



ORANGE COUNTY FIRE AUTHORITY AGENDA

Budget and Finance Committee Meeting

Wednesday, February 8, 2017

12:00 Noon

Orange County Fire Authority Regional Fire Operations and Training Center

1 Fire Authority Road

Room AE117

Irvine, California 92602

Ed Sachs, Chair

Beth Swift, Vice Chair

Shelley Hasselbrink Gene Hernandez Joe Muller Al Murray Tri Ta
Bruce Channing - Ex Officio

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 Budget and Finance Committee 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 Sherry A.F. Wentz, 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>

If you wish to speak before the Budget and Finance Committee, please complete a Speaker Form identifying which item(s) you wish to address. Please return the completed form to the Clerk of the Authority. Speaker Forms are available on the counter noted in the meeting room.



In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, you should contact the Clerk of the Authority at (714) 573-6040. Notification 48 hours prior to the meeting will enable the Authority to make reasonable arrangements to assure accessibility to the meeting.

CALL TO ORDER

PLEDGE OF ALLEGIANCE by Director Hasselbrink

ROLL CALL

PUBLIC COMMENTS

Any member of the public may address the Committee on items within the Committee's 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 as a whole, and do not engage in dialogue with individual Committee Members, Authority staff, or members of the audience.

1. PRESENTATIONS

No items.

2. MINUTES

A. Minutes for the January 11, 2017, Budget and Finance Committee Meeting
Sherry Wentz, Clerk of the Authority

Recommended Action:

Approve as submitted.

3. CONSENT CALENDAR

No items.

4. DISCUSSION CALENDAR

A. Monthly Investment Reports

Tricia Jakubiak, Treasurer

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of February 23, 2017, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

B. Second Quarter Financial Newsletter

Lori Zeller, Assistant Chief/Business Services Department

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of February 23, 2017, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

REPORTS

No items.

ELECTION OF COMMITTEE CHAIR AND VICE CHAIR

COMMITTEE MEMBER COMMENTS

ADJOURNMENT – The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, March 8, 2017, at 12:00 noon.

AFFIDAVIT OF POSTING

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted in the lobby and front gate public display case of the Orange County Fire Authority, Regional Training and Operations Center, 1 Fire Authority Road, Irvine, CA, not less than 72 hours prior to the meeting. Dated this 2nd day of February 2017.

Sherry A.F. Wentz, CMC
Clerk of the Authority

UPCOMING MEETINGS:

Claims Settlement Committee Meeting

Thursday, February 23, 2017, 5:00 p.m.

Executive Committee Meeting

Thursday, February 23, 2017, 5:30 p.m.

MINUTES ORANGE COUNTY FIRE AUTHORITY

Budget and Finance Committee Meeting

January 11, 2017

12:00 Noon

Regional Fire Operations and Training Center

Room AE117

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 January 11, 2017, at 12:00 p.m. by Chair Sachs.

PLEDGE OF ALLEGIANCE

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

ROLL CALL

Present: Gene Hernandez, Yorba Linda
Al Murray, Tustin
Ed Sachs, Mission Viejo
Elizabeth Swift, Buena Park
Tri Ta, Westminster

Absent: Shelley Hasselbrink, Los Alamitos
Joseph Muller, Dana Point

Also present were:

Assistant Chief Mike Schroeder
Assistant Chief Lori Zeller
Assistant Chief Brian Young
Brigette Gibb Human Resources Director
General Counsel David Kendig

Assistant Chief Dave Thomas
Assistant Chief Lori Smith
Director of Communications Sandy Cooney
Ex Officio Bruce Channing
Clerk of the Authority Sherry Wentz

PUBLIC COMMENTS

Chair Sachs opened the Public Comments portion of the meeting. Chair Sachs closed the Public Comments portion of the meeting without any comments from the general public.

2. MINUTES

A. Minutes for the November 9, 2016, Budget and Finance Committee Meeting (F: 12.02B2)

On motion of Director Murray and second by Vice Chair Swift, the Budget and Finance Committee voted unanimously by those present to approve the Minutes of the November 9, 2016, meeting as submitted. Director Ta was recorded as an abstention due to his absence from the meeting.

3. CONSENT CALENDAR (Agenda Item Nos. 3B and 3D were pulled for separate consideration.)

A. Monthly Investment Reports (F: 11.10D2)

On motion of Director Murray and second by Director Hernandez, the Budget and Finance Committee voted unanimously by those present to review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of January 26, 2017, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

B. First Quarter Financial Newsletter (F: 15.07)

Director Murray pulled this item from the Consent Calendar to ask if there were any indicators of future reimbursements from both the State and Federal governments.

On motion of Director Murray and second by Director Hernandez, the Budget and Finance Committee voted unanimously by those present to review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of January 26, 2017, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

C. Quarterly Status Update Orange County Employees' Retirement System (F: 17.06B)

On motion of Director Murray and second by Director Hernandez, the Budget and Finance Committee voted unanimously by those present to receive and file the report.

D. Annual Grant Priorities for 2017 (F: 11.10G)

Director Murray pulled this item from the Consent Calendar to inquire into the likelihood of OCFA being a beneficiary of the Federal Emergency Management Agency Grant funds in 2017.

On motion of Director Murray and second by Director Hernandez, the Budget and Finance Committee voted unanimously by those present to review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of January 26, 2017, with the Budget and Finance Committee's recommendation that the Board of Directors approve OCFA's Annual Grant Priorities for 2017.

4. DISCUSSION CALENDAR

A. FY 2016/17 Mid-Year Financial Report (F: 15.04 16/17)

Assistant Chief Lori Zeller provided a PowerPoint presentation of the FY 2016/17 Mid-Year Financial Report.

Stephen Wontrobski, Mission Viejo resident, addressed the unfunded liability for member cities.

On motion of Director Ta and second by Director Murray, the Budget and Finance Committee voted unanimously by those present to review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of January 26, 2017, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Approve a budget adjustment in the General Fund (Fund 121) increasing expenditures to allocate \$9,814,477 of available unencumbered funds identified in the FY 2015/16 financial audit to OCFA's unfunded pension liability, in accordance with the OCFA's Expedited Pension Payment Plan.
2. Direct staff to return to the Board of Directors in March 2017 for approval of all additional budget adjustments discussed herein for the FY 2016/17 budget.

B. Request for Proposal for Financial Audit and Related Services (F: 15.02A)

Assistant Chief Lori Zeller introduced Finance Manager/Auditor Jim Ruane who presented the Request for Proposal (RFP) for Financial Audit and Related Services.

Stephen Wontrobski, Mission Viejo resident, addressed concerns with the RFP process.

On motion of Director Murray and second by Director Hernandez, the Budget and Finance Committee voted unanimously by those present to review and approve finalization of the scope of work included in the draft Request for Proposals for financial, internal control, and other audit/attest services.

C. Service Delivery Enhancements – Phase Three (F: 18.13)

Assistant Chief Brian Young presented a PowerPoint presentation of the Service Delivery Enhancements, Phase Three.

Stephen Wontrobski, Mission Viejo resident, addressed the Phase Three enhancements.

On motion of Vice Chair Swift and second by Director Hernandez, the Budget and Finance Committee voted unanimously by those present to review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of January

26, 2017, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Direct staff to include funding for the Phase Three enhancements in the Mid-Year Budget Adjustments that will be submitted to the Board in March, at a partial-year cost of \$684,764.
2. Authorize staff to add 12 firefighter positions to the Master Position Control (four post-positions, with three employees per post-position to cover three shifts for 24/7 coverage).

REPORTS

No items.

COMMITTEE MEMBER COMMENTS (F: 12.02B4)

Director Hernandez commented on the agency's ability to execute the rescue at Knott's Berry Farm.

Vice Chair Swift commended the firefighters who rescued the trapped individuals on the Sky Cabin ride at Knott's Berry Farm. She thanked Division Chief Dave Steffen and his crew from Station 61 who stopped to wish her mother a Happy 103rd Birthday.

ADJOURNMENT – Chair Sachs adjourned the meeting at 12:57 p.m. The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, February 8, 2017, at 12:00 noon.

Sherry A.F. Wentz, CMC
Clerk of the Authority



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
February 8, 2017

Agenda Item No. 4A
Discussion Calendar

Monthly Investment Reports

Contact(s) for Further Information

Tricia Jakubiak, Treasurer Treasury & Financial Planning	triciajakubiak@ocfa.org	714.573.6301
Jane Wong, Assistant Treasurer	jane Wong@ocfa.org	714.573.6305

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 February 23, 2017, 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

Attached is the final monthly investment report for the month ended December 31, 2016. A preliminary investment report as of January 20, 2017, is also provided as the most complete report that was available at the time this agenda item was prepared.

Attachment(s)

Final Investment Report – December 2016/Preliminary Report – January 2017

Orange County Fire Authority Monthly Investment Report



Final Report – December 2016

Preliminary Report – January 2017



Monthly Investment Report Table of Contents

<i>Final Investment Report – December 31, 2016.....</i>	<i>1</i>
<i>Executive Summary.....</i>	<i>2</i>
<i>Benchmark Comparison.....</i>	<i>3</i>
<i>Portfolio Size, Yield, & Duration.....</i>	<i>3</i>
<i>Portfolio Summary.....</i>	<i>4</i>
<i>Portfolio Details.....</i>	<i>5</i>
<i>Aging Report.....</i>	<i>8</i>
<i>Notes to Portfolio Management Report.....</i>	<i>9</i>
<i>Local Agency Investment Fund.....</i>	<i>10</i>
 <i>Preliminary Investment Report – January 20, 2017.....</i>	 <i>12</i>
<i>Portfolio Summary.....</i>	<i>13</i>
<i>Portfolio Details.....</i>	<i>14</i>
<i>Aging Report.....</i>	<i>17</i>
<i>Notes to Portfolio Management Report.....</i>	<i>18</i>
 <i>Glossary.....</i>	 <i>19</i>



Orange County Fire Authority

Final Investment Report

December 31, 2016



EXECUTIVE SUMMARY

Portfolio Activity & Earnings

During the month of December 2016, the size of the portfolio increased significantly by \$74.6 million to \$208.2 million. Significant receipts for the month included the second and third apportionments of property taxes for a total of \$94.0 million and various cash contract payments, charges for current services and intergovernmental agency payments totaling \$15.7 million. Significant disbursements for the month included three biweekly payrolls (instead of the typical two per month) which were approximately \$10.2 million each with related benefits. Significant disbursements also included a payment of \$3.7 million to OCERS for additional UAAL (Unfunded Actuarial Accrued Liability) pay-down as approved in the Adopted Budget for FY2016/17. Total December cash outflows for operating expenditures and the UAAL pay-down amounted to approximately \$37.0 million. The portfolio's balance is expected to decrease significantly in the following month as there are no major receipts scheduled for January.

In December, the portfolio's yield to maturity (365-day equivalent) increased by 8 basis points to 0.66% while the effective rate of return declined by 2 basis points to 0.58% for the month and edged down by 1 basis point to 0.60% for the fiscal year-to-date. The average maturity of the portfolio shortened further by 15 days to 78 days to maturity. Since the Fed held off and has so far approved only one modest rate increase in December, interest earnings came in less than projected for the first half of the fiscal year.

Economic News

U.S. economic activity continued to pick up in December 2016. Employment conditions stayed solid, although the December jobs report came in slightly less than expected. There were a total of 156,000 new jobs created in December, and the unemployment rate edged up to 4.7% from 4.6% previously. Consumer confidence continued to climb in December, a post-election boost with a strong outlook for the job market. Retail sales were strong, but increased slightly less than expected. Both manufacturing and non-manufacturing activities continued expanding in December. The CPI (Consumer Price Index) was in line with expectations. Existing home sales declined slightly in December but ended the year at a strong level, exceeding prior year's total. Industrial production increased better than expected. The Fed is scheduled to meet on January 31 & February 1, and current expectations are that the Fed will likely have three rate increases in 2017.



BENCHMARK COMPARISON AS OF DECEMBER 31, 2016

3 Month T-Bill: 0.51%

1 Year T-Bill: 0.87%

6 Month T-Bill: 0.64%

LAIF: 0.72%

OCFA Portfolio: 0.58%

PORTFOLIO SIZE, YIELD, & DURATION

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Book Value-	\$208,213,220	\$133,595,605	\$208,214,408
Yield to Maturity (365 day)	0.66%	0.58%	0.49%
Effective Rate of Return	0.58%	0.60%	0.40%
Days to Maturity	78	93	165



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
December 31, 2016

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

(See Note 1 on page 9)

(See Note 2 on page 9)

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM/C 360 Equiv.	YTM/C 365 Equiv.
Money Mkt Mutual Funds/Cash	13,210,207.75	13,210,207.75	13,210,207.75	6.37	1	1	0.001	0.001
Federal Agency Coupon Securities	39,000,000.00	38,968,380.00	39,032,763.36	18.81	1,091	305	1.239	1.256
Federal Agency Disc. -Amortizing	71,000,000.00	70,965,910.00	70,964,198.35	34.20	70	37	0.433	0.439
Treasury Discounts -Amortizing	20,000,000.00	19,977,200.00	19,976,722.23	9.63	92	81	0.508	0.515
Local Agency Investment Funds	64,293,001.91	64,255,957.76	64,293,001.91	30.99	1	1	0.709	0.719
Investments	207,503,209.66	207,377,655.51	207,476,893.60	100.00%	238	78	0.650	0.659
Cash and Accrued Interest								
Passbook/Checking (not included in yield calculations)	620,743.88	620,743.88	620,743.88		1	1	0.000	0.000
Accrued Interest at Purchase		10,000.00	10,000.00					
Subtotal		630,743.88	630,743.88					
Total Cash and Investments	208,123,953.54	208,008,399.39	208,107,637.48		238	78	0.650	0.659

Total Earnings	December 31 Month Ending	Fiscal Year To Date
Current Year	82,583.68	450,776.08
Average Daily Balance	169,012,279.27	148,284,456.66
Effective Rate of Return	0.58%	0.60%

"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, 2016. 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 Jakubak, Treasurer

1/6/17

Cash and Investments with GASB 31 Adjustment:

Book Value of Cash & Investments before GASB 31 (Above)

\$ 208,107,637.48

GASB 31 Adjustment to Books (See Note 3 on page 9)

\$ 105,582.35

Total

\$ 208,213,219.83

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
December 31, 2016

(See Note 1 on page 9) (See Note 2 on page 9)

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity	Maturity Date
Money Mkt Mutual Funds/Cash											
SYS528	528	Federated Treasury Obligations			13,210,207.75	13,210,207.75	13,210,207.75	0.001	0.001	1	
Subtotal and Average			14,899,937.29		13,210,207.75	13,210,207.75	13,210,207.75		0.001	1	
Federal Agency Coupon Securities											
3133EFJP3	869	Federal Farm Credit Bank Callable anytime		10/15/2015	10,000,000.00	9,981,000.00	10,000,000.00	1.100	1.054	652	10/15/2018
3134G7FK2	863	Fed Home Loan Mtg Corp		06/30/2015	9,000,000.00	8,988,480.00	9,000,000.00	1.100	1.065	446	03/23/2018
3136G3PX7	908	Fed Natl Mortg Assoc Callable 3-13-17		12/21/2016	10,000,000.00	10,000,700.00	10,008,231.71	1.750	1.542	71	12/13/2019
3130AAA40	902	Fed Home Loan Bank Callable 3-9-17		12/20/2016	10,000,000.00	10,018,200.00	10,024,531.65	2.000	1.345	67	03/09/2020
Subtotal and Average			26,432,577.91		38,000,000.00	38,988,380.00	39,032,763.36		1.266	306	
Federal Agency Disc. -Amortizing											
313385AS5	896	Fed Home Loan Bank		09/15/2016	5,000,000.00	4,999,250.00	4,999,155.56	0.380	0.391	16	01/17/2017
313385AS5	898	Fed Home Loan Bank		11/10/2016	10,000,000.00	9,998,500.00	9,998,486.67	0.345	0.355	16	01/17/2017
313385AS5	899	Fed Home Loan Bank		11/14/2016	7,000,000.00	6,998,950.00	6,998,926.67	0.345	0.355	16	01/17/2017
313385AN6	900	Fed Home Loan Bank		12/01/2016	9,000,000.00	8,999,010.00	8,998,830.00	0.390	0.401	12	01/13/2017
313385AS5	901	Fed Home Loan Bank		12/01/2016	10,000,000.00	9,998,500.00	9,998,444.45	0.350	0.360	16	01/17/2017
313385DL7	904	Fed Home Loan Bank		12/21/2016	10,000,000.00	9,988,400.00	9,988,041.67	0.525	0.540	82	03/24/2017
313385BA3	905	Fed Home Loan Bank		12/21/2016	10,000,000.00	9,997,700.00	9,996,733.33	0.490	0.504	24	01/25/2017
313385EA0	907	Fed Home Loan Bank		12/21/2016	10,000,000.00	9,985,600.00	9,985,600.00	0.540	0.556	96	04/07/2017
Subtotal and Average			56,298,740.65		71,000,000.00	70,965,910.00	70,964,196.36		0.439	37	
Treasury Discounts -Amortizing											
912796KT5	903	US Treasury Bill		12/21/2016	10,000,000.00	9,983,900.00	9,983,347.23	0.550	0.566	109	04/20/2017
912796KJ7	906	US Treasury Bill		12/21/2016	10,000,000.00	9,993,300.00	9,993,375.00	0.450	0.463	53	02/23/2017
Subtotal and Average			7,088,021.51		20,000,000.00	19,977,200.00	19,976,722.23		0.515	81	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			64,293,001.91	64,255,957.76	64,293,001.91	0.719	0.719	1	
Subtotal and Average			64,293,001.91		64,293,001.91	64,255,957.76	64,293,001.91		0.719	1	
Total and Average			169,012,279.27		207,603,209.66	207,377,655.51	207,476,893.60		0.669	78	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
December 31, 2016

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
Money Mkt Mutual Funds/Cash										
SYS10033	10033	Revolving Fund		07/01/2016	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2016	600,743.88	600,743.88	600,743.88		0.000	1
Average Balance			0.00	Accrued Interest at Purchase		10,000.00	10,000.00			1
				Subtotal		630,743.88	630,743.88			
Total Cash and Investments			169,012,279.27		208,123,953.54	208,008,399.39	208,107,637.48		0.659	78

**“We visualize problems and solutions
through the eyes of those we serve.”**



ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of January 1, 2017

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

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval: 0 days	(01/01/2017 - 01/01/2017)	4 Maturities	0 Payments	78,123,953.54	37.54%	78,123,953.54	78,086,909.39
Aging Interval: 1 - 30 days	(01/02/2017 - 01/31/2017)	6 Maturities	0 Payments	51,000,000.00	24.50%	50,990,556.88	50,991,910.00
Aging Interval: 31 - 60 days	(02/01/2017 - 03/02/2017)	1 Maturities	0 Payments	10,000,000.00	4.80%	9,993,375.00	9,993,300.00
Aging Interval: 61 - 91 days	(03/03/2017 - 04/02/2017)	1 Maturities	0 Payments	10,000,000.00	4.80%	9,988,041.67	9,988,400.00
Aging Interval: 92 - 121 days	(04/03/2017 - 05/02/2017)	2 Maturities	0 Payments	20,000,000.00	9.60%	19,968,947.23	19,969,500.00
Aging Interval: 122 - 152 days	(05/03/2017 - 06/02/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 153 - 183 days	(06/03/2017 - 07/03/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 184 - 274 days	(07/04/2017 - 10/02/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 275 - 365 days	(10/03/2017 - 01/01/2018)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 366 - 1095 days	(01/02/2018 - 01/01/2020)	3 Maturities	0 Payments	29,000,000.00	13.94%	29,008,231.71	28,950,180.00
Aging Interval: 1096 - 1825 days	(01/02/2020 - 12/31/2021)	1 Maturities	0 Payments	10,000,000.00	4.82%	10,024,531.65	10,018,200.00
Aging Interval: 1826 days and after	(01/01/2022 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for		18 Investments	0 Payments		100.00	208,097,637.48	207,998,399.39



NOTES TO PORTFOLIO MANAGEMENT REPORT

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The MUFG Union Bank (formerly Union Bank) Trust 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, 2016 includes an increase of \$39,825 to the LAIF investment and an increase of \$65,757 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 December 31, 2016, OCFA has \$64,293,002 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 December 31, 2016 is 0.999423823. When applied to OCFA's LAIF investment, the fair value is \$64,255,958 or (\$37,044) 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 at December 31, 2016 is included on the following page.



State of California
Pooled Money Investment Account
Market Valuation
12/31/2016

Description	Carrying Cost Plus		Fair Value	Accrued Interest
	Accrued Interest	Amortized Cost		
1* United States Treasury:				
Bills	\$ 11,446,490,727.80	\$ 11,469,093,813.84	\$ 11,466,957,500.00	NA
Notes	\$ 21,240,182,012.60	\$ 21,237,355,143.84	\$ 21,210,171,500.00	\$ 32,928,180.00
1* Federal Agency:				
SBA	\$ 792,593,999.73	\$ 792,573,777.77	\$ 785,274,949.19	\$ 502,068.60
MBS-REMICs	\$ 49,039,552.21	\$ 49,039,552.21	\$ 51,627,495.79	\$ 231,374.63
Debentures	\$ 1,025,076,967.25	\$ 1,025,067,245.03	\$ 1,021,615,500.00	\$ 2,160,598.00
Debentures FR	\$ -	\$ -	\$ -	\$ -
Discount Notes	\$ 7,173,459,944.34	\$ 7,187,429,402.88	\$ 7,187,637,000.00	NA
GNMA	\$ -	\$ -	\$ -	\$ -
1* Supranational Debentures	\$ 299,974,475.25	\$ 299,974,475.25	\$ 298,367,000.00	\$ 713,263.50
1* Supranational Debentures FR	\$ 50,000,000.00	\$ 50,000,000.00	\$ 49,988,000.00	\$ 108,611.11
2* CDs and YCDs FR	\$ 300,000,000.00	\$ 300,000,000.00	\$ 300,000,000.00	\$ 457,592.31
2* Bank Notes	\$ 600,000,000.00	\$ 600,000,000.00	\$ 599,926,626.16	\$ 2,316,861.11
2* CDs and YCDs	\$ 10,750,000,000.00	\$ 10,750,000,000.00	\$ 10,746,696,134.35	\$ 23,101,888.89
2* Commercial Paper	\$ 6,584,098,055.50	\$ 6,591,520,541.63	\$ 6,591,285,159.72	NA
1* Corporate:				
Bonds FR	\$ -	\$ -	\$ -	\$ -
Bonds	\$ -	\$ -	\$ -	\$ -
1* Repurchase Agreements	\$ -	\$ -	\$ -	\$ -
1* Reverse Repurchase	\$ -	\$ -	\$ -	\$ -
Time Deposits	\$ 5,286,440,000.00	\$ 5,286,440,000.00	\$ 5,286,440,000.00	NA
AB 55 & GF Loans	\$ 8,135,851,000.00	\$ 8,135,851,000.00	\$ 8,135,851,000.00	NA
TOTAL	\$ 73,733,206,734.68	\$ 73,774,344,952.45	\$ 73,731,837,865.21	\$ 62,520,438.15

Fair Value Including Accrued Interest

\$ 73,794,358,303.36

* Governmental Accounting Standards Board (GASB) Statement #72

Repurchase Agreements, Time Deposits, AB 55 & General Fund loans, and Reverse Repurchase agreements are carried at portfolio book value (carrying cost).

The value of each participating dollar equals the fair value divided by the amortized cost (0.999423823). As an example: if an agency has an account balance of \$20,000,000.00, then the agency would report its participation in the LAIF valued at \$19,988,476.46 or \$20,000,000.00 x 0.999423823.



Orange County Fire Authority

Preliminary Investment Report

January 20, 2017



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
January 20, 2017

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

(See Note 1 on page 18)

(See Note 2 on page 18)

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM/C 360 Equiv.	YTM/C 365 Equiv.
Money Mkt Mutual Funds/Cash	6,346,979.62	6,346,979.62	6,346,979.62	3.59	1	1	0.001	0.001
Federal Agency Coupon Securities	39,000,000.00	38,964,510.00	39,023,261.58	22.08	1,091	285	1.239	1.256
Federal Agency Disc. -Amortizing	47,000,000.00	46,963,090.00	46,961,290.00	26.57	78	56	0.520	0.527
Treasury Discounts -Amortizing	20,000,000.00	19,984,000.00	19,982,277.78	11.31	92	61	0.508	0.515
Local Agency Investment Funds	64,402,032.95	64,364,925.98	64,402,032.95	36.44	1	1	0.709	0.719
Investments	176,749,012.57	176,623,505.60	176,715,841.93	100.00%	272	85	0.728	0.738
Cash and Accrued Interest								
Passbook/Checking (not included in yield calculations)	653,034.35	653,034.35	653,034.35		1	1	0.000	0.000
Accrued Interest at Purchase		10,000.00	10,000.00					
Subtotal		663,034.35	663,034.35					
Total Cash and Investments	177,402,046.92	177,286,539.95	177,378,876.28		272	85	0.728	0.738

Total Earnings	January 20 Month Ending	Fiscal Year To Date
Current Year	69,769.17	520,545.25
Average Daily Balance	204,134,781.13	153,759,978.66
Effective Rate of Return	0.62%	0.61%

"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, 2017. 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

Cash and Investments with GASB 31 Adjustment:

Book Value of Cash & Investments before GASB 31 (Above)
 GASB 31 Adjustment to Books (See Note 3 on page 18)
 Total

\$	177,378,876.28
\$	105,582.35
\$	<u>177,484,458.63</u>

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
January 20, 2017

(See Note 1 on page 18) (See Note 2 on page 18)

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity	Maturity Date
Money Mkt Mutual Funds/Cash											
SYS528	528	Federated Treasury Obligations			6,346,979.62	6,346,979.62	6,346,979.62	0.001	0.001	1	
Subtotal and Average			15,720,693.73		6,346,979.62	6,346,979.62	6,346,979.62		0.001	1	
Federal Agency Coupon Securities											
3133EFJP3	869	Federal Farm Credit Bank	Callable Anytime	10/15/2015	10,000,000.00	9,962,400.00	10,000,000.00	1.100	1.054	632	10/15/2018
3134G7FK2	863	Fed Home Loan Mtg Corp		06/30/2015	9,000,000.00	8,989,110.00	9,000,000.00	1.100	1.065	426	03/23/2018
3136G3PX7	908	Fed Natl Mortg Assoc	Callable 3-13-17	12/21/2016	10,000,000.00	10,000,300.00	10,005,945.12	1.750	1.542	51	12/13/2019
3130AAA40	902	Fed Home Loan Bank	Callable 3-9-17	12/20/2016	10,000,000.00	10,012,700.00	10,017,316.46	2.000	1.345	47	03/09/2020
Subtotal and Average			39,027,774.92		39,000,000.00	38,964,610.00	39,023,261.68		1.266	285	
Federal Agency Disc. -Amortizing											
313385DL7	904	Fed Home Loan Bank		12/21/2016	10,000,000.00	9,991,300.00	9,990,958.33	0.525	0.540	62	03/24/2017
313385BA3	905	Fed Home Loan Bank		12/21/2016	10,000,000.00	9,998,800.00	9,998,455.56	0.490	0.504	4	01/25/2017
313385EA0	907	Fed Home Loan Bank		12/21/2016	10,000,000.00	9,989,300.00	9,988,600.00	0.540	0.556	76	04/07/2017
313385BS4	909	Fed Home Loan Bank		01/13/2017	8,000,000.00	7,998,080.00	7,997,911.11	0.470	0.483	20	02/10/2017
313385FU5	910	Fed Home Loan Bank		01/19/2017	9,000,000.00	8,984,610.00	8,984,365.00	0.530	0.546	118	05/18/2017
Subtotal and Average			65,070,159.27		47,000,000.00	46,963,090.00	46,961,290.00		0.627	56	
Treasury Discounts -Amortizing											
912796KT5	903	US Treasury Bill		12/21/2016	10,000,000.00	9,988,000.00	9,986,402.78	0.550	0.566	89	04/20/2017
912796KJ7	906	US Treasury Bill		12/21/2016	10,000,000.00	9,996,000.00	9,995,875.00	0.450	0.463	33	02/23/2017
Subtotal and Average			19,979,638.89		20,000,000.00	19,984,000.00	19,982,277.78		0.515	61	
Local Agency Investment Funds											
SYS336	336	Local Agency Investmt Fund			64,402,032.95	64,364,925.98	64,402,032.95	0.719	0.719	1	
Subtotal and Average			64,336,614.33		64,402,032.95	64,364,925.98	64,402,032.95		0.719	1	
Total and Average			204,134,781.13		176,749,012.57	176,623,506.60	176,715,841.93		0.738	86	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
January 20, 2017

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
Money Mkt Mutual Funds/Cash										
SYS10033	10033	Revolving Fund		07/01/2016	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2016	633,034.35	633,034.35	633,034.35		0.000	1
Average Balance			0.00	Accrued Interest at Purchase		10,000.00	10,000.00			1
				Subtotal		663,034.35	663,034.35			
Total Cash and Investments			204,134,781.13		177,402,046.92	177,286,539.95	177,378,876.28		0.738	85

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ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of January 21, 2017

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	(01/21/2017 - 01/21/2017)	4 Maturities	0 Payments	71,402,046.92	40.26%	71,402,046.92	71,364,939.95
Aging Interval: 1 - 30 days	(01/22/2017 - 02/20/2017)	2 Maturities	0 Payments	18,000,000.00	10.15%	17,997,366.67	17,997,880.00
Aging Interval: 31 - 60 days	(02/21/2017 - 03/22/2017)	1 Maturities	0 Payments	10,000,000.00	5.64%	9,995,875.00	9,996,000.00
Aging Interval: 61 - 91 days	(03/23/2017 - 04/22/2017)	3 Maturities	0 Payments	30,000,000.00	16.89%	29,965,961.11	29,968,600.00
Aging Interval: 92 - 121 days	(04/23/2017 - 05/22/2017)	1 Maturities	0 Payments	9,000,000.00	5.07%	8,984,365.00	8,984,610.00
Aging Interval: 122 - 152 days	(05/23/2017 - 06/22/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 153 - 183 days	(06/23/2017 - 07/23/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 184 - 274 days	(07/24/2017 - 10/22/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 275 - 365 days	(10/23/2017 - 01/21/2018)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 366 - 1095 days	(01/22/2018 - 01/21/2020)	3 Maturities	0 Payments	29,000,000.00	16.35%	29,005,945.12	28,951,810.00
Aging Interval: 1096 - 1825 days	(01/22/2020 - 01/20/2022)	1 Maturities	0 Payments	10,000,000.00	5.65%	10,017,316.46	10,012,700.00
Aging Interval: 1826 days and after	(01/21/2022 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for		15 Investments	0 Payments		100.00	177,368,876.28	177,276,539.95



NOTES TO PORTFOLIO MANAGEMENT REPORT

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The MUFG Union Bank Trust 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, 2016 includes an increase of \$39,825 to the LAIF investment and an increase of \$65,757 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 \$50 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
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
February 8, 2017

Agenda Item No. 4B
Discussion Calendar

Second Quarter Financial Newsletter

Contact(s) for Further Information

Lori Zeller, Assistant Chief Business Services Department	lorizeller@ocfa.org	714.573.6020
Tricia Jakubiak, Treasurer	triciajakubiak@ocfa.org	714.573.6301
Deborah Gunderson, Budget Manager	deborahgunderson@ocfa.org	714.573.6302

Summary

This routine agenda item is submitted to provide information regarding revenues and expenditures in the General Fund and the Capital Improvement Program Funds through the second quarter of FY 2016/17.

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 February 23, 2017, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

The Quarterly Financial Newsletter provides information about the General Fund's top five revenue sources as well as expenditures by department and by type. Revenues and expenditures for the Capital Improvement Program (CIP) funds are also included. Revenues and expenditures for the General and CIP Funds are within budgetary expectations for this reporting period. Any notable items are detailed in the attached newsletter.

Attachment(s)

Second Quarter Financial Newsletter – July to December 2016



Orange County Fire Authority

Second Quarter Financial Newsletter – July 2016 to December 2016

OVERVIEW

This report covers fiscal activities in the General Fund and CIP Funds through the second quarter of Fiscal Year 2016/17. Budget figures include all budget adjustments authorized by the Board through the end of the second quarter.

GENERAL FUND

With 50% of the year completed, General Fund revenues are 55.1% of budget and expenditures are 50.2% as shown below:

General Fund	YTD Actual	Budget	Percent
Revenues	193,244,603	350,467,516	55.1%
Expenditures	162,875,132	324,516,291	50.2%

Top Five Revenues. The analysis presented below compares the five largest revenue categories received through the second quarter, as compared to the budgetary estimate for this point in the fiscal year. Categories in which the variance is exceeded by 10% or \$1 million, are discussed below the table.

Top Five Revenues	YTD Actual Receipts	Trended Budget Estimate	Variance: Actual to Estimate in Dollars	% Variance
Property Taxes	122,817,122	119,157,373	3,659,749	3%
Cash Contracts	51,753,810	51,581,295	172,515	0%
State Reimbursements	9,327,293	6,100,000	3,227,293	35%
Miscellaneous	3,524,947	1,000,000	2,524,947	72%
Community Risk Reduction Fees	2,875,860	2,924,902	(49,042)	-2%
Total	190,299,032	180,763,570	9,535,462	5%

- **Property Taxes:** This category is trending higher than budget estimates by 3%, or approximately \$3.7 million; this will be adjusted at Mid-Year.
- **State Reimbursements.** This category is trending higher than budget estimates by 35%, or approximately \$3.2 million, due to greater emergency activity. This category will be included in the Mid-Year Budget adjustment.
- **Miscellaneous.** Revenues in this category exceed budget estimates by 72% or \$2.5 million. This is due to OCFA receiving a payment from the OCPFA Firefighter Medical Trust Fund, when their revenues exceed ongoing health care premium expenditures, as required by the Agreement. This will be adjusted at Mid-Year.

Expenditures. The analysis presented on the following page compares the actual expenditures through the second quarter, as compared to the budgetary estimate for this point in the fiscal year. Categories in which the variance is exceeded by 10% or \$1 million, are discussed below the table.

Expenditures by Department	YTD Actual Expenditures	Trended Budget Estimate	Variance: Actual to Estimate in Dollars	% Variance
Business Services	8,961,679	9,511,817	(550,138)	-6%
Community Risk Reduction	7,619,015	6,688,117	930,898	12%
Executive Management	1,772,444	1,874,006	(101,562)	-6%
Operations	126,180,615	112,104,203	14,076,412	11%
Organizational Planning	5,769,909	5,910,444	(140,535)	-2%
Support Services	12,571,470	12,214,150	357,320	3%
Total	162,875,132	148,302,736	14,572,396	9%

Totals may not equal the sum of components, or Authority-wide totals, due to rounding

- **Community Risk Reduction.** This department is trending higher than budget estimates by 1%, or approximately \$931,000. This is primarily a result of overtime expenditures for Emergency activity. This is reimbursable to OCFA and will be adjusted at Mid-year.
- **Operations.** This department is trending higher than budget estimates by 11% or approximately \$14.0 million. This is due to salary and benefits expenditures for overtime, and MOU increases. Overtime expenditures are largely for Emergency activity and will be reimbursed to OCFA and adjusted at Mid-Year.

Expenditures by type are outlined below, with exception details below:

Expenditures by Type	YTD Actual Expenditures	Trended Budget Estimate	Variance: Actual to Estimate in Dollars	% Variance
Salary & Employee Benefits	150,517,340	135,292,772	15,224,568	10%
Services and Supplies	12,212,225	12,653,513	(441,288)	-4%
Equipment	145,567	356,451	(210,884)	-145%
Tran Interest Expense	-	-	-	N/A
Total	162,875,132	148,302,736	14,572,396	9%

Totals may not equal the sum of components, or Authority-wide totals, due to rounding

- **Salary & Employee Benefits.** This category is trending higher than budget estimates by approximately \$15.2 million or 10%. This is due to salary and benefits expenditures for overtime, and MOU increases. Overtime expenditures are largely for Emergency activity and will be reimbursed to OCFA and adjusted at Mid-Year.
- **Equipment.** Actual expenditures through the second quarter finished approximately \$211,000 or 145% under budget. Departments are spending less than expected in equipment due to the timing of projects.

CIP FUNDS

The following summarizes revenues and expenditures for the Capital Improvement Program funds. Any variances are noted as follows:

General Fund CIP

Fund 12110	YTD Actual	Budget	Percent
Expenditures	567,683	5,991,410	10%

- This Fund receives transfers from the General Fund as its revenue source.
- Expenditures include: pagers, PCs and laptops, mobile data computer systems, network servers, digital ortho photography, GIS equipment, and similar IT related maintenance or replacement equipment. Approximately \$4.2 million in projects in this fund were carried over to FY 2016/17, including the \$3.8 million Defibrillator project, which is anticipated for contract award during the third quarter of the fiscal year.

Fire Stations and Facilities

Fund 123	YTD Actual	Budget	Percent
Revenue	795,359	230,774	344.6%
Expenditures	415,338	9,113,686	4.6%

- Revenues exceed the budget due to the receipt of unbudgeted developer contributions as well as bankruptcy loss recovery.
- Appropriations included funding for replacement of Fire Station 10, US&R warehouse improvements, and the RFOTC power circuit extension which was rebudgeted to FY 2016/17. Expenditures through the second quarter include US&R warehouse improvements and RFOTC power circuit extension costs.

Communications & Info. Systems Replacement

Fund 124	YTD Actual	Budget	Percent
Revenue	250,393	330,104	75.9%
Expenditures	7,277,499	11,204,599	65.0%

- Revenues are comprised of bankruptcy loss recovery proceeds and interest.
- Appropriations included funding for Audio-Video Digital Media Archive, 800 Mhz System Replacement, Next Generation CAD2CAD, and the Records Management Project. Approximately \$1.6 million in projects were carried over to FY 2016/17, including Audio Video Equipment Upgrades and portions of the Records Management Project. Expenditures through the second quarter include 800 MHz System Replacement and audio video equipment upgrade costs.

Fire Apparatus

Fund 133	YTD Actual	Budget	Percent
Revenue	937,034	1,645,204	57.0%
Expenditures	15,574,202	19,783,394	78.7%

- Actual revenue includes the quarterly Cash Contract payments for vehicle depreciation.
- Expenditures include two lease payments on the helicopters as well as the purchase of ten Type I Engines, nine Chevy Colorado trucks, and six 100' TDA Quints. Approximately \$7.2 million in vehicle projects were carried over to FY 2016/17, including four Type 1 engines, and two TDA 100' Quints.

SUMMARY

For more information. This summary is based on detailed information from our financial system. If you would like more information or have any questions about the report, please contact Deborah Gunderson, Budget Manager at 714-573-6302, or Tricia Jakubiak, Treasurer at 714-573-6301.