



ORANGE COUNTY FIRE AUTHORITY AGENDA

Budget and Finance Committee Meeting

Wednesday, September 11, 2019

12:00 Noon

Orange County Fire Authority Regional Fire Operations and Training Center

1 Fire Authority Road

Room AE117

Irvine, California 92602

Shelley Hasselbrink, Chair

Don Sedgwick, Vice Chair

Joe Muller Gene Hernandez Sergio Farias

Ed Sachs Tri Ta

Jennifer Cervantez - 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 Farias

ROLL CALL

1. PRESENTATIONS

No items.

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.

2. MINUTES

A. Minutes for the July 10, 2019, Budget and Finance Committee Regular Meeting

Submitted by: Sherry Wentz, Clerk of the Authority

Recommended Action:

Approve as submitted.

3. CONSENT CALENDAR

A. Monthly Investment Reports

Submitted by: 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 September 26, 2019, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

B. Fourth Quarter Financial Newsletter

Submitted by: Robert Cortez, 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 September 26, 2019, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

C. Carryover of FY 2018/19 Uncompleted Projects and Use of Unexpended Fund Balance

Submitted by: Robert Cortez, Assistant Chief/Business Services Department

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of September 26, 2019, with the Budget and Finance Committee's recommendation that the Board of Directors authorize the following proposed budget adjustments:

1. Approve a budget adjustment in the FY 2019/20 General Fund (121) increasing revenues by \$6,065,346 and expenditures by \$10,467,941.

2. Approve a budget adjustment in the FY 2019/20 General Fund CIP (12110) increasing expenditures by \$1,568,406.
3. Approve a budget adjustment in the FY 2019/20 Fire Stations and Facilities Fund (123) increasing expenditures by \$616,707.
4. Approve a budget adjustment in the FY 2019/20 Communications and Information Systems Fund (124) increasing expenditures by \$2,708,391.
5. Approve a budget adjustment in the FY 2019/20 Fire Apparatus Fund (133) increasing expenditures by \$5,803,945.
6. Approve a budget adjustment transferring \$507,495 from the FY 2019/20 General Fund (121) to the Settlement Fund (139), and appropriate that amount in Fund (139) for the Joint-Training Facility project.
7. Approve a budget adjustment in the Structural Fire Entitlement Fund (171) increasing expenditures by \$329,827.

END OF CONSENT CALENDAR

4. DISCUSSION CALENDAR

A. Annual Investment Report

Submitted by: Tricia Jakubiak, Treasurer

Recommended Action:

In compliance with Section 18.2 of the Orange County Fire Authority's Investment Policy, review the proposed annual agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of September 26, 2019, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

B. Appointment of Auditor for the Orange County Fire Authority

Submitted by: Lori Zeller, Deputy Chief/Administration and Support Bureau

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of September 26, 2019, with the Budget and Finance Committee's recommendation that the Board of Directors adopt the submitted resolution appointing OCFA's Finance Manager, Julie Nemes, as Auditor for the Orange County Fire Authority.

C. Acceptance of 2019 Department of Homeland Security/Federal Emergency Management Agency's Urban Search & Rescue Preparedness Cooperative Agreement Funding

Submitted by: Brian Norton, Division Chief/Special Operations

Recommended Actions:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of September 26, 2019, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Approve and adopt the proposed Resolution to accept the Department of Homeland Security/Federal Emergency Management Agency's Grant Readiness Cooperative Agreement funding.

2. Approve a budget adjustment to the FY 2019/20 General Fund (121) budget increasing revenues and expenditures by \$1,230.104.

REPORTS

No items.

COMMITTEE MEMBER COMMENTS

ADJOURNMENT – The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, October 9, 2019, 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 5th day of September, 2019.

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

UPCOMING MEETINGS:

Human Resource Committee Special Meeting	Tuesday, September 17, 2019, 12:00 noon
Executive Committee Meeting	Thursday, September 26, 2019, 5:30 p.m.
Board of Directors Meeting	Thursday, September 26, 2019, 6:00 p.m.

MINUTES ORANGE COUNTY FIRE AUTHORITY

Budget and Finance Committee Regular Meeting

Wednesday, July 10, 2019

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 July 10, 2019, at 12:00 p.m. by Chair Hasselbrink.

PLEDGE OF ALLEGIANCE

Chair Hasselbrink led the assembly in the Pledge of Allegiance to our Flag.

ROLL CALL

Present: Shelley Hasselbrink, Los Alamitos
Don Sedgwick, Laguna Hills
Joseph Muller, Dana Point
Tri Ta, Westminster

Absent: Ed Sachs, Mission Viejo
Sergio Farias, San Juan Capistrano
Gene Hernandez, Yorba Linda

Also present were:

Deputy Chief Lori Zeller	Communications Director Colleen Windsor
Assistant Chief Robert Cortez	Assistant Chief Randy Black
Assistant Chief Jim Ruane	Assistant Chief Lori Smith
Assistant Clerk of the Authority Martha Halvorson	

PUBLIC COMMENTS (F: 12.02B3)

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

1. PRESENTATIONS

No items.

2. MINUTES

A. Minutes for the May 8, 2019, Budget and Finance Committee Regular Meeting (F: 12.02B2)

On motion of Director Ta and second by Vice Chair Sedgwick, the Budget and Finance Committee voted unanimously to approve the Minutes of the May 8, 2019, regular meeting as submitted.

3. CONSENT CALENDAR

No Items

4. DISCUSSION CALENDAR

A. Monthly Investment Reports (F: 11.10D2)

Treasurer Tricia Jakubiak provided an overview of the Monthly Investment Reports.

On motion of Director Ta and second by Director Muller, the Budget and Finance Committee voted unanimously by those present to direct staff to place the item on the agenda for the Executive Committee meeting of July 25, 2019, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

B. Agreement for the Purchase of Two Used Pickup Trucks from the City of Garden Grove (F: 19.09E)

Assistant Chief Jim Ruane provided an overview for the Purchase of Two Used Pickup Trucks from the City of Garden Grove.

On motion of Director Muller and second by Director Ta, the Budget and Finance Committee voted unanimously to approve and authorize the Purchasing Manger to execute a Purchase Agreement with the City of Garden Grove for the purchase of two 2017 Ford F-250 pickup trucks not to exceed the amount of \$65,000 per vehicle as amended.

C. Organizational Service Level Assessment Update (F: 17.16)

Assistant Chief Robert Cortez provided an update of the Organizational Service Level Assessment.

On motion of Director Ta and second by Vice Chair Sedgwick, the Budget and Finance Committee voted unanimously by those present to receive and file the report.

D. Proposed Action to Reduce Extraordinary Volume of Forced Overtime (F: 15.11)

Deputy Chief Lori Zeller provided an overview of the proposed action to Reduce Extraordinary Volume of Forced Overtime.

On motion of Director Ta and second by Vice Chair Sedgwick, the Budget and Finance Committee voted unanimously by those present to increase appropriations in the FY 2019/20 General Fund (121) Budget by \$1,721,846 to fund a third firefighter academy this fiscal year, specifically, an eight-week lateral firefighter/paramedic academy to run from September 13 through November 8, 2019.

REPORTS (F: 12.02B6)

No items.

COMMITTEE MEMBER COMMENTS (F: 12.02B4)

There were no Committee Member comments.

ADJOURNMENT – Chair Hasselbrink adjourned the meeting at 12.36 p.m. The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, August 14, 2019, at 12:00 noon.

Martha Halvorson, CMC
Assistant Clerk of the Authority



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
September 11, 2019

Agenda Item No. 3A
Consent Calendar

Monthly Investment Reports

Contact(s) for Further Information

Tricia Jakubiak, Treasurer Treasury and 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 September 26, 2019, 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 July 31, 2019. A preliminary investment report as of August 23, 2019, is also provided as the most complete report that was available at the time this agenda item was prepared.

Attachment(s)

Final Investment Report – July 2019/Preliminary Report – August 2019

Orange County Fire Authority Monthly Investment Report



Final Report – July 2019

Preliminary Report – August 2019



Monthly Investment Report Table of Contents

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Orange County Fire Authority

Final Investment Report

July 31, 2019



EXECUTIVE SUMMARY

Portfolio Activity & Earnings

During the month of July 2019, the size of the portfolio decreased by \$18.1 million to \$161.8 million. Significant receipts for the month included cash contract payments, apportionments of property taxes, intergovernmental agency contract and grant payments and charges for current services totaling \$14.1 million. Significant disbursements for the month included two biweekly payrolls which were approximately \$12.5 million each with related benefits and payments for fire apparatus and annual insurance premium totaling \$2.2 million. Total July cash outflows amounted to approximately \$32.2 million. The portfolio's balance is expected to decline further in the following month as there are no major receipts scheduled for August.

In July, as the new fiscal year started, the portfolio's yield to maturity (365-day equivalent) fell by 3 basis points to 2.28%. The effective rate of return decreased by 9 basis points to 2.26%, and the average maturity of the portfolio shortened further by 10 days to 40 days to maturity.

Economic News

In July 2019, the U.S. economy remained somewhat resilient with mixed economic activity, despite signs of a global slowdown and the ongoing contentious trade negotiations with China. Employment conditions stayed strong. There were a total of 164,000 new jobs created in July, closely in line with expectations. The unemployment rate remained unchanged at a historically low rate of 3.7%. Consumer confidence measures increased and remained high. Retail sales rose better than expected. On the other hand, both manufacturing and non-manufacturing sectors continued expanding, but at a slower pace. The CPI (Consumer Price Index) climbed more than expected for the month, but longer-term inflation pressure stayed low. Industrial production dropped slightly while durable goods orders increased. Overall housing activity continued to be mixed. On July 31, 2019, the Federal Open Market Committee voted to lower the federal funds rate by a quarter percentage point to a range of 2.00% - 2.25, citing uncertainty surrounding its economic outlook due to global developments and persistently low inflation.

**BENCHMARK COMPARISON AS OF JULY 31, 2019**

3 Month T-Bill:	2.15%	1 Year T-Bill:	1.96%
6 Month T-Bill:	2.08%	LAIF:	2.38%
OCFA Portfolio: 2.26%			

PORTFOLIO SIZE, YIELD, & DURATION

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Book Value-	\$161,787,962	\$179,881,999	\$168,533,407
Yield to Maturity (365 day)	2.28%	2.31%	1.82%
Effective Rate of Return	2.26%	2.35%	1.80%
Days to Maturity	40	50	69



ORANGE COUNTY FIRE AUTHORITY **Portfolio Management** **Portfolio Summary** **July 31, 2019**

Orange County Fire Authority
 1 Fire Authority Road
 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 Call/Maturity	YTM/Call 360 Equiv.	YTM/C 365 Equiv.
Money Mkt Mutual Funds/Cash	3,865,733.68	3,865,733.68	3,865,733.68	2.41	1	1	1.795	1.820
Federal Agency Coupon Securities	25,000,000.00	24,996,850.00	25,000,000.00	15.57	890	59	1.814	1.839
Federal Agency Disc. -Amortizing	38,000,000.00	37,860,370.00	37,839,975.28	23.57	169	64	2.439	2.473
Treasury Discounts -Amortizing	29,000,000.00	28,855,640.00	28,848,177.09	17.97	150	88	2.213	2.244
Local Agency Investment Funds	65,000,000.00	65,111,266.35	65,000,000.00	40.48	1	1	2.346	2.379
Investments	160,865,733.68	160,689,860.03	160,553,886.05	100.00%	206	40	2.248	2.279
Cash								
Passbook/Checking (not included in yield calculations)	1,092,260.64	1,092,260.64	1,092,260.64		1	1	0.000	0.000
Total Cash and Investments	161,957,994.32	161,782,120.67	161,646,146.69		206	40	2.248	2.279

Total Earnings	July 31 Month Ending	Fiscal Year To Date
Current Year	329,317.04	329,317.04
Average Daily Balance	171,505,421.54	171,505,421.54
Effective Rate of Return	2.26%	2.26%

"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, 2019. 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)

\$ 161,646,146.69

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

\$ 141,814.96

Total

\$ 161,787,961.65

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
July 31, 2019

(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 Call/ Maturity	Maturity Date
Money Mkt Mutual Funds/Cash											
SYS528	528	Federated Treasury Obligations			3,865,733.68	3,865,733.68	3,865,733.68	1.820	1.820	1	
Subtotal and Average			7,143,800.35		3,865,733.68	3,865,733.68	3,865,733.68		1.820	1	
Federal Agency Coupon Securities											
3133EGPD1	921	Federal Farm Credit Bank (Callable Anytime)		04/20/2017	7,000,000.00	7,000,000.00	7,000,000.00	1.180	1.375	0	08/01/2019
3134GBHT2	922	Fed Home Loan Mtg Corp		04/25/2017	9,000,000.00	8,989,290.00	9,000,000.00	1.625	1.518	85	10/25/2019
3134GTJX20	976	Fed Home Loan Mtg Corp(Callable on 10-18-19)		04/22/2019	9,000,000.00	9,007,560.00	9,000,000.00	2.520	2.520	78	10/18/2021
Subtotal and Average			25,000,000.00		25,000,000.00	24,996,850.00	25,000,000.00		1.839	59	
Federal Agency Disc. -Amortizing											
313312QH6	977	Federal Farm Credit Bank		04/18/2019	9,000,000.00	8,932,860.00	8,921,727.50	2.390	2.489	131	12/10/2019
313384KE8	971	Fed Home Loan Bank		04/18/2019	2,000,000.00	1,999,060.00	1,998,937.78	2.390	2.475	8	08/09/2019
313384KU2	972	Fed Home Loan Bank		04/18/2019	9,000,000.00	8,988,480.00	8,986,855.00	2.390	2.478	22	08/23/2019
313384LY3	974	Fed Home Loan Bank		04/18/2019	9,000,000.00	8,973,540.00	8,970,375.00	2.370	2.461	50	09/20/2019
313384MN6	975	Fed Home Loan Bank		04/18/2019	9,000,000.00	8,966,430.00	8,962,080.00	2.370	2.464	64	10/04/2019
Subtotal and Average			48,247,044.30		38,000,000.00	37,860,370.00	37,839,975.28		2.473	64	
Treasury Discounts -Amortizing											
912796SG5	973	US Treasury Bill		04/18/2019	9,000,000.00	8,982,540.00	8,979,218.75	2.375	2.430	35	09/05/2019
912796SS9	978	US Treasury Bill		06/03/2019	10,000,000.00	9,941,000.00	9,935,541.67	2.210	2.263	105	11/14/2019
912796SU4	979	US Treasury Bill		06/27/2019	5,000,000.00	4,966,050.00	4,966,333.33	2.020	2.066	120	11/29/2019
912796SU4	980	US Treasury Bill		07/18/2019	5,000,000.00	4,966,050.00	4,967,083.34	1.975	2.045	120	11/29/2019
Subtotal and Average			26,101,164.54		29,000,000.00	28,855,640.00	28,848,177.09		2.244	88	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			65,000,000.00	65,111,266.35	65,000,000.00	2.379	2.379	1	
Subtotal and Average			65,013,412.35		65,000,000.00	65,111,266.35	65,000,000.00		2.379	1	
Total and Average			171,505,421.54		160,865,733.68	160,689,860.03	160,553,886.05		2.279	40	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
July 31, 2019

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		07/01/2019	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2019	1,072,260.64	1,072,260.64	1,072,260.64		0.000	1
		Average Balance	0.00							1
		Total Cash and Investments	171,505,421.54		161,957,994.32	161,782,120.67	161,646,146.69		2.279	40

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



ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of August 1, 2019

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	(08/01/2019 - 08/01/2019)	5 Maturities	0 Payments		76,957,994.32	47.61%	76,957,994.32	77,069,260.67
Aging Interval: 1 - 30 days	(08/02/2019 - 08/31/2019)	2 Maturities	0 Payments		11,000,000.00	6.80%	10,985,792.78	10,987,540.00
Aging Interval: 31 - 60 days	(09/01/2019 - 09/30/2019)	2 Maturities	0 Payments		18,000,000.00	11.10%	17,949,593.75	17,956,080.00
Aging Interval: 61 - 91 days	(10/01/2019 - 10/31/2019)	2 Maturities	0 Payments		18,000,000.00	11.11%	17,962,080.00	17,955,720.00
Aging Interval: 92 - 121 days	(11/01/2019 - 11/30/2019)	3 Maturities	0 Payments		20,000,000.00	12.29%	19,868,958.34	19,873,100.00
Aging Interval: 122 - 152 days	(12/01/2019 - 12/31/2019)	1 Maturities	0 Payments		9,000,000.00	5.52%	8,921,727.50	8,932,860.00
Aging Interval: 153 - 183 days	(01/01/2020 - 01/31/2020)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 184 - 274 days	(02/01/2020 - 05/01/2020)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 275 - 365 days	(05/02/2020 - 07/31/2020)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 366 - 1095 days	(08/01/2020 - 07/31/2022)	1 Maturities	0 Payments		9,000,000.00	5.57%	9,000,000.00	9,007,560.00
Aging Interval: 1096 days and after	(08/01/2022 -)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Total for		16 Investments	0 Payments			100.00	161,646,146.69	161,782,120.67



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, 2019 includes an increase of \$111,266 to the LAIF investment and an increase of \$30,549 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 July 31, 2019, OCFA has \$65,000,000 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 June 30, 2019 is 1.001711790. When applied to OCFA's LAIF investment, the fair value is \$65,111,266 or \$111,266 above cost. Although the fair value of the LAIF investment is higher 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 July 31, 2019 is included on the following page.



Fair Value Including Accrued Interest	\$	98,298,089,628.52
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Orange County Fire Authority

Preliminary Investment Report

August 23, 2019



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
August 23, 2019

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 Call/Maturity	YTM/Call 360 Equiv.	YTM/C 365 Equiv.
Money Mkt Mutual Funds/Cash	5,741,321.03	5,741,321.03	5,741,321.03	4.06	1	1	1.795	1.820
Federal Agency Coupon Securities	18,000,000.00	18,001,980.00	18,000,000.00	12.72	912	59	1.991	2.019
Federal Agency Disc. -Amortizing	27,000,000.00	26,915,310.00	26,895,180.00	19.00	187	59	2.437	2.471
Treasury Discounts -Amortizing	29,000,000.00	28,903,630.00	28,888,714.58	20.41	150	65	2.213	2.244
Local Agency Investment Funds	62,000,000.00	62,106,130.98	62,000,000.00	43.81	1	1	2.346	2.379
Investments	141,741,321.03	141,668,372.01	141,525,215.61	100.00%	182	32	2.269	2.301
<hr/>								
Cash								
Passbook/Checking (not included in yield calculations)	633,356.13	633,356.13	633,356.13		1	1	0.000	0.000
Total Cash and Investments	142,374,677.16	142,301,728.14	142,158,571.74		182	32	2.269	2.301

Total Earnings	August 23 Month Ending	Fiscal Year To Date
Current Year	223,047.30	552,364.34
Average Daily Balance	155,138,575.41	164,534,357.45
Effective Rate of Return	2.28%	2.27%

"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, 2019. 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

8/30/19

Cash and Investments with GASB 31 Adjustment:

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

\$ 142,158,571.74

GASB 31 Adjustment to Books (See Note 3 on page 18)

\$ 141,814.96

Total

\$ 142,300,386.70

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
August 23, 2019

(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 Call/ Maturity	Maturity Date
Money Mkt Mutual Funds/Cash											
SYS528	528	Federated Treasury Obligations			5,741,321.03	5,741,321.03	5,741,321.03	1.820	1.820	1	
Subtotal and Average			9,182,447.14		5,741,321.03	5,741,321.03	5,741,321.03		1.820	1	
Federal Agency Coupon Securities											
3134GBHT2	922	Fed Home Loan Mtg Corp		04/25/2017	9,000,000.00	8,992,080.00	9,000,000.00	1.625	1.518	62	10/25/2019
3134GTJX20	976	Fed Home Loan Mtg Corp(Callable on 10-18-19)		04/22/2019	9,000,000.00	9,009,900.00	9,000,000.00	2.520	2.520	55	10/18/2021
Subtotal and Average			18,000,000.00		18,000,000.00	18,001,980.00	18,000,000.00		2.019	59	
Federal Agency Disc. -Amortizing											
313312QH6	977	Federal Farm Credit Bank		04/18/2019	9,000,000.00	8,947,530.00	8,935,470.00	2.390	2.489	108	12/10/2019
313384LY3	974	Fed Home Loan Bank		04/18/2019	9,000,000.00	8,987,310.00	8,984,002.50	2.370	2.461	27	09/20/2019
313384MN6	975	Fed Home Loan Bank		04/18/2019	9,000,000.00	8,980,470.00	8,975,707.50	2.370	2.464	41	10/04/2019
Subtotal and Average			36,173,757.71		27,000,000.00	26,915,310.00	26,895,180.00		2.471	59	
Treasury Discounts -Amortizing											
912796SG5	973	US Treasury Bill		04/18/2019	9,000,000.00	8,995,230.00	8,992,875.00	2.375	2.430	12	09/05/2019
912796SS9	978	US Treasury Bill		06/03/2019	10,000,000.00	9,958,200.00	9,949,661.11	2.210	2.263	82	11/14/2019
912796SU4	979	US Treasury Bill		06/27/2019	5,000,000.00	4,975,100.00	4,972,786.11	2.020	2.066	97	11/29/2019
912796SU4	980	US Treasury Bill		07/18/2019	5,000,000.00	4,975,100.00	4,973,392.36	1.975	2.045	97	11/29/2019
Subtotal and Average			28,869,327.09		29,000,000.00	28,903,630.00	28,888,714.58		2.244	65	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			62,000,000.00	62,106,130.98	62,000,000.00	2.379	2.379	1	
Subtotal and Average			62,913,043.48		62,000,000.00	62,106,130.98	62,000,000.00		2.379	1	
Total and Average			155,138,575.41		141,741,321.03	141,668,372.01	141,525,215.61		2.301	32	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
August 23, 2019

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		07/01/2019	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2019	613,356.13	613,356.13	613,356.13		0.000	1
		Average Balance	0.00							1
Total Cash and Investments			155,138,575.41		142,374,677.16	142,301,728.14	142,158,571.74		2.301	32

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ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of August 24, 2019

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	(08/24/2019 - 08/24/2019)	4 Maturities	0 Payments		68,374,677.16	48.10%	68,374,677.16	68,480,808.14
Aging Interval: 1 - 30 days	(08/25/2019 - 09/23/2019)	2 Maturities	0 Payments		18,000,000.00	12.65%	17,976,877.50	17,982,540.00
Aging Interval: 31 - 60 days	(09/24/2019 - 10/23/2019)	1 Maturities	0 Payments		9,000,000.00	6.31%	8,975,707.50	8,980,470.00
Aging Interval: 61 - 91 days	(10/24/2019 - 11/23/2019)	2 Maturities	0 Payments		19,000,000.00	13.33%	18,949,661.11	18,950,280.00
Aging Interval: 92 - 121 days	(11/24/2019 - 12/23/2019)	3 Maturities	0 Payments		19,000,000.00	13.28%	18,881,648.47	18,897,730.00
Aging Interval: 122 - 152 days	(12/24/2019 - 01/23/2020)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 153 - 183 days	(01/24/2020 - 02/23/2020)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 184 - 274 days	(02/24/2020 - 05/24/2020)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 275 - 365 days	(05/25/2020 - 08/23/2020)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 366 - 1095 days	(08/24/2020 - 08/23/2022)	1 Maturities	0 Payments		9,000,000.00	6.33%	9,000,000.00	9,009,900.00
Aging Interval: 1096 days and after	(08/24/2022 -)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Total for		13 Investments	0 Payments			100.00	142,158,571.74	142,301,728.14



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, 2019 includes an increase of \$111,266 to the LAIF investment and an increase of \$30,549 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
September 11, 2019

Agenda Item No. 3B
Consent Calendar

Fourth Quarter Financial Newsletter

Contact(s) for Further Information

Robert Cortez, Assistant Chief Business Services Department	robertcortez@ocfa.org	714.573.6012
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 preliminary close of FY 2018/19.

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 September 26, 2019, 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 through the preliminary close of the fiscal year are within budget, except where noted in the attached newsletter.

Attachment(s)

Fourth Quarter Financial Newsletter – July 2018 to June 2019



Orange County Fire Authority

Fourth Quarter Financial Newsletter – July 2018 to June 2019

OVERVIEW

This report covers fiscal activities in the General Fund and CIP Funds through the fourth quarter and preliminary close of Fiscal Year 2018/19. Budget figures include all budget adjustments authorized by the Board through the end of the fiscal year.

GENERAL FUND

With 100% of the year completed, General Fund revenues are 99.6% of budget and expenditures are 97.1% as shown below:

General Fund (excludes 12110)	YTD Actual	Budget	Variance in Dollars	% Variance
Revenues	407,919,810	409,747,898	1,828,088	99.6%
Expenditures	402,815,550	414,621,637	11,806,087	97.1%

Top Five Revenues. The analysis presented below compares the five largest revenue categories received through the fourth quarter, as compared to the budget for 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	Budget	Variance: Actual to Budget in Dollars	% Variance
Property Taxes	264,267,387	261,339,047	2,928,340	1%
Cash Contracts	100,581,745	100,234,466	347,279	0%
CRA Pass-through	12,593,041	12,139,068	453,973	4%
State Reimbursements	12,248,651	17,827,272	(5,578,621)	-46%
Community Risk Reduction Fees	6,762,473	6,124,323	638,150	9%
Total	396,453,297	397,664,176	(1,210,879)	0%

- **Property Taxes** – The variance in property taxes of \$2.9 million, or 1%, is a result of higher property tax revenue for FY 2018/19 than anticipated, primarily in the secured and supplemental property tax categories. The secured category exceeded budget by \$1.2 million and the supplemental category exceeded by \$1.4 million. Supplemental property tax is an unpredictable category and not included in our property tax forecasts.
- **State Reimbursements** – This revenue category includes grant revenues which are reimbursable, meaning revenues are recognized as allowable expenses are incurred. The CAL FIRE grant for Invasive Tree Pest Mitigation and Fuels Reduction of \$5.5 million is designed to be a multi-year effort. The remaining expected revenue budget will be included in the Carryover of FY 2018/19 to FY 2019/20.

Expenditures. The analysis presented below compares the actual preliminary expenditures through the fourth quarter, as compared to the budget for 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	Budget	Variance: Actual to Budget in Dollars	% Variance
Business Services	30,456,805	31,764,509	(1,307,704)	-4%
Command & Emergency Planning	7,557,944	7,746,130	(188,186)	-2%
Community Risk Reduction	9,804,441	10,658,337	(853,896)	-9%
EMS & Training	4,953,960	4,603,315	350,645	7%
Executive Management	6,832,539	6,599,226	233,313	3%
Human Resources	8,964,735	9,567,842	(603,107)	-7%
Logistics	31,574,014	32,184,624	(610,610)	-2%
Operations	284,952,505	286,207,537	(1,255,032)	0%
Special Operations	17,718,607	25,290,117	(7,571,510)	-43%
Total	402,815,550	414,621,637	(11,806,087)	-3%

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

- **Business Services** – This department was under budget in Services and Supplies, primarily in the Special Department Expense category. A portion of the Special Department Expense remaining budget is being requested for Carryover to FY 2019/20.
- **Operations** – This department closed the year under budget by \$1.3 million in the Services and Supplies categories. Salary savings from vacant positions was offset by overtime expenses which exceeded budget in the Salary and Employee Benefits category.
- **Special Operations** – This division ended under budget by 43% or \$7.6 million, primarily due to multi-year grant projects. The entire grant budget was added to the FY 2018/19 budget; remaining balances are included in the Carryover request to FY 2019/20.

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

Expenditures by Type	YTD Actual Expenditures	Budget	Variance: Actual to Budget in Dollars	% Variance
Salary and Employee Benefits	364,319,946	366,132,556	(1,812,610)	0%
Services and Supplies	36,699,118	46,493,185	(9,794,067)	-27%
Equipment	1,796,486	1,995,896	(199,410)	-11%
Total	402,815,550	414,621,637	(11,806,086)	-3%

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

- **Salary & Employee Benefits** – This category closed the year under budget by approximately \$1.8 million or less than 1%. This is primarily due to vacancies throughout the Authority.
- **Services and Supplies & Equipment** – Actual expenditures finished approximately \$10.0 million or 27% under budget through preliminary close of the fiscal year. Significant grant projects and other funding requests of \$10.5 million are included in the Carryover request to fiscal year 2019/20.

CIP FUNDS

Revenues and expenditures for the Capital Improvement Program funds are summarized below. Any variances are noted following the fund table:

General Fund CIP

Fund 12110	YTD Actual	Budget	Percent
Expenditures	2,065,551	3,707,477	56%

- This Fund receives transfers from the General Fund as its revenue source.
- Appropriations of \$3.7 million include funding for routine maintenance and replacement of equipment such as: data storage, fire station telephone/alarm system upgrade, RFOTC Uninterruptible Power Supply replacement, network servers, pagers, PCs, laptops, printers, MDC system, 800 MHz radios, VHF radios, digital orthography, cardiac monitors, ECC upgrade for Fire/Weather, remote camera project for weather/fire monitoring, thermal imaging cameras, fire station facility accommodation, Fire Station (FS) 26 kitchen, flooring and bathroom remodel, tarmac repair, dormitory privacy and repairs, bathroom modifications for FS 13, and kitchen remodel for FS 6.
- YTD Expenditures of approximately \$2.0 million are attributable to progress on the following projects: multiple I.T. related projects, cardiac monitors, ECC upgrade for Fire/Weather, and FS 6 kitchen remodel. Approximately \$1.6 million in project funding is included in the Carryover request to FY 2019/20.

Fire Stations and Facilities

Fund 123	YTD Actual	Budget	Percent
Revenue	1,078,047	898,725	120.0%
Expenditures	1,437,316	2,073,562	69.3%

- Revenues in this fund are attributable to interest earned through the fourth quarter and a developer contribution which exceeded budget.
- Appropriations of \$2 million included initial funding allotments for replacement of FS 9, RFOTC Training Grounds expansion and upgrade, FS 49 Apparatus bay floor reconstruction, Infrastructure Security Enhancements, US&R warehouse training center improvements, carport installations in FS 18, and FS 42 site stabilization.
- Expenditures through the fourth quarter are primarily attributable to the RFOTC Training Grounds Expansion and Upgrade, US&R warehouse training center improvements, carports at FS 18 and FS 42 site stabilization. Approximately \$617,000 in project funding is included in the Carryover request.

Communications & Info. Systems

Fund 124	YTD Actual	Budget	Percent
Revenue	245,373	195,302	125.6%
Expenditures	3,927,665	6,666,290	58.9%

- Revenues in this fund are attributable to interest earned through the fourth quarter.
- Appropriations of \$6.7 million include funding for: OCFA Enterprise Audio Video Equipment upgrades, RFOTC Data Center Fire Suppression system, Disaster Recovery Co-Location facility, 800 MHz System Countywide Coordinated Communication System upgrade, IFP Replacement, Incident Reporting Application Replacement, and CAD2CAD next generation project.
- YTD expenditures are primarily attributable to the 800 MHz system upgrade, however progress has also occurred in the Incident Reporting Application Replacement and CAD2CAD projects. Approximately \$2.7 million of project funding is included in the Carryover request to FY 2019/20.

Fire Apparatus

Fund 133	YTD Actual	Budget	Percent
Revenue	1,857,200	1,802,544	103.0%
Expenditures	5,275,772	11,101,654	47.5%

- Revenues in this fund are attributable to vehicle replacement program payments from cash contract cities, and interest earned through the fourth quarter.
- Expenditures in this fund include final lease payments on the helicopters, six Type I Engines, three Type III Engines, vehicle outfitting, command vehicles, and mid and full size 4 door vehicles for operations, investigations, property and risk management and EMS and pickups for Operations and the Service Center. Approximately \$5.8 million in project funding is included in the Carryover request to FY 2019/20.

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.



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
September 11, 2019

Agenda Item No. 3C
Consent Calendar

**Carryover of FY 2018/19 Uncompleted Projects and
Use of Unexpended Fund Balance**

Contact(s) for Further Information

Robert Cortez, Assistant Chief Business Services Department	robertcortez@ocfa.org	714.573.6012
Tricia Jakubiak, Treasurer	triciajakubiak@ocfa.org	714.573.6301
Deborah Gunderson, Budget Manager	deborahgunderson@ocfa.org	714.573.6302

Summary

This agenda item is a routine annual request for approval to carryover funding for various projects, grants, and unexpended funds that were not used in FY 2018/19 and require funding in FY 2019/20.

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 September 26, 2019, with the Budget and Finance Committee's recommendation that the Board of Directors authorize the following proposed budget adjustments:

1. Approve a budget adjustment in the FY 2019/20 General Fund (121) increasing revenues by \$6,065,346 and expenditures by \$10,467,941.
2. Approve a budget adjustment in the FY 2019/20 General Fund CIP (12110) increasing expenditures by \$1,568,406.
3. Approve a budget adjustment in the FY 2019/20 Fire Stations and Facilities Fund (123) increasing expenditures by \$616,707.
4. Approve a budget adjustment in the FY 2019/20 Communications and Information Systems Fund (124) increasing expenditures by \$2,708,391.
5. Approve a budget adjustment in the FY 2019/20 Fire Apparatus Fund (133) increasing expenditures by \$5,803,945.
6. Approve a budget adjustment transferring \$507,495 from the FY 2019/20 General Fund (121) to the Settlement Fund (139), and appropriate that amount in Fund (139) for the Joint-Training Facility project.
7. Approve a budget adjustment in the Structural Fire Entitlement Fund (171) increasing expenditures by \$329,827.

Impact to Cities/County

The proposed adjustments to the FY 2019/20 budget will have no impact to cash contract city charges.

Fiscal Impact

Approval of the requested adjustments will accommodate a change in timing of revenues and appropriations, from FY 2018/19 to FY 2019/20, in the funds listed as per the recommended actions.

Background

The annual carryover request includes projects in the General, Capital Improvement Program and other funds, as summarized in the table below. Due to the complexity, size, timing and resources available to complete projects, as well as changes in priorities, not all projects were completed within the fiscal year. Therefore, staff is recommending to carry over the appropriations for such projects so that they may continue and be completed within fiscal year 2019/20. Carryover requests reflect simply a timing change of planned expenditures.

Additionally, staff is recommending the use of unexpended fund balance from FY 2018/19 to fund one-time projects, including additional fleet and facility needs, improvements to the automated Staffing application, Hazmat training, and increased costs for Hazmat Rapid Deployment Kits.

Fund	Revenues	Expenditures
General Fund (121)	\$6,065,346	\$10,467,941
GF Capital Improvement Program (12110)	-	\$1,568,406
Fire Stations & Facilities (123)	-	\$616,707
Comm. & Info Systems (124)	-	\$2,708,391
Vehicle Replacement (133)	-	\$5,803,945
Settlement Agreement (139)	-	\$507,495
SFF Entitlement Fund (171)	-	\$329,827

Staff recommends the approval of the recommended actions.

Attachment(s)

None.

Year-end Carryover Item 3C

September 11, 2019

Budget & Finance Committee Meeting



Carryover Summary

General Funds	Amount
General Fund (121) <ul style="list-style-type: none">• Restricted Grant Funds – 75%• Maintenance & Improvements – 12.8%• Training Service Contracts – 8.9%• Professional Service Contracts – 3.1%• Equipment – 0.2%	\$10.4M
GF Capital Improvement Program (12110) <ul style="list-style-type: none">• Equipment – 57.4%• Fire Station Improvements – 29.6%• Other Facility Improvements – 13%	\$1.5M

Makeup of General Fund Carryover:

- US&R and CalFire grant funds make-up the majority of GF carryover
- Service/goods received in 2018-19 and invoices to be paid in 2019-20
- Contracts for training, legislative affairs, staffing system consultant, architect services, project managers, etc.
- Projects started at the end of 2018-19 (i.e. health & wellness app, GG transition, facility maintenance and modifications, etc.)
- Multi-year purchase of equipment (i.e. PC's, laptops, thermal imaging cameras, etc.)

Carryover Summary (Cont'd)

Capital Improvement Program Funds	Amount
Fire Stations & Facilities (123) <ul style="list-style-type: none">• Fire Station Improvements – 39.7%• Other Facility Improvements – 60.3%	\$616K
Comm. & Info Systems (124) <ul style="list-style-type: none">• Communications & Equipment – 27.5%• Applications & Systems Upgrade – 60%• Business Continuity – 12.5%	\$2.7M
Fire Apparatus (133)	\$5.8M
Settlement Agreement (139)	\$507K
SFF Entitlement Fund (171)	\$329K

Makeup of Capital Improvement Program Funds Carryover:

- Multi-year projects and high dollar value purchases
- Majority is related to fleet replacement and outfitting costs
- Capital projects - fire station replacement, site stabilization, US&R Warehouse Training Center improvements, security enhancements, apparatus bay floor reconstruction, RFOTC improvements, business continuity, 800 MHz system upgrade, joint training facility, etc.)

Help is on the Way!

Staffing Enhancements

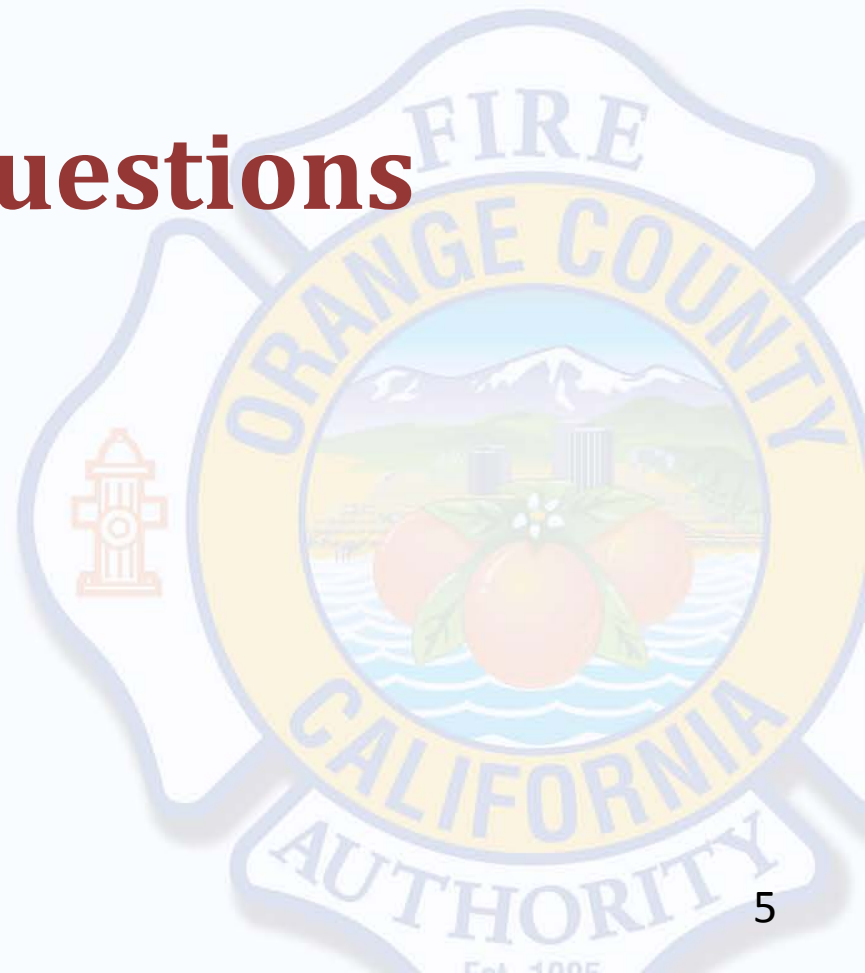
- ✓ 12 Limited term positions approved for Communications Services and Fleet
- ✓ 11 IT consultants converted into 7 FT employees
- ✓ 2 extra help positions have been approved in Property Management
- ✓ Issued contracts with 17 third-party project managers, architects, and structural engineering firms
- ✓ Hiring of new Fleet Manager

Process Improvements

- ✓ IT Governance Structure
- ✓ Prioritizing of Projects/Requests
- ✓ Updated Procurement Roles & Responsibility Matrix
- ✓ Citygate Service Level Assessments (SLA)



Comments/ Questions





Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
September 11, 2019

Agenda Item No. 4A
Discussion Calendar

Annual Investment Report

Contact(s) for Further Information

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Jane Wong, Assistant Treasurer	jane Wong@ocfa.org	714.573.6305

Summary

This annual agenda item is submitted to the Budget and Finance Committee in compliance with Section 18.2 of the Orange County Fire Authority's Investment Policy.

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

In compliance with Section 18.2 of the Orange County Fire Authority's Investment Policy, review the proposed annual agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of September 26, 2019, 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

Section 18.2 of OCFA's Investment Policy requires that the Treasurer submit an annual report to the Budget and Finance Committee and the Executive Committee following the close of the fiscal year. The attached report certifies that the Treasurer has complied with OCFA's investment policies and procedures and details the following:

- Portfolio performance and comparison to benchmarks
- A review of trends regarding the size of the portfolio
- Discussion of investment risk in the portfolio
- Analysis of the composition of the portfolio
- GASB 31 impacts
- Investment income
- A statement of anticipated investment fund activity in the next fiscal year

Attachment(s)

Annual Investment Report for Fiscal Year 2018/19

Treasury and Financial Planning



Annual Investment Report – FY 2018/19

Orange County Fire Authority Annual Investment Report

Fiscal Year 2018/19

The Annual Investment Report for the fiscal year ended June 30, 2019 fulfills the requirements of Section 18.2 of the Authority's Investment Policy ("the Policy"). The Annual Report is a review of the last twelve months of investment activity by the Treasurer.



Annual Investment Report

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PORTFOLIO PERFORMANCE AND COMPARISON TO BENCHMARK

OCFA's portfolio performance rose throughout the fiscal year, yet at a slightly slower pace than the Local Agency Investment Fund (LAIF) and Treasury benchmark comparisons as listed below for FY 2018/19.

During FY 2018/19, the Federal Reserve Board continued to raise the federal funds rate, the overnight bank lending rate. The Fed added two more modest rate increases in September and December 2018 bringing the federal funds rate to 2.50% and maintaining at that level through June 2019. The economy continued expanding during the FY 2018/19 and consumer confidence levels remained high along with a strong jobs market. Additionally, the unemployment rate continued to decline reaching a 50-year historically low level and ending at 3.7% in June 2019 from 4.0% a year ago. OCFA's portfolio began the fiscal year with a maturity of 69 days and an effective rate of return of 1.80%. As a result of the Fed's actions on interest rates during the first half of the fiscal year, OCFA's portfolio return continued to rise and ended the year at 2.35% on a portfolio balance of \$180 million at year-end. Treasury rates rose at an even faster pace based on rising interest rates and continued economic growth causing both OCFA's and LAIF's returns to lag somewhat. Overall, actual portfolio earnings exceeded the final budget projection for the fiscal year due to higher than anticipated cash balances and rising interest rates.

<i>OCFA Portfolio</i>				<i>Benchmark Comparisons</i>			
	<i>Market Value</i>	<i>Days to Maturity</i>	<i>Effective Yield</i>	<i>3 Month Treasury</i>	<i>6 Month Treasury</i>	<i>1 Year Treasury</i>	<i>LAIF</i>
<i>July</i>	168,533,407	69	1.80%	1.99%	2.17%	2.39%	1.94%
<i>August</i>	140,483,274	63	1.84%	2.07%	2.24%	2.45%	2.00%
<i>September</i>	140,072,367	48	1.88%	2.17%	2.34%	2.56%	2.06%
<i>October</i>	121,052,604	49	1.95%	2.29%	2.46%	2.65%	2.14%
<i>November</i>	135,771,668	45	2.08%	2.37%	2.52%	2.70%	2.21%
<i>December</i>	194,645,592	41	2.25%	2.41%	2.54%	2.66%	2.29%
<i>January</i>	153,781,149	46	2.26%	2.42%	2.51%	2.58%	2.36%
<i>February</i>	133,139,278	38	2.29%	2.44%	2.50%	2.55%	2.39%
<i>March</i>	138,783,688	35	2.33%	2.45%	2.51%	2.49%	2.44%
<i>April</i>	211,723,024	65	2.31%	2.43%	2.46%	2.42%	2.45%
<i>May</i>	190,479,258	52	2.32%	2.40%	2.42%	2.34%	2.45%
<i>June</i>	179,881,999	50	2.35%	2.22%	2.17%	2.00%	2.43%
<i>Fiscal Year</i>	159,028,942	50	2.14%	2.31%	2.40%	2.48%	2.26%

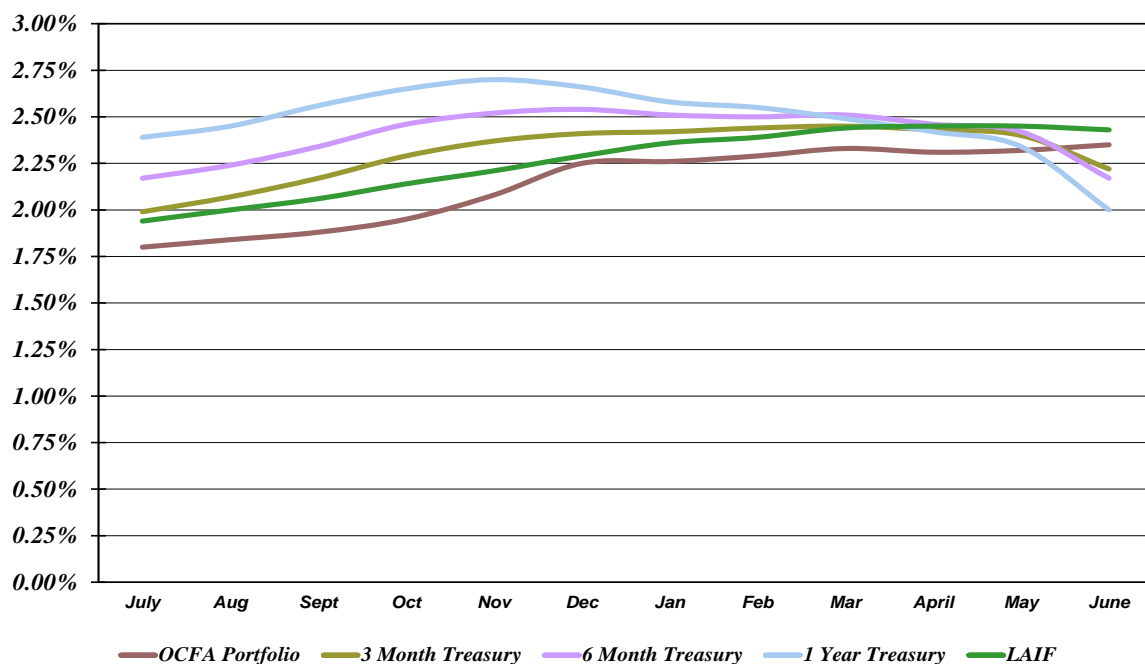


PORTFOLIO PERFORMANCE AND COMPARISON TO BENCHMARKS

The following chart compares the Authority's monthly portfolio performance with benchmarks including 3-month, 6-month, and 1-year Treasuries and LAIF. With the portfolio's average maturity of less than 3 months, OCFA's overall portfolio yield lagged the LAIF and Treasury benchmarks performance during FY 2018/19.

- During FY 2018/19, Treasury yields continued to rise in the first half of the fiscal year due to the 2 rate increases enacted by the Fed in September and December 2018, but started declining in the second half of the fiscal year, noticeably with the 6-month and 1-year Treasuries.
- In a rising/declining interest rate environment, LAIF's return tends to lag the market in rising/declining due to their maturity structure. As such, LAIF's return gradually rose throughout most of the fiscal year as interest rates climbed and started decreasing in June 2019.
- In FY 2018/19, OCFA kept investments primarily in Treasuries, Federal Agency securities and LAIF. However, OCFA remains somewhat restrained due to the timing of cashflow needs. Since interest rates are expected to decline in the coming months, OCFA's portfolio rate of return may also decline accordingly.

Comparison to Benchmarks - FY 2018/19

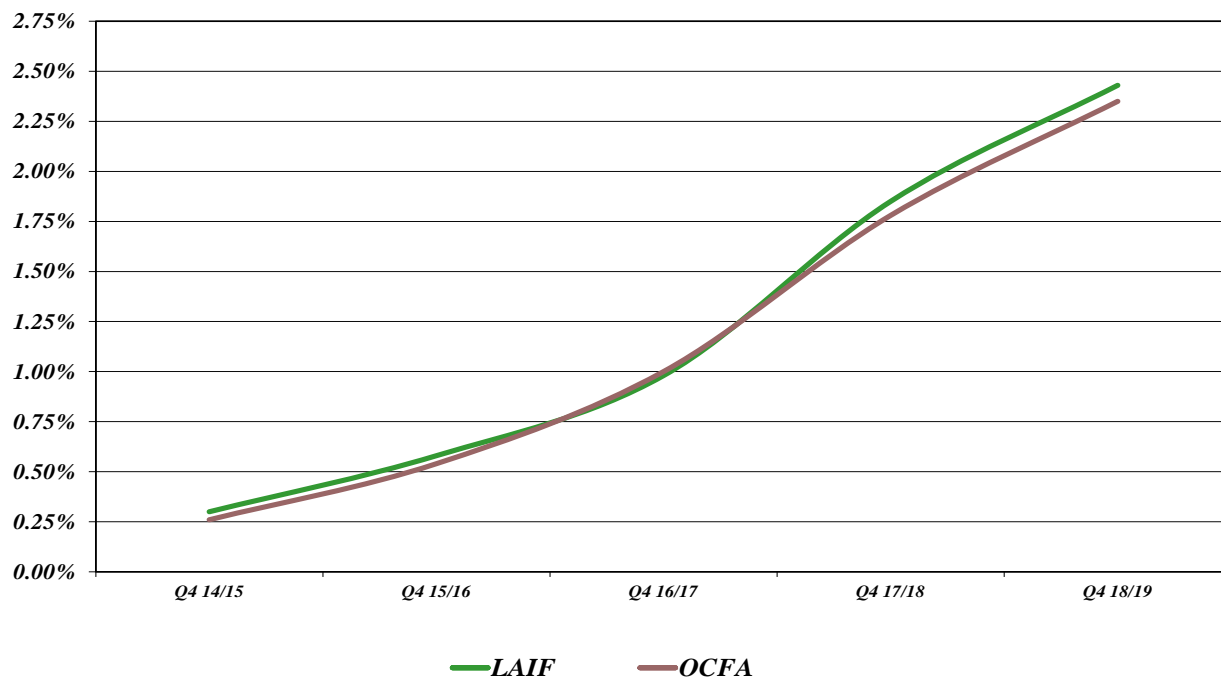




PORTFOLIO PERFORMANCE AND COMPARISON TO BENCHMARKS

The following chart provides a 5-year history of the Authority's portfolio yield from FY 2014/15 through FY 2018/19 compared to a 5-year history of LAIF's yield. As demonstrated with this historical view, OCFA's portfolio yield performs very similarly to LAIF.

OCFA & LAIF Portfolio Yields - 5 Year History





***REVIEW OF TRENDS REGARDING THE SIZE OF
THE PORTFOLIO***

Portfolio balances during FY 2018/19 remained about the same as in FY 2017/18.

The size of the OCFA's portfolio fluctuates over the course of a fiscal year due to timing differences between cash receipts and disbursements. Excluding financing proceeds, OCFA's largest cash receipts are from secured property taxes received in December and April and from cash contract payments received quarterly, except for the City of Santa Ana which pays monthly. Cash disbursements occur more evenly with biweekly payroll expenditures representing the largest component. These timing differences cause the General Fund to experience temporary cash shortages from July through mid-December.

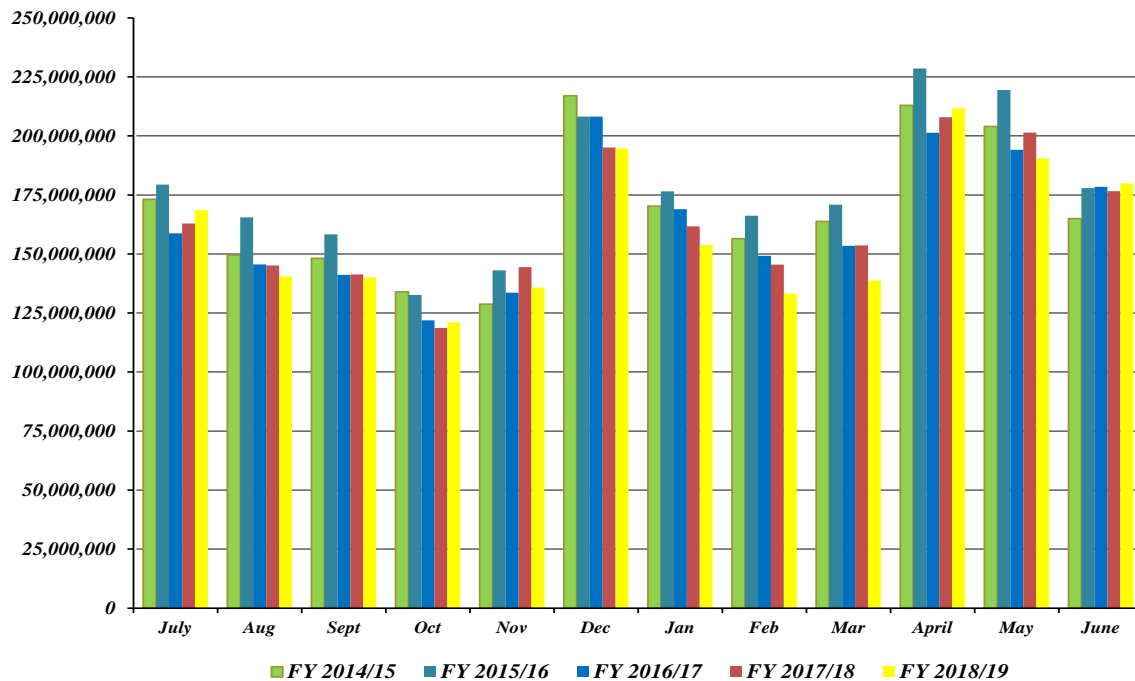
To resolve the temporary cash shortages in the General Fund, OCFA has issued Tax and Revenue Anticipation Notes (TRANs) on an as-needed basis. In FY's 2014/15 and 2015/16, in order to fund its General Fund's expected cashflow timing deficit, OCFA issued \$44.0 million and \$36.3 million TRANs, respectively, which contributed to higher portfolio balances throughout those fiscal years. OCFA's TRANs are typically issued in July and repaid annually in June at the end of the fiscal year; therefore, the ending portfolio balance at June 30th excludes TRANs proceeds. Since FY 2016/17, OCFA has not needed to issue TRANs as it was able to meet its temporary cashflow timing shortages through use of a General Fund cashflow reserve, combined with interfund borrowing; thus, cashflow balances during the fiscal year for those years (without TRANs proceeds) were lower than FY's 2014/15 and 2015/16. In the past, OCFA has also used lease purchase financing to fund certain capital expenditures including helicopters, vehicles, communication equipment, and information systems.



REVIEW OF TRENDS REGARDING THE SIZE OF THE PORTFOLIO

The following chart provides a 5-year history of the size of the OCFA's portfolio. During the last five fiscal years, portfolio balances have been rising gradually due to higher revenues, steady increase in the General Fund cashflow reserve and the Worker's Compensation Fund reserve. In addition, due to the projected seasonal/short-term cashflow needs, the OCFA issued TRANs in FY's 2014/15 and 2015/16, which contributed to the higher portfolio balances during the fiscal year for those years. It should be noted, however, that the balances shown below represent total portfolio balance as opposed to fund balance available. Portfolio balance is always higher than fund balance because the portfolio includes cash and investments that are already committed to various contracts and purchase orders or that are reserved for future obligations.

Size of the Portfolio - 5 Year Historical Trend





INVESTMENT RISK IN THE PORTFOLIO

Although all investments contain an element of risk, OCFA's Investment Policy, procedures, and investment strategies are designed to limit exposure to risk. The different types of risk are discussed below, as they pertain to the portfolio.

Credit (Default) Risk

Credit risk is defined as the risk to an investor that an issuer will default in the payment of interest and/or principal on a security. OCFA's investment policies and practices limit credit risk by:

- Limiting investments to the safest types of securities and highest quality issuers.
- Specifically excluding investments in equities, corporate bonds, derivatives, reverse repurchase agreements and financial futures or options.
- Avoiding investment in issuers placed on negative credit watch or with current events that involve negative financial implications.
- Pre-qualifying financial institutions and broker/dealers for competitive bidding of individual investment transactions.
- Diversifying investments so that potential losses on individual securities will be minimized.
- Reviewing monthly reports from the State Treasurer's Office regarding LAIF's performance.
- Requiring collateralization of demand deposits and certificates of deposit. MUFG Union Bank, as OCFA's bank, complies with all collateralization requirements for demand deposits.
- Safekeeping investments by separate agreement with MUFG Union Bank's Trust Department.



INVESTMENT RISK IN THE PORTFOLIO

Market Risk

Market risk is defined as the risk that the value of a security may fall as a result of changes in the financial markets, such as increases in interest rates. In periods of rising interest rates, the market value of a security can fall below the amount of principal invested. If an investor sells the security before maturity, part of the principal will be lost. OCFA reduces market risk by matching investment maturities with cash flow needs to minimize investments that may need to be sold prematurely.

Interest Rate Risk

Interest rate risk is defined as the risk that an investor will under-perform the market, as a result of holding an investment with a lower yield than the current market rate. For example, if an investor holds a one-year certificate of deposit earning 2%, and interest rates rise to 4%, the investor would incur an opportunity cost of 2%. Investors can avoid interest rate risk by keeping maturities fairly short if interest rates are expected to rise.

OCFA's portfolio reflected an average maturity under one year throughout FY 2018/19 due to projected cashflow needs and uncertainties regarding the direction of interest rates in the near future.

Liquidity Risk

Liquidity risk involves the ability to sell an investment before maturity. Some short-term investments are fairly illiquid. For example, a non-negotiable certificate of deposit is an illiquid asset that carries an interest penalty for early redemption. OCFA minimizes liquidity risk by maintaining a significant portion of its portfolio in very liquid instruments, such as LAIF where funds are immediately available, or Treasury and Agency securities, which have active secondary markets.



COMPOSITION OF THE PORTFOLIO

Authorized Investments

Section 10 of OCFA's Investment Policy lists the types of securities allowable for investment. Subject to stipulated restrictions, these include Treasury and Federal Agency securities, collateralized or insured passbook savings accounts and demand deposits, collateralized or insured certificates of deposit, bankers' acceptances, money market funds of short-term treasury securities, repurchase agreements, the Local Agency Investment Fund (LAIF), and commercial paper (rated A1/P1/F1) by the credit rating agencies Moody's Investors Service, Standard & Poor's Ratings Services and Fitch Ratings, respectively.

***OCFA's portfolio only included those investments authorized in
Section 10 of the Policy in FY 2018/19.***

Portfolio Diversification

Section 15.1 of the Policy sets parameters for portfolio diversification. OCFA's portfolio shall not be invested in a single security type or in a single financial institution/pool in excess of 15% of the total investment portfolio, with the exception of the following:

➤ US Treasury Securities	100%
➤ Local Agency Investment Fund	75%
➤ Federal Agency Securities	75%
➤ Bankers' Acceptances	25%
➤ Negotiable CD's	25%



COMPOSITION OF THE PORTFOLIO

Portfolio Diversification

	<i>US Treasury Securities</i>	<i>LAIF</i>	<i>Federal Agencies</i>	<i>Commercial Paper</i>	<i>Money Market Mutual Funds</i>	<i>Total Portfolio</i>
Maximum	100%	75%	75%	15%	15%	100%
FY Average	15.10%	41.58 %	36.37%	0.00%	6.95%	100%
July	36.40%	38.76%	21.52%	0.00%	3.32%	100%
August	34.08%	41.82%	22.04%	0.00%	2.06%	100%
September	24.20%	43.31%	22.07%	0.00%	10.42%	100%
October	13.30%	54.10%	19.97%	0.00%	12.63%	100%
November	18.38%	47.87%	24.27%	0.00%	9.48%	100%
December	4.67%	33.76%	54.43%	0.00%	7.14%	100%
January	0.00%	42.24%	51.20%	0.00%	6.56%	100%
February	0.00%	48.87%	45.77%	0.00%	5.36%	100%
March	13.68%	46.97%	31.03%	0.00%	8.32%	100%
April	13.26%	30.89%	51.54%	0.00%	4.31%	100%
May	9.96%	34.19%	47.66%	0.00%	8.19%	100%
June	13.27%	36.19%	44.97%	0.00%	5.57%	100%



COMPOSITION OF THE PORTFOLIO

Maturity Diversification

In order to ensure sufficient liquidity and reduce market risk, Section 15.3 of the Policy requires that “at least 50% of the portfolio is limited to a period of one year or less,” and “unless matched to a specific requirement and approved by the Executive Committee and the Board of Directors, no portion of the portfolio may exceed five years.”

OCFA’s portfolio complied with maturity diversification requirements as stated in Section 15.3 of the Policy throughout FY 2018/19.

Market Value

Section 18.1.7 of OCFA’s Investment Policy requires monthly reporting of the current market value of the securities in the portfolio. The Treasurer reports current market values of the portfolio in both the Portfolio Summary and the Portfolio Detail sections of the Monthly Investment Report. Market values are provided monthly by MUFG Union Bank and quarterly by the State Treasurer’s Office for the LAIF investment.



GASB 31 IMPACTS

What is GASB 31?

The Governmental Accounting Standards Board's Statement 31, titled "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," establishes rules for reporting investment valuation. The Statement generally requires governmental entities to report investments at fair value in the financial statements and to reflect the related unrealized gains and losses as a component of investment income. Different rules apply to an *internal investment pool* (consisting *only* of the governmental entity's own funds) versus an *external investment pool* (consisting of combined funds from other legally separate entities, such as a state or county investment pool).

How Does GASB 31 Impact OCFA's Portfolio?

At June 30, 2019, all of the Authority's investments were reported at fair value in compliance with GASB 31 guidelines. The fair value reporting of OCFA's investments resulted in a net increase of \$141,815 to book value. **This fair value adjustment is for financial statement reporting only.**

Under GASB 31 guidelines, investment income is similarly increased/decreased for financial statement purposes. Investment income is impacted by the change in fair value of the investments from the beginning to the end of the reporting period. OCFA previously recognized and reported a decrease/(loss) to investment valuation at June 2018 of (\$368,494); therefore, a net gain/increase of \$510,309 was recognized and recorded to investment earnings as of June 30, 2019 to reflect the net gain change of \$141,815 in fair value of the investments at the end of the fiscal year.

<i>GASB 31 Adjustment to Books – Beginning of year/(loss)</i>	<i>\$ (368,494.00)</i>
<i>Net Change/Increase to Investment Earnings</i>	<i>\$ 510,309.00</i>
<i>GASB 31 Adjustment to Books – End of year/gain</i>	<i>\$ 141,815.00</i>



INVESTMENT INCOME

Portfolio investment income in FY 2018/19 amounted to \$3,481,595 (pre-GASB 31 adjustment) compared to \$2,165,262 in FY 2017/18. The increase in investment income was primarily due to higher investment yield compared to FY 2017/18. The effective yield for the portfolio was 2.14% in FY 2018/19 compared to 1.30% in FY 2017/18. This increase in the overall effective yield from the prior year was consistent with the overall bond market performance.

ANTICIPATED INVESTMENT ACTIVITY IN THE NEXT FISCAL YEAR

Cash forecasts for FY 2019/20 are based primarily on the FY 2019/20 Adopted Budget. OCFA's Adopted Budget reflects revenues which are in balance with expenditures for the year, and the Budget will enable OCFA to sustain its reserves at the Board-mandated policy level. It is anticipated that the CIP Reserves will continue to be spent down this year on planned projects. However, due to positive overall cashflow projections for FY 2019/20, OCFA did not need to issue TRAns for the FY 2019/20. As a result, the portfolio's balance is expected to decrease during the first half of the FY 2019/20 and fluctuate throughout the fiscal year when property taxes are received, but would level off at the end of the fiscal year.

In addition, based on the Fed's latest assessment of the economy and its lowering the federal funds rate by a quarter percentage point at its recent meeting in July 2019, market expectations are that the Fed will likely cut rates further in the near future. Thus, interest rates are expected to continue to decline gradually during FY 2019/20, which may result in a decrease in investment income over the prior year.



TREASURER'S CERTIFICATION

"As Treasurer of the Orange County Fire Authority, I certify that I have complied with the annual Investment Policies adopted by the Board of Directors and effective January 1, 2018 and January 1, 2019."


Patricia Jakublak
Treasurer

8/23/19
Date

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



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
September 11, 2019

Agenda Item No. 4B
Discussion Calendar

Appointment of Auditor for the Orange County Fire Authority

Contact(s) for Further Information

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Business Services Department

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714.573.6012

Summary

This agenda item is submitted to request the appointment of OCFA's Finance Manager, Julie Nemes, as Auditor for the Orange County Fire Authority (OCFA).

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 September 26, 2019, with the Budget and Finance Committee's recommendation that the Board of Directors adopt the submitted resolution appointing OCFA's Finance Manager, Julie Nemes, as Auditor for the Orange County Fire Authority.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

The California Government Code Section 6505.6 and the OCFA's Joint Powers Agreement require appointment of an Auditor. Jim Ruane, OCFA's former Finance Manager and appointed auditor, promoted to the position of Assistant Chief of Logistics in November of 2018. Chief Ruane continued to fulfill the role of auditor during a transition period as the OCFA recruited for a new Finance Manager.

In 2019, staff conducted a recruitment to fill the Finance Manager position and selected the top ranked candidate, Julie Nemes. Ms. Nemes began her employment with the OCFA on August 2, 2019. Ms. Nemes comes to the OCFA with over 18 years of accounting and municipal finance experience. Her government related experience includes working for the County of Santa Barbara, the Santa Barbara Unified School District and the City of Santa Barbara. While at the City of Santa Barbara, Ms. Nemes served as the Accounting Manager and promoted to Treasury Manager and Finance Manager where she oversaw the development of the Comprehensive Annual Financial Report, payroll/timekeeping processes, implementation of an integrated financial system, and

development of financial policies and procedures. During her tenure at the City of Santa Barbara, Ms. Nemes also acted as the Finance Section Chief in the Emergency Operations Centers during several disasters (fires and landslides). Her employment history also includes working for two public accounting firms.

Ms. Nemes holds both a Bachelor's in Accounting and Master's in Accounting from the University of Southern California. She has also been a member of the California Society of Municipal Finance Officers Association (CSMFO), Government Finance Officers Association (GFOA), and the Municipal Management Association of Southern California (MMASC), and stays current with financial and accounting issues impacting governmental agencies.

Finally, if appointed Auditor, Ms. Nemes will continue to engage an outside certified public accountant or public accountant to perform the annual independent audit as required by California Government Code section 6505.6.

Staff recommends the appointment of Ms. Julie Nemes as Auditor for the Orange County Fire Authority.

Attachment(s)

Proposed Resolution

RESOLUTION NO. 2019-XX

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY FIRE AUTHORITY, ORANGE COUNTY, CALIFORNIA, APPOINTING AN AUDITOR FOR THE ORANGE COUNTY FIRE AUTHORITY

WHEREAS, The Orange County Fire Authority was established on March 1, 1995, as a joint powers authority to provide Fire and Emergency Medical Services to the member Cities and unincorporated areas of the County of Orange; and

WHEREAS, State law and the Joint Powers Agreement that governs the Fire Authority require the OCFA to designate or appoint an auditor.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Board of Directors of the Orange County Fire Authority does hereby appoint OCFA's Finance Manager, Julie Nemes, as Auditor;
2. This appointment is effective September 26, 2019.

PASSED, APPROVED, and ADOPTED this 26th day of September 2019.

JOSEPH MULLER, CHAIR
Board of Directors

ATTEST:

SHERRY A.F. WENTZ, CMC
Clerk of the Authority



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
September 11, 2019

Agenda Item No. 4C
Discussion Calendar

**Acceptance of 2019 Department of Homeland Security/Federal
Emergency Management Agency's Urban Search & Rescue
Preparedness Cooperative Agreement Funding**

Contact(s) for Further Information

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Steve Dohman, Battalion Chief
US&R Program Manager

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949.396.8106

Summary

This annual item is submitted for approval and acceptance of the 2019 Preparedness Cooperative Agreement funding from the Department of Homeland Security/Federal Emergency Management Agency's (DHS/FEMA) National Urban Search and Rescue (US&R) Program.

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 September 26, 2019, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Approve and adopt the proposed Resolution to accept the Department of Homeland Security/Federal Emergency Management Agency's Grant Readiness Cooperative Agreement funding.
2. Approve a budget adjustment to the FY 2019/20 General Fund (121) budget increasing revenues and expenditures by \$1,230,104.

Impact to Cities/County

Not Applicable.

Fiscal Impact

The FY 2019/20 General Fund revenues and expenditures will be increased by \$1,230,104.

Background

California Task Force Five (CA-TF5), located in Orange County and sponsored by the Orange County Fire Authority, is one of 28 National US&R Task Forces. CA-TF5 has used past Cooperative Agreement funds and activation reimbursements to equip and train the task force members for various missions including but not limited to: rescuing victims in collapsed structures, responding to natural disasters, and responses to attacks from weapons of mass destruction/terrorist attacks.

Currently, CA-TF5 maintains a response capability that includes apparatus and equipment supply inventory worth approximately \$8 million. There is also a personnel cadre of over 220 members, composed of a civilian element of structural engineers, disaster search canines, physicians, as well as firefighters from the participating agencies of Anaheim, Orange, and the OCFA.

DHS/FEMA has authorized an initial funding of \$1,185,104 to each US&R Task Force for the administration of an approved National Urban Search and Rescue Response System. In addition to the initial funding that has been awarded to each US&R Task Force, a \$45,000 allocation has been awarded to CA-TF5 for the Task Force members that participate and support the national program in leadership positions. Total grant funding for CA-TF5 is as follows:

Grant Funding Component	Component Amount	Total Grant Funding
<i>Base funding provided to each US&R Task Force:</i>		
• Administration	412,845	
• Training (including travel expenses)	205,000	
• Equipment/Cache (acquisition, modifications)	158,850	
• Storage and Maintenance	408,409	
<i>Subtotal</i>		\$1,185,104
<i>Additional funding components provided to CA-TF5 only:</i>		
• Administration – National IST Representative	15,000	
• Administration – National Incident Support Team Leader	6,000	
• Administration – National Logistics Functional Group Leader	12,000	
• Administration – Western Region Sponsoring Agency Chief	8,000	
• Administration – National Incident Support Team Advisory Ops Rep	4,000	
<i>Subtotal</i>		\$45,000
Total Grant Funding Awarded to CA-TF5		\$1,230,104

Through the leadership of OCFA's Board, the OCFA was able to enhance relationships with Congressional representatives. This effort not only helped to broaden appreciation for OCFA's US&R program, it facilitated additional funding in HR 1471. The legislation passed through Congress, identified the need for \$50M nationally for the country's 28 US&R teams.

The Cooperative Agreement funding continues the development and maintenance of the National US&R Response System resources to be prepared to provide qualified, competent US&R personnel in support of all US&R activities/incidents under the Federal Response Plan. This Cooperative Agreement funding is available for use beginning September 30, 2019, through September 29, 2022.

Attachment(s)

Proposed Resolution

RESOLUTION NO. 2019-XX

**A RESOLUTION OF THE ORANGE COUNTY FIRE AUTHORITY
ACCEPTING THE FEDERAL EMERGENCY MANAGEMENT AGENCY
(FEMA) NATIONAL URBAN SEARCH AND RESCUE (US&R)
PROGRAM COOPERATIVE AGREEMENT TO PURCHASE US&R
EQUIPMENT AND SUPPLIES, MAINTENANCE AND REPAIR OF
US&R EQUIPMENT, TRAINING, AND PROGRAM ADMINISTRATION**

WHEREAS, the Orange County Fire Authority is one of only 28 agencies in the country selected to participate in the FEMA's National US&R Response System; and

WHEREAS, OCFA entered into a tri-party agreement with FEMA and the California Governor's Office of Emergency Services, who provides oversight and additional support for the program; and

WHEREAS, currently Orange County US&R California Task Force 5 maintains a response capability including apparatus and equipment supply inventory worth approximately \$8 million; and

WHEREAS, Orange County US&R California Task Force 5 maintains a personnel cadre of over 220 members that includes a civilian element of structural engineers, disaster search canines, physicians, as well as firefighters from the participating agencies of Anaheim, Orange and the OCFA; and

WHEREAS, FEMA has authorized a funding award of \$1,230,104 which is available for use beginning September 30, 2019, through September 29, 2022, for preparedness issues related to the Urban Search and Rescue Program.

NOW, THEREFORE, the Board of Directors of the Orange County Fire Authority does hereby resolve to accept the FEMA US&R Cooperative Agreement to be utilized for such things as procurement of US&R equipment and supplies, maintenance and repair of US&R equipment, training and program administration. Additionally, these funds can be used for associated travel expenses for task force personnel to attend US&R related training courses, exercises, meetings, and for the management and administration of US&R activities. This includes expenses relating to task force maintenance, development, record-keeping, and correspondence.

PASSED, APPROVED, AND ADOPTED this 26th day of September 2019.

JOSEPH MULLER, CHAIR
Board of Directors

ATTEST:

SHERRY A. F. WENTZ, CMC
Clerk of the Authority