



ORANGE COUNTY FIRE AUTHORITY AGENDA

Budget and Finance Committee Meeting

Wednesday, March 10, 2021

12:00 Noon

Regional Fire Operations and Training Center

Board Room

1 Fire Authority Road
Irvine, California 92602

Joe Muller, Chair

Tri Ta, Vice Chair

Ed Sachs • Shelley Hasselbrink • Gene Hernandez
Mark Tettemer • John O'Neill • Anthony Kuo • Troy Bourne
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 the Clerk of the Authority at (714) 573-6040 Monday through Thursday, and every other Friday from 8 a.m. to 5 p.m. and available online at <http://www.ocfa.org>.



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 and identify the need and the requested modification or accommodation. Please notify us as soon as is feasible, however 48 hours prior to the meeting is appreciated to enable the Authority to make reasonable arrangements to assure accessibility to the meeting.

NOTICE REGARDING PUBLIC PARTICIPATION DURING COVID-19 EMERGENCY

During the Statewide COVID-19 Emergency, the public is not permitted to convene in person for this public meeting. However, the public may still view and comment on the meeting as follows:

- To watch the meeting online, please go to website at www.OCFA.org.
- To submit an e-comment, please email to PublicComments@ocfa.org.

You may comment on items on the agenda or not on the agenda. Your comments will be forwarded electronically and immediately to the members of the Committee. Comments related to a particular agenda item will only be considered prior to the close of public comments on that item.

CALL TO ORDER – Chair Muller

PLEDGE OF ALLEGIANCE by Director O'Neill

ROLL CALL – Clerk of the Authority

PUBLIC COMMENTS

Please refer to instructions on how to submit a public comment during COVID-19 Emergency on Page 1 of this Agenda.

1. PRESENTATIONS

No items.

2. CONSENT CALENDAR

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

A. Minutes for the February 10, 2021, Regular Budget and Finance Committee Meeting

Submitted by: Maria Huizar, Clerk of the Authority

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

Recommended Action:

Approve as submitted.

B. FY 2020/21 Mid-Year Budget Adjustment

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

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 25, 2021, with the Budget and Finance Committee's recommendation that the Board of Directors authorize the proposed mid-year budget adjustments and transfers as detailed in this report and attachments.

3. DISCUSSION 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 March 25, 2021, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

REPORTS

No Items.

COMMITTEE MEMBER COMMENTS

ADJOURNMENT – The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, April 14, 2021, at 12:00 noon.

AFFIDAVIT OF POSTING

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

Maria D. Huizar, CMC
Clerk of the Authority

UPCOMING MEETINGS:

Executive Committee

Board of Directors

Budget and Finance Committee

Thursday, March 25, 2021, 5:30 p.m.

Thursday, March 25, 2021, 6:00 p.m.

Wednesday, April 14, 2021, 12 noon

MINUTES ORANGE COUNTY FIRE AUTHORITY

**Budget and Finance Committee Meeting
Wednesday, February 10, 2021
12:00 Noon**

**Regional Fire Operations and Training Center
Board Room
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 February 10, 2021, at 12:02 p.m. by Chair Hernandez.

PLEDGE OF ALLEGIANCE

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

ROLL CALL

Present: Gene Hernandez, Yorba Linda, Chair*
Shelley Hasselbrink, Los Alamitos*
Joseph Muller, Dana Point*
Tri Ta, Westminster*

Absent: Vince Rossini, Villa Park
Ed Sachs, Mission Viejo

Also present were:

Fire Chief Brian Fennessy
Deputy Chief Kenny Dossey
Assistant Chief Randy Black
Assistant Chief Phil Johnson
General Counsel David Kendig
Ex-Officio Member Jennifer Cervantez

Deputy Chief Lori Zeller
Assistant Chief Robert Cortez
Assistant Chief Stephanie Holloman
Assistant Chief Lori Smith
Clerk of the Authority Maria Huizar

PUBLIC COMMENTS

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

1. PRESENTATIONS

No Items.

2. CONSENT CALENDAR

On motion of Director Ta and second by Director Hasselbrink, and following a roll call vote, declared passed 4-0 (Directors Rossini and Sachs were absent) 2A-2B.

A. Minutes for the January 13, 2021, Regular Budget and Finance Committee Meeting (FILE 12.02B2)

Action: Approve as submitted.

B. Second Quarter Financial Newsletter (FILE 15.07)

Action: Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of February 25, 2021, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

3. DISCUSSION CALENDAR

A. Monthly Investment Reports (FILE 11.10D2)

Treasurer Tricia Jakubiak presented the Monthly Investment Reports.

On motion of Director Ta and second by Director Muller, and following a roll call vote, declared passed 4-0 (Directors Rossini and Sachs were absent) to review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of February 25, 2021, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

B. Audited Financial Reports for the Fiscal Year Ended June 30, 2020 (FILE 15.02B)

Assistant Chief Robert Cortez presented the Audited Financial Reports for the Fiscal Year Ended June 30, 2020.

On motion of Director Ta and second by Director Hernandez, and following a roll call vote, declared passed 4-0 (Director Rossini was absent) to review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of February 25, 2021, with the Budget and Finance Committee's recommendation that the Board of Directors receive and approve the report.

C. Emergency Medical Services Optimization Study (FILE 17.16)

Fire Chief Fennessy introduced Assistant Chief Black who presented the Emergency Medical Services Optimization Study.

On motion of Director Ta and second by Director Hernandez, and following a roll call vote, declared passed 4-0 (Directors Rossini and Sachs were absent) to review the proposed agenda item and direct staff to place the item on the agenda for the Board of Director's meeting of February 25, 2021, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Approve a budget adjustment increasing expenditures in the FY 2020/21 General Fund (121) by \$88,435 for EMS optimization study services.
2. Approve and authorize the Purchasing Manager to execute the proposed Professional Services Agreement with AP Triton Consulting, LLC for EMS optimization study services in an amount not to exceed \$88,435.

D. Election of Chair and Vice Chair (FILE 12.02B1)

Chair Hernandez opened the Nominations for Chair of the Budget and Finance Committee.

Director Ta nominated Director Hernandez for Chair.

Director Hasselbrink nominated Director Muller for Chair, with a second by Director Hernandez.

Director Hernandez removed himself from the nominations of Chair.

On motion by Director Hasselbrink and second by Director Hernandez, and following a roll call vote to elect Director Muller as Chair of the Budget and Finance Committee, declared passed 4-0 (Directors Rossini and Sachs were absent).

Director Hernandez asked for continuity to preside over the meeting to its completion with the consent of Chair Muller.

Director Hernandez opened the Nominations for Vice Chair of the Budget and Finance Committee.

Director Hernandez nominated Director Ta, with a second by Chair Muller. There were no additional nominations.

On motion by Director Hernandez and second by Chair Muller Hernandez, and following a roll call vote to elect Director Ta as Vice Chair of the Budget and Finance Committee, declared passed 4-0 (Directors Rossini and Sachs were absent).

REPORTS

No Items.

COMMITTEE MEMBER COMMENTS

The Committee Members offered no comments.

ADJOURNMENT – Director Hernandez adjourned the meeting at 12:31 p.m. The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, March 10, 2021, at 12:00 noon.

Maria D. Huizar, CMC
Clerk of the Authority



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
March 10, 2021

Agenda Item No. 2B
Consent Calendar

FY 2020/21 Mid-Year Budget Adjustment

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
Stuart Lam, Budget Manager	stuartlam@ocfa.org	714.573.6302

Summary

This item is submitted to request approval to adjust revenues, expenditures and transfers to reflect changes identified after adoption of the FY 2020/21 budget.

Prior Board/Committee Action

A comprehensive mid-year financial review was presented to the Budget and Finance Committee and the Board of Directors in January, highlighting proposed mid-year changes that are needed to the FY 2020/21 budget based on events that have occurred since the budget was adopted last May. The Board directed staff to return in March with the technical budget adjustments required to implement the proposed changes.

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 March 25, 2021, with the Budget and Finance Committee's recommendation that the Board of Directors authorize the proposed mid-year budget adjustments and transfers as detailed in this report and attachments.

Impact to Cities/County

The proposed mid-year adjustments to the FY 2020/21 budget will have no impact to cash contract city charges in the current FY. Future increases for cash contract cities are currently estimated at 4.5% for FY 2021/22 and 1.7% for FY 2022/23 based on the Five-Year Financial Forecast.

Fiscal Impact

Financial impact is detailed in the report.

Background

This report is submitted to request approval of the technical budget adjustments following the January mid-year financial review. The following is a summary of the significant changes being requested (See Attachment 1 for the total proposed adjustment for each Fund).

The following are estimated changes to the budget that are needed since the adoption of the FY 2020/21 budget in May 2020. Overall, the proposed changes in the General Fund result in an estimated total revenue increase of approximately \$19.8 million and an estimated total expenditure increase of \$29.7 million. Approximately \$23.5 million of the expenditure increases are related to emergency incidents that are offset by corresponding revenue increases or are items that are cost neutral through use of dedicated fund balance.

FY 2020/21 Revenue Adjustments - \$19.8 million

Property Taxes: Based on secured tax billings provided by the Auditor/Controller, preliminary projections indicate an approximate \$2.3 million increase over budget. **\$2,319,540**

Assistance by Hire (ABH)/Emergency Incident: ABH is the term used when OCFA responds to requests for assistance to incidents outside our area of responsibility, on a reimbursement basis. Current year activity is \$20.0 million greater than budget due to various in-county and out-of-county responses, upstaffing for surge capacity, and responding to the COVID-19 pandemic. Staff will be monitoring this source of revenue for additional reimbursements. An expenditure adjustment is also proposed to the overtime/backfill category to cover the costs associated with providing the ABH services. **\$19,988,597**

Grant/Other Reimbursements: This category represents reimbursements for Grants or other programs where expenditures are reimbursed once incurred. This adjustment is for supplemental funding for the 2019 US&R Grant and funding for the UASI Tactical Medicine Training Grant. **\$26,464**

Charges for Services: This category of revenue adjustments includes planning & development fees, inspection fees, and false alarm fees. The decrease of \$2.4 million in charges is due to lower revenue tied to non-mandatory inspections and decreased development activity related to restaurants and entertainment venues. **(\$2,405,423)**

Miscellaneous: This category of revenue adjustments includes the following: updates to RDA pass-through revenue, cash contract city maintenance charges, donations, miscellaneous revenue, insurance settlements, mutual aid response charges, and interest earnings. **(\$102,639)**

FY 2020/21 Expenditure Adjustments - \$29.7 million

Assistance by Hire/Emergency Incident Costs: As mentioned under Revenue for ABH, an adjustment is needed for out-of-county responses, primarily in the overtime/backfill category, but also for response-related supplies. This category also comprises the expenditures for upstaffing for surge capacity, the helitanker program, incident management team, and COVID-19 expenditures. Staff will be monitoring these categories closely as the fiscal year progresses. **\$20,133,742⁽¹⁾**

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

MOU Impacts: This expenditure category represents the impact of the Orange County Professional Firefighters Association MOU approved by the Board on 8/27/20 and the Chief Officers Association MOU approved by the Board on 9/24/20.	\$4,289,153
Personnel Expenditures: The majority of this adjustment (\$128,151) is to reclassify the cost for a limited term Construction Manager from the CIP to the General Fund. This cost was already approved in the FY 2020/21 budget; therefore, this is only an accounting change to better classify the expenditure. The remaining portion of this adjustment covers staffing changes due to position reclassifications, which were pre-approved by the Human Resources Committee and the Executive Committee.	\$164,153
Supplies/Equipment/Professional Services: This category includes one-time adjustments for services and supplies which were unknown or for which costs have increased since budget development. The adjustments include paramedic tuition and EMS equipment/supplies (\$459K); increased insurance premiums (\$422K); personal protective equipment (\$215K); and vehicle outfitting (\$126K).	\$1,310,388
Grant/Other Reimbursable Programs: These expenditure items include supplemental funding for the 2019 US&R Grant, FIRIS program expenditures, Fire Ground Survival Training program, and UASI Tactical Medicine Training Grant expenditures, most of which are offset by corresponding revenue adjustments.	\$148,204⁽¹⁾
Pension Paydown: Included in this adjustment is a \$3 million paydown of OCFA's unfunded pension liability from unencumbered fund balance remaining at the end of FY 2019/20 and a \$500K paydown required by the Irvine Settlement Agreement.	\$3,500,000⁽¹⁾
Interfund Borrowing: At the time of budget development, staff was in the process of analyzing if OCFA's cash flow needs could be met with interfund borrowing. When the budget was adopted in May, the Board approved interfund borrowing as our cash flow management mechanism in FY 2020/21. The money is borrowed from the CIP and Work Comp Self-Insurance funds and repaid with interest which is reflected as a cost to the General Fund.	\$165,000

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

FY 2020/21 CIP and Other Fund Adjustments

- **Fund 12110 – General Fund CIP:** A decrease in expenditures in the amount of \$98,222 is needed to move the budgeted funds from the CIP to the General Fund for the Limited Term Construction Manager position who will oversee the bathroom modification projects (\$98,222). This is purely an accounting change from one Fund to another with no impact on overall expenses. (Note that the remaining portion of this accounting change is included in Fund 123 below.)
- **Fund 123 – Fire Stations and Facilities:** A decrease in expenditures of \$2,397,098 is needed for the following: budget reduction for delayed RFOTC Training Grounds Expansion and Upgrade Project (\$2,100,000), budget reduction for the completed Phase II US&R Warehouse Training Center Improvements Project (\$267,169) and budget transfer from Fund 123 to the General Fund to move the budgeted funds for the Limited Term Construction Manager position who will oversee the bathroom modification projects (\$29,929).

- **Fund 133 – Fire Apparatus:** An increase in expenditures of \$75,000 is needed for the purchase of a heavy rescue vehicle.
- **Fund 139 – Settlement Agreement:** An increase in expenditures in the amount of \$15,000 is needed to accommodate Trustee and PARS fees for administering the 115 Trust.
- **Interest Earnings:** Interest earning revenues for each of the CIP and Other Funds have been decreased due to a lower than anticipated interest rate environment. The combined interest earnings decrease is \$408,717.

FY 2020/21 Fund Balance Transfer Adjustments

- **Unencumbered Fund Balance:** The FY 2019/20 year-end audit identified unencumbered fund balance in the amount of \$13,534,587. This fund balance increase resulted primarily from additional revenue received in the fiscal year, as well as salary savings and S&S savings in the General Fund. As directed by the Board at the January 28, 2021 meeting, allocate the unencumbered fund balance as follows:
 - \$6.6 million is required to remain in the General Fund for the contingency reserve funded at 10% of expenditures, pursuant to the OCFA's Financial Stability Budget Policy.
 - Budget \$3,000,000 in Fund 121 for the Accelerated Pension Payment Plan, pursuant to the OCFA's Snowball Plan which assumes that an average of \$3 million per year will be allocated from year-end fund balance.
 - Transfer the remaining \$3,949,257 from Fund 121 to Fund 190 for the Workers' Compensation Program.
- **Irvine Settlement Agreement:** A fund balance transfer from Fund 139 to Fund 121 is needed to make a \$500,000 accelerated pension payment to OCERS as required in the Irvine Settlement Agreement.

The attached Combined Budget Summary (Attachment 2) represents the total adjusted budget for the OCFA and details the revenue and expenditure budgets in each fund assuming these proposed adjustments are approved.

Attachment(s)

1. FY 2020/21 Mid-Year Budget Adjustments
2. Combined Budget Summary

FY 2020/21 Mid-Year Budget Adjustments

The following adjustments to the FY 2020/21 budget are requested:

General Fund (Fund 121)

Revenues: \$19,826,539 increase
Expenditures: \$29,710,640 increase
Operating Transfer Out to Fund 190: \$3,949,257
Operating Transfer In from Fund 139: \$500,000

General Fund CIP (Fund 12110)

Expenditures: \$98,222 decrease

Fire Stations and Facilities Fund (Fund 123)

Revenues: \$19,599 decrease
Expenditures: \$2,397,098 decrease

Communications and Information Systems Fund (Fund 124)

Revenues: \$3,742 decrease

Fire Apparatus Fund (Fund 133)

Revenues: \$38,299 decrease
Expenditures: \$75,000 increase

Irvine Settlement Agreement Fund (Fund 139)

Revenues: \$85,322 decrease
Expenditures: \$15,000 increase
Operating Transfer Out to Fund 121: \$500,000

Structural Fire Fund Entitlement Fund (Fund 171)

Revenues: \$2,037 increase

Self-Insurance Fund (Fund 190)

Revenues: \$263,792 decrease
Operating Transfer In from Fund 121: \$3,949,257

**ORANGE COUNTY FIRE AUTHORITY
COMBINED BUDGET SUMMARY
FY 2020/21**

Attachment 2

	121	12110	<u>CIP Funds</u>			<u>Other Funds</u>			
	General Fund	General Fund CIP (1)	123 Fire Stations & Facilities	124 Communications & Info. Systems	133 Fire Apparatus	139 Settlement Agreement	171 SFF Entitlement	190 Self Insurance	Total
FUNDING SOURCES									
<i>Property Taxes</i>	287,967,482	-	-	-	-	-	-	-	287,967,482
<i>Intergovernmental</i>									
State Reimbursements	40,843,826	-	-	-	-	-	-	-	40,843,826
Federal Reimbursements	4,718,522	-	-	-	-	-	-	-	4,718,522
Community Redevelopment Pass-thru	16,675,511	-	-	-	-	-	-	-	16,675,511
<i>Charges for Current Services</i>									
Cash Contract Cities	127,229,659	-	-	-	1,632,441	-	-	-	128,862,100
HMS Revenue	-	-	-	-	-	-	-	-	-
Fees - Community Risk Reduction	3,655,900	-	-	-	-	-	-	-	3,655,900
Other Charges for Services	108,285	-	-	-	-	-	-	-	108,285
ALS Reimbursements, Supplies	4,547,600	-	-	-	-	-	-	-	4,547,600
Charges for Workers' Comp	-	-	-	-	-	-	-	20,093,346	20,093,346
<i>Use of Money and Property</i>									
Interest	128,571	-	40,613	13,362	40,238	63,448	3,194	319,962	609,388
<i>Other</i>									
Developer contributions	-	-	540,000	-	-	-	-	-	540,000
Miscellaneous	3,668,992	-	-	-	-	-	-	-	3,668,992
<i>Other Funding Sources</i>									
Total Revenues & Other Financing Sources	489,544,348	-	580,613	13,362	1,672,679	63,448	3,194	20,413,308	512,290,952
Operating Transfer In	500,000	9,000,000	-	-	11,059,336	2,668,000	-	3,949,257	27,176,593
Beginning Fund Balance	57,929,276	5,148,222	17,015,222	6,125,835	4,149,456	23,532,076	1,288,272	98,998,999	214,187,358
TOTAL AVAILABLE RESOURCES	\$547,973,624	\$14,148,222	\$17,595,835	\$6,139,197	\$16,881,471	\$26,263,524	\$1,291,466	\$123,361,564	\$753,654,903
EXPENDITURES									
Salaries & Emp Benefits	\$424,752,634	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$424,752,634
Services & Supplies	52,609,268	8,859,114	-	2,312,545	-	2,183,000	1,286,258	20,057,235	87,307,420
Capital Outlay/Equipment	2,492,968	3,357,007	11,224,673	2,609,548	15,671,698	-	-	-	35,355,894
Total Expenditures	\$479,854,870	\$12,216,121	\$11,224,673	\$4,922,093	\$15,671,698	\$2,183,000	\$1,286,258	\$20,057,235	\$547,415,948
Appropriation for Contingencies	3,000,000		-	-	-	-	-	-	3,000,000
Operating Transfer Out	26,676,593	-	-	-	-	500,000	-	-	27,176,593
Ending Fund Balance	\$38,442,161	\$1,932,101	6,371,162	1,217,104	1,209,773	23,580,524	5,208	\$103,304,329	176,062,362
TOTAL FUND COMMITMENTS & FUND BALANCE	\$547,973,624	\$14,148,222	\$17,595,835	\$6,139,197	\$16,881,471	\$26,263,524	\$1,291,466	\$123,361,564	\$753,654,903

(1) Project related budgets segregated for operational budget clarity purposes. As a sub-fund of the General Fund, revenues and expenditures are accounted for as the General Fund in the CAFR, however for cash-flow purposes the expenditures are tracked outside of the General Fund. Therefore 12110 requires cash-flow transfers in the same manner as the other CIP Funds.

Attachment 2



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
March 10, 2021

Agenda Item No. 3A
Discussion Calendar

Monthly Investment Reports

Contact(s) for Further Information

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Summary

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

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of March 25, 2021, 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 January 31, 2021. A preliminary investment report as of February 19, 2021, is also provided as the most complete report that was available at the time this agenda item was prepared.

Attachment(s)

Final Investment Report – January 2021/Preliminary Report – February 2021

Orange County Fire Authority Monthly Investment Report



Final Report – January 2021

Preliminary Report – February 2021



Monthly Investment Report Table of Contents

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Orange County Fire Authority

Final Investment Report

January 31, 2021



EXECUTIVE SUMMARY

Portfolio Activity & Earnings

During the month of January 2021, the size of the portfolio decreased significantly by \$52.5 million to \$154.6 million. Significant receipts for the month included monthly cash contract payments, secured and supplemental apportionments of property taxes, intergovernmental agency and grant payments and other charges for current services totaling \$21.4 million. Significant disbursements for the month included primarily two biweekly payrolls which totaled approximately \$29.5 million with related benefits. Total January cash outflows amounted to approximately \$73.4 million. Included in that amount was a \$39.4 million pre-payment of employer retirement costs to OCERs for the 2021/22 fiscal year. The portfolio's balance is expected to decrease in February, which is historically a low dollar amount receipt month.

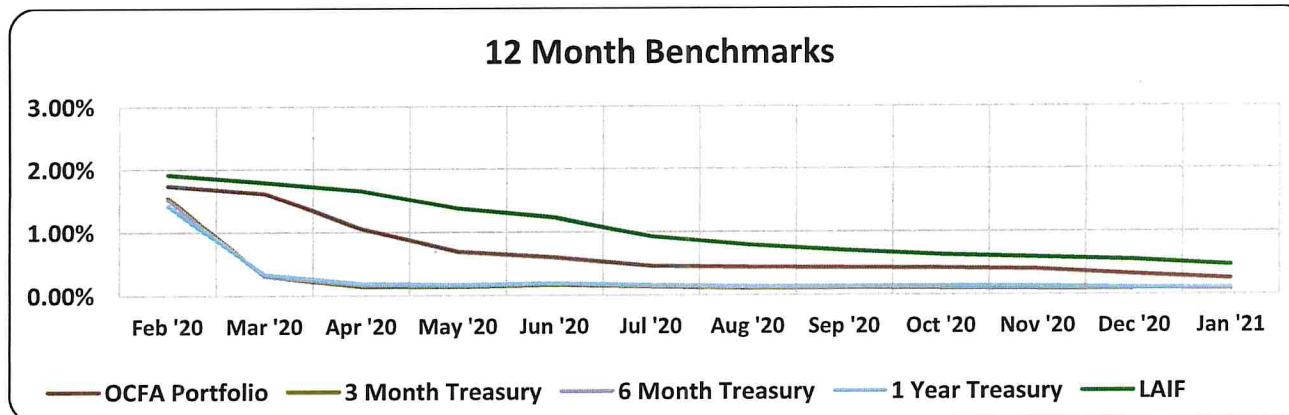
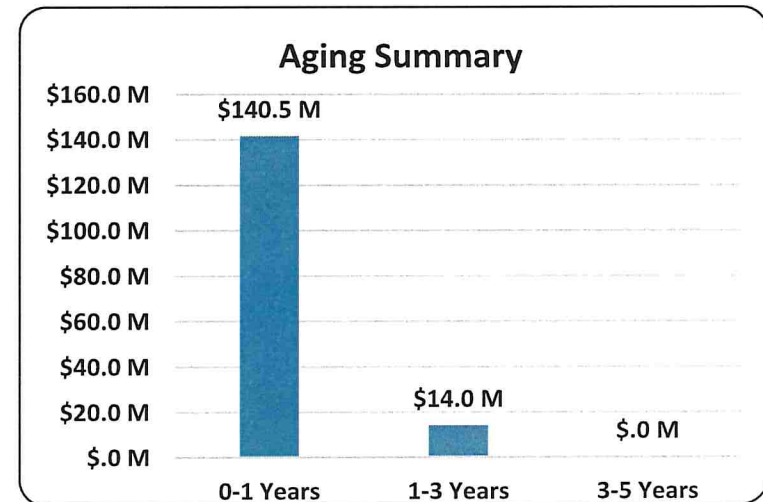
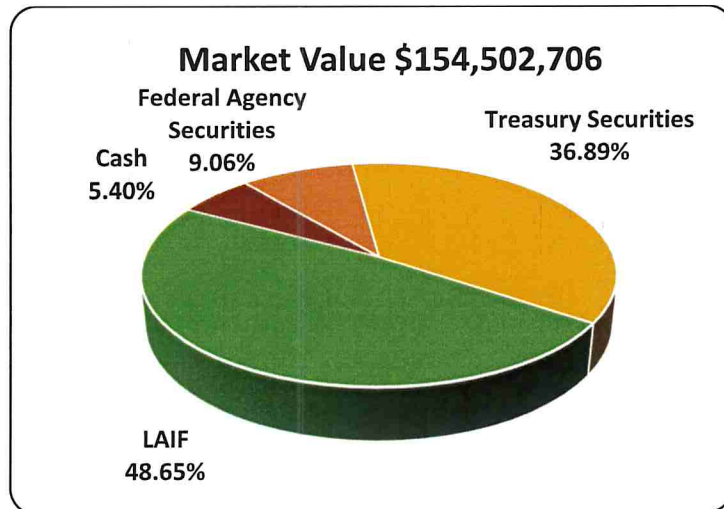
In January, the portfolio's yield to maturity (365-day equivalent) increased by 2 basis points to 0.28%. The effective rate of return decreased by 11 basis points to 0.24% for the month, and the average maturity of the portfolio decreased by 1 day to 26 days to maturity.

Economic News

In January 2021, the U.S. unemployment rate dropped slightly to 6.3% from December's 6.7%. Job growth returned in January with the addition of 49,000 jobs, however, the unemployment rate fell mostly due to the estimated number of Americans (406,000) who dropped out of the labor force. The leisure and hospitality sector continued to absorb the largest impact as the sector lost another 61,000 jobs. There remains more than 10 million American workers still without jobs. Retail sales exceeded estimates and jumped 5.3% in January as millions of consumers received and spent stimulus checks. Gains were seen in every spending category. Consumer confidence also rose in January as Americans grew upbeat about the economy along with a new administration, additional fiscal aid, and the distribution of Covid vaccines. Manufacturing activity continued its recovery in January, marking the 8th straight month of positive performance. The non-manufacturing/service sector also grew in January. Industrial production - the combined output of factories, utilities, and mines - advanced 0.9%. Consumer prices climbed slightly by 0.3% in January and 1.4% in the 12 months since January 2020. The producer price index surged 1.3% in January suggesting that inflation pressure is building. Federal Reserve Chairman Jerome Powell indicated that the Fed will not raise interest rates until full employment is met and is stressing that policymakers should stay focused on restoring full employment.



PORTFOLIO HAS AMPLE LIQUIDITY AND IS EXCEEDING TREASURY BENCHMARKS AS OF JANUARY 31, 2021



**BENCHMARK COMPARISON AS OF JANUARY 31, 2021**

3 Month T-Bill: 0.08%

1 Year T-Bill: 0.10%

6 Month T-Bill: 0.09%

LAIF: 0.458%

OCFA Portfolio: 0.24%

PORTFOLIO SIZE, YIELD, & DURATION

	<u><i>Current Month</i></u>	<u><i>Prior Month</i></u>	<u><i>Prior Year</i></u>
<i>Book Value</i>	\$154,694,509	\$207,265,868	\$160,111,527
<i>Yield to Maturity (365 day)</i>	0.28%	0.26%	1.73%
<i>Effective Rate of Return</i>	0.24%	0.35%	1.71%
<i>Days to Maturity</i>	26	27	20



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
January 31, 2021

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 Call/ Maturity	YTM/Call 360 Equiv.	YTM/Call 365 Equiv.
Federal Agency Coupon Securities	14,000,000.00	14,000,560.00	14,000,000.00	9.59	1,003	141	0.187	0.190
Treasury Discounts -Amortizing	57,000,000.00	56,997,240.00	56,997,148.33	39.04	63	30	0.061	0.062
Local Agency Investment Funds	75,000,000.00	75,170,348.85	75,000,000.00	51.37	1	1	0.452	0.458
	146,000,000.00	146,168,148.85	145,997,148.33	100.00%	121	26	0.274	0.278
Investments								
Cash and Accrued Interest								
Passbook/Checking (not included in yield calculations)	8,334,483.49	8,334,483.49	8,334,483.49		1	1	0.000	0.000
Accrued Interest at Purchase		73.89	73.89					
Subtotal		8,334,557.38	8,334,557.38					
Total Cash and Investments	154,334,483.49	154,502,706.23	154,331,705.71		121	26	0.274	0.278

Total Earnings	January 31 Month Ending	Fiscal Year To Date
Current Year	35,292.91	348,318.95
Average Daily Balance	176,112,252.87	148,845,960.61
Effective Rate of Return	0.24%	0.40%

"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, 2021. 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)

\$ 154,331,705.71

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

\$ 362,803.09

Total

\$ 154,694,508.80

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
January 31, 2021

(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		07/01/2020	0.00	0.00	0.00	0.010	0.010	1	
Subtotal and Average			10,390,954.85		0.00	0.00	0.00		0.000	0	
Federal Agency Coupon Securities											
3133EMLE0	1020	Federal Farm Credit Bank		12/23/2020	14,000,000.00	14,000,560.00	14,000,000.00	0.190	0.190	141	09/22/2023
Subtotal and Average			14,000,000.00		14,000,000.00	14,000,560.00	14,000,000.00		0.190	141	
Federal Agency Disc. -Amortizing											
Subtotal and Average			10,064,360.22								
Treasury Discounts -Amortizing											
9127963W7	1017	US Treasury Bill		12/23/2020	12,000,000.00	12,000,000.00	11,999,935.00	0.065	0.067	3	02/04/2021
9127964D8	1018	US Treasury Bill		12/23/2020	12,000,000.00	11,999,760.00	11,999,688.33	0.055	0.057	17	02/18/2021
9127964F3	1019	US Treasury Bill		12/23/2020	12,000,000.00	11,999,400.00	11,999,380.00	0.060	0.062	31	03/04/2021
9127964N6	1021	US Treasury Bill		01/06/2021	9,000,000.00	8,999,280.00	8,999,325.00	0.060	0.062	45	03/18/2021
9127964P1	1022	US Treasury Bill		01/14/2021	12,000,000.00	11,998,800.00	11,998,820.00	0.060	0.062	59	04/01/2021
Subtotal and Average			66,641,631.29		57,000,000.00	56,997,240.00	56,997,148.33		0.062	30	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			75,000,000.00	75,170,348.85	75,000,000.00	0.458	0.458	1	
Subtotal and Average			75,015,306.52		75,000,000.00	75,170,348.85	75,000,000.00		0.458	1	
Total and Average			176,112,252.87		146,000,000.00	146,168,148.85	145,997,148.33		0.278	26	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
January 31, 2021

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Call/ Maturity
Money Mkt Mutual Funds/Cash										
SYS10033	10033	Revolving Fund		07/01/2020	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2020	8,314,483.49	8,314,483.49	8,314,483.49		0.000	1
Average Balance			0.00	Accrued Interest at Purchase		73.89	73.89			1
				Subtotal		8,334,557.38	8,334,557.38			
Total Cash and Investments			176,112,252.87		154,334,483.49	154,502,706.23	154,331,705.71		0.278	26

Orange County Fire Authority

In Service of Others!



ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of February 1, 2021

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	(02/01/2021 - 02/01/2021)	4 Maturities	0 Payments	83,334,483.49	54.00%	83,334,483.49	83,504,832.34
Aging Interval:	1 - 30 days	(02/02/2021 - 03/03/2021)	2 Maturities	0 Payments	24,000,000.00	15.55%	23,999,623.33	23,999,760.00
Aging Interval:	31 - 60 days	(03/04/2021 - 04/02/2021)	3 Maturities	0 Payments	33,000,000.00	21.38%	32,997,525.00	32,997,480.00
Aging Interval:	61 - 90 days	(04/03/2021 - 05/02/2021)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	91 - 120 days	(05/03/2021 - 06/01/2021)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	121 - 365 days	(06/02/2021 - 02/01/2022)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	366 - 1095 days	(02/02/2022 - 02/01/2024)	1 Maturities	0 Payments	14,000,000.00	9.07%	14,000,000.00	14,000,560.00
Aging Interval:	1096 days and after	(02/02/2024 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for			10 Investments	0 Payments		100.00	154,331,631.82	154,502,632.34



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, 2020 includes an increase of \$368,460 to the LAIF investment and a decrease of (\$5,657) 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 January 31, 2021, OCFA has \$75,000,000 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 December 31, 2020 is 1.002271318. When applied to OCFA's LAIF investment, the fair value is \$75,170,349 or \$170,349 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 December 31, 2020 is included on the following page.



Fair Value Including Accrued Interest	\$	124,056,354,460.54
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Orange County Fire Authority

Preliminary Investment Report

February 19, 2021



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
February 19, 2021

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

(See Note 1 on page 19)

(See Note 2 on page 19)

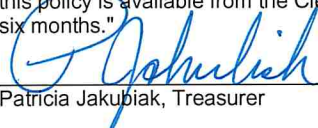
Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Call/ Maturity	YTM/Call 360 Equiv.	YTM/Call 365 Equiv.
Federal Agency Coupon Securities	14,000,000.00	14,000,840.00	14,000,000.00	11.48	1,003	122	0.187	0.190
Treasury Discounts -Amortizing	33,000,000.00	32,999,220.00	32,998,570.00	27.05	73	26	0.061	0.062
Local Agency Investment Funds	75,000,000.00	75,170,348.85	75,000,000.00	61.48	1	1	0.452	0.458
Investments	122,000,000.00	122,170,408.85	121,998,570.00	100.00%	136	22	0.316	0.320

Cash and Accrued Interest

Passbook/Checking (not included in yield calculations)	5,982,603.45	5,982,603.45	5,982,603.45		1	1	0.000	0.000
Accrued Interest at Purchase		73.89	73.89					
Subtotal		5,982,677.34	5,982,677.34					
Total Cash and Investments	127,982,603.45	128,153,086.19	127,981,247.34		136	22	0.316	0.320

Total Earnings	February 19 Month Ending	Fiscal Year To Date
Current Year	20,706.41	369,025.36
Average Daily Balance	142,411,251.73	130,196,103.32
Effective Rate of Return	0.28%	0.44%

"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, 2021. 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

2/26/21

Cash and Investments with GASB 31 Adjustment:

Book Value of Cash & Investments before GASB 31 (Above)	\$ 127,981,247.34
GASB 31 Adjustment to Books (See Note 3 on page 18)	\$ 362,803.09
Total	\$ 128,344,050.43

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
February 19, 2021

(See Note 1 on page 19) (See Note 2 on page 19)

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity	Maturity Date
Money Mkt Mutual Funds/Cash											
SYS528	528	Federated Treasury Obligations		07/01/2020	0.00	0.00	0.00	0.010	0.010	1	
Subtotal and Average			7,781,732.43		0.00	0.00	0.00		0.000	0	
Federal Agency Coupon Securities											
3133EMLE0	1020	Federal Farm Credit Bank		12/23/2020	14,000,000.00	14,000,840.00	14,000,000.00	0.190	0.190	122	09/22/2023
Subtotal and Average			14,000,000.00		14,000,000.00	14,000,840.00	14,000,000.00		0.190	122	
Treasury Discounts -Amortizing											
9127964F3	1019	US Treasury Bill		12/23/2020	12,000,000.00	11,999,880.00	11,999,760.00	0.060	0.062	12	03/04/2021
9127964N6	1021	US Treasury Bill		01/06/2021	9,000,000.00	8,999,820.00	8,999,610.00	0.060	0.062	26	03/18/2021
9127964P1	1022	US Treasury Bill		01/14/2021	12,000,000.00	11,999,520.00	11,999,200.00	0.060	0.062	40	04/01/2021
Subtotal and Average			45,629,519.30		33,000,000.00	32,999,220.00	32,998,570.00		0.062	26	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			75,000,000.00	75,170,348.85	75,000,000.00	0.458	0.458	1	
Subtotal and Average			75,000,000.00		75,000,000.00	75,170,348.85	75,000,000.00		0.458	1	
Total and Average			142,411,251.73		122,000,000.00	122,170,408.85	121,998,570.00		0.320	22	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
February 19, 2021

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		07/01/2020	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2020	5,962,603.45	5,962,603.45	5,962,603.45		0.000	1
Average Balance			0.00	Accrued Interest at Purchase		73.89	73.89			1
				Subtotal		5,982,677.34	5,982,677.34			
Total Cash and Investments			142,411,251.73		127,982,603.45	128,153,086.19	127,981,247.34		0.320	22

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ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of February 22, 2021

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	(02/22/2021 - 02/22/2021)	4 Maturities	0 Payments	80,982,603.45	63.28%	80,982,603.45	81,152,952.30
Aging Interval:	1 - 30 days	(02/23/2021 - 03/24/2021)	2 Maturities	0 Payments	21,000,000.00	16.41%	20,999,440.00	20,999,700.00
Aging Interval:	31 - 60 days	(03/25/2021 - 04/23/2021)	1 Maturities	0 Payments	12,000,000.00	9.38%	11,999,240.00	11,999,520.00
Aging Interval:	61 - 90 days	(04/24/2021 - 05/23/2021)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	91 - 120 days	(05/24/2021 - 06/22/2021)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	121 - 365 days	(06/23/2021 - 02/22/2022)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	366 - 1095 days	(02/23/2022 - 02/22/2024)	1 Maturities	0 Payments	14,000,000.00	10.94%	14,000,000.00	14,000,840.00
Aging Interval:	1096 days and after	(02/23/2024 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for			8 Investments	0 Payments		100.00	127,981,283.45	128,153,012.30



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, 2020 includes an increase of \$368,460 to the LAIF investment and a decrease of (\$5,657) to the remaining investments.
- Note 4: The Federated Treasury Obligations money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks yet allow that liquidity to be invested while payment of the outstanding checks is pending.

GLOSSARY

INVESTMENT TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Yield. Rate of return on a bond.

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

ECONOMIC TERMS

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

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

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

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

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

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

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

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

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

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

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