to the Board of Directors upon completion. As a result, staff developed the following review process, to educate and inform our policymakers regarding OCFA’s current CIP policies and funding mechanism, review sample policies and best practices, and ultimately to develop options and recommendations for Board consideration regarding the prefunding of future CIP Projects. The B&FC approved the review process at its July 12, 2023 meeting.

The review process is sequenced in a manner to facilitate a thorough education followed by the review of policy options, and recommendations. The review process and work plan includes:

1. Overview of OCFA’s Capital Improvement Program
2. Review of OCFA Operating and CIP Funding Mechanism
3. Review of CIP Sample Policies and Best Practices
4. Prefunding CIP Options
5. Development of Recommendations for Board Consideration

The Budget and Finance Committee will be provided with ample time for completion of this important review and anticipates that the work plan will require approximately six months or longer to complete.

Current Months Topic: Prefunding CIP Options

Building on the work completed during the prior review segments, staff will provide options for the Committee to discuss and consider for the development of a CIP prefunding policy.

Next Month’s Topic: Developing of Recommendations for Board Consideration

For the final phase of the review, staff will respond to additional information needs that the Committee may require in order to formulate recommendations. Once the B&FC has completed phase 1 through 5 and provides recommendations to staff, then a summary of the review work performed, and the recommendations will be presented to the Board of Directors for consideration.

Attachment(s)

None.