

**Agenda Item 11
December 3, 2014**

DATE: November 19, 2014

TO: Children and Families Commission of Orange County

FROM: Christina Altmayer, Executive Director

SUBJECT: Executive Officer's Report

The following is the Executive Officer's Report for December 3, 2014:

a. Quarterly Investment Report

As required by California Government Code Section 53646, and the Children and Families Commission's Investment Policy Statement dated May 7, 2014, the Commission Treasurer submits the Quarterly Investment Report (Attachment 1) to the Commission. Attachment 1 summarizes Commission investments in the Orange County Investment Pool (OCIP) Money Market Fund for the period July 1, 2014 through September 30, 2014. The Report also contains information on market conditions during the reporting period.

b. Center for Autism and Neurodevelopmental Disorders Executive Director

The first major task of the Advisory Board at the Center for Autism and Neurodevelopmental Disorders was the creation and recruitment of an Executive Director position. As envisioned, this position is responsible for strategic and long-range planning including program and fund development. The Executive Director will also manage the Center's operations, personnel, grant, financial, and outcomes programs. Catherine Brock, a recognized clinical and administrative leader in the field of autism spectrum disorders, previously with Autism Center at the University of Washington in Seattle, joined the Center effective September 15, 2014. One of Ms. Brock's strategic priorities this coming year will be to work with the Advisory Board in building program sustainability through maximizing clinical revenue, improving program access, and increasing philanthropic support. Ms. Brock will formally be introduced to the Pediatric Health Services Committee at their December 3, 2014 meeting, scheduled directly after the Commission meeting.

c. Strategic Communications Reports for October and November 2014

Curt Pringle & Associates provides strategic communications services in the areas of legislative advocacy, community partnership, and public awareness. The Strategic Communications Activities Reports for October and November 2014 are included as Attachments 2 and 3.

d. Board of Equalization Update

Consistent with the Assembly Budget Subcommittee Action and the Supplemental Budget Report, the Board of Equalization (BOE) held a session to solicit stakeholder input related to funding alternatives for the Cigarette and Tobacco Products Licensing Program. With no presentation by the BOE staff, the meeting was conducted as an opportunity for stakeholders to

make suggestions regarding the funding of the program. The BOE staff indicated that they would forward these suggestions to the legislature by the April 1 deadline.

The First 5 Association Executive Director and I made comments about rising administrative costs and our position that the BOE action is a violation of the Proposition 10 prohibition on supplanting. We testified that our understanding was that the legislative request required the BOE to make their own funding recommendations, including analysis of two options: raising licensing fees and increasing the share of costs covered by the General Fund. We also recognized the support of the Legislature in bringing attention to this matter.

Public comments were also provided by representatives of the Proposition 99 Tobacco Control program, the Attorney General's Office, and the tobacco retailers and distributors. The Attorney General recommended that enforcement be funded through user and/or licensing fees. Other stakeholders, representing the tobacco control (Proposition 99) advocates, similarly commented on the impact of rising administrative costs on their programs and on the process used to increase fees after the exhaustion of the AB71 account. Tobacco retailers focused in their comments on the need to recover taxes from internet sales and other aspects of the current tax program.

Representative from the Assembly Speaker's Office and Assemblyman Tom Daly's office were also in attendance. The First 5 Association will be submitting a formal letter to the BOE with suggested provisions and language to ensure that Proposition 10 funds are protected from further redirection for tobacco enforcement. Additionally, the First 5 Association Executive Director and I have been invited to participate in collaborative planning with other affected tobacco tax-funded programs, including Proposition 99, regarding remedies to the rising BOE administrative fees. A copy of the BOE Fact Sheet prepared by the First 5 Association is included as Attachment 4.

e. Santa Ana YMCA Update

Since September 2013, multiple meetings have been held with YMCA executive management to address the compliance issues previously reported to your Commission including: data reporting; sustainability planning; recognition of Veterans and the Commission; and, space availability. The Commission's Executive Director, Commission Counsel, and the YMCA executive management developed a plan to move the YMCA to full compliance by December 31, 2014. Significant progress has been made in the last 60 days as noted below:

- *Data reporting* - The YMCA submitted aggregate and service level data for FY 2013/14. The data was included in the Commission annual report to the state. Additionally, the YMCA will start to provide client level data as of July 1, 2014. This data will allow the Commission to report on the impact of those services for each child and family that participates.
- *Sustainability Plan* - Commission staff received an updated sustainability plan from the YMCA and will provide feedback to the YMCA for incorporation into the final plan. Staff anticipates that the plan will be complete by December 31, 2014.

- *Commission and Veterans Recognition* - The YMCA submitted three design options for review. Commission staff will provide feedback to the YMCA on the proposed designs based on Commission feedback. A final design should be agreed upon by December 31, 2014.
- *Space Utilization* - The current agreement allows for the YMCA to receive service credit if available space is utilized by Commission approved grantees. The YMCA is currently making space available to the Dr. Riba's Health Clinic/Serving Children Hope. To receive service credit for the available space, the YMCA is required to report the number of hours/days the space was utilized and maintain backup documentation that verifies the reported number of hours and days.

We will continue to monitor the agreement and will return to the Commission with any requests for subsequent action.

f. First 5 California Child Health, Education, and Care Summit

The first Annual Child Health, Education, and Care Summit is scheduled for February 10-12, 2015 in Sacramento. The Summit is a collaborative effort lead by First 5 California and several state agencies that provide support and assistance to young children and their families. The goal of the Summit is to develop an action plan to implement effective changes and improve coordination of services at state and local levels. Participants will include early childhood educators, state and county policymakers, health advocates, and health practitioners that service young children and families.

First 5/Children and Families Commissioners are invited to attend a pre-conference convening and Legislative Advocacy Day on February 9 at the State Capitol. The 2014 Legislative Advocacy proved very successful and provided an opportunity to alert the Legislature regarding the BOE administrative fee issue. The day will include meetings with the Commissioner's local legislative members, lunch with commissioners throughout the state, and a legislative reception at the end of the day. I will coordinate with the Orange County Commissioners regarding their interest and availability to participate on February 9, 2015 Advocacy Day.

ATTACHMENTS:

1. Quarterly Investment Report
2. Strategic Communications Report for October 2014
3. Strategic Communications Report for November 2014
4. BOE Overview

Children & Families Commission of Orange County
Quarterly Investment Report
July 1, 2014 through September 30, 2014

OVERVIEW

Pursuant to the Commission's Investment Policy Statement dated May 7, 2014, the Treasurer submits this Quarterly Investment Report to the Commission. This Investment Report summarizes investment activities for the Commission for the three-month period from July 1 through September 30, 2014.

The Commission has invested 100% of its funds in the Orange County Investment Pool (OCIP). All funds are managed by the Office of the Orange County Treasurer.

Orange County Investment Pool

The primary goal of the OCIP is to invest public funds in a manner which will provide the maximum security of principal invested with secondary emphasis on providing adequate liquidity to Pool Participants and lastly to achieve a market rate of return. The Commission's investment in the OCIP as of September 30, 2014 totaled \$56,015,810.

PORTFOLIO PERFORMANCE SUMMARY – QUARTERLY

The following table presents an overview of the Commission's investments for the months of July, August and September 2014.

Month Ended	Commission's Month End Balance	Commission's Monthly Gross Yield	OCIP Market Value	OCIP Book Value	Average Days to Maturity
July	\$58,049,056	0.39%	\$3,071,045,714	\$3,071,046,230	459 days
August	\$57,203,845	0.42%	\$3,129,992,297	\$3,129,494,455	443 days
September	\$56,015,810	0.43%	\$3,051,215,673	\$3,051,236,048	448 days

ECONOMIC UPDATE

From July through September, the U.S. economy continued its steady economic growth. The job market added 209,000 new jobs in July, 142,000 in August, and 248,000 in September. The unemployment rate was 6.2% in July, 6.1% in August, and dropped to 5.9% in September. According to the S&P/CaseShiller home pricing index, the housing market continued to improve as home prices increased each month, with the September report noting that July was the twenty-sixth consecutive month of increases, up 6.8% from a year ago. The Federal Reserve met twice during the quarter and at both meetings voted to reduce its asset purchase program by \$10 billion each time. In August, it reduced the amount of monthly purchases from \$35 billion to \$25 billion, and further reduced the amount of monthly purchases from \$25 billion to \$15 billion in October. Starting in October 2014, the Federal Reserve will purchase \$5 billion per month in agency mortgage-backed securities and \$10 billion per month in longer-term Treasury securities, a reduction of \$5 billion in each during the quarter.

U.S. Treasury Yield Curve: The Treasury 3-month yield remained unchanged, the 10 and 30-year yields decreased, and the 2 and 5-year yields increased during the Quarter Ended September 30, 2014.

	Quarter Ended September 30, 2014	Quarter Ended June 30, 2014
3-Month	0.02%	0.02%
2-Year	0.57%	0.46%
5-Year	1.76%	1.63%
10-Year	2.49%	2.53%
30-Year	3.20%	3.36%

Source: Bloomberg World Markets

COMPLIANCE MONITORING

As of September 30, 2014, 100% of the holdings of the Commission are in compliance with the Commission's Investment Policy Statement dated May 7, 2014. Further, OCIP had no compliance exceptions for the three months ending September 2014. During the third quarter of 2014, the Internal Audit Department and Auditor Controller's Internal Audit unit issued three audit reports and four follow-up audit reports that were provided to the Board of Supervisors as part of the Treasurer's Monthly Investment Report. Those reports are:

New Audit Reports

- The Internal Audit Department issued the Required Annual Examination of the Treasurer's Investment Compliance with Government Code and County Investment Policies for the Year Ended December 31, 2013, and found that the Treasurer-Tax Collector complied in all material respects with the noted California Government Code and Investment Policy Statement requirements. The audit did note the same finding as the Auditor-Controller Report on Continuous Compliance Auditing for December 2013 issued in June 2014, and that the finding was properly disclosed in the Treasurer's Monthly Investment report for December 2013 and corrected.
- The Auditor-Controller Report on Continuous Compliance Auditing of the Treasury Investment Portfolio for the Quarter Ended March 31, 2014 identified no compliance deficiencies.
- The Auditor-Controller Report on Review of the Schedule of Assets Held by the County Treasury as of March 31, 2014 stated that no material modifications needed to be made to the financial statements prepared on a modified cash basis.

Follow-up Audits

- The Internal Audit Department issued the First Follow-up and Final Close-out on the Annual Audit of Treasurer's Investment Compliance for the Year Ended December 31, 2011 and noted all three recommendations were fully implemented.
- The Internal Audit Department issued the First Follow-up and Final Close-out on the Required Annual Examination of the Treasurer's Investment Compliance with Government Code and County Investment Policies for the Year Ended December 31, 2012 and noted the one recommendation made was fully implemented.
- The Auditor-Controller Initial Follow-up and Close-out of Management Letter on Audit of the Statement of Assets Held by the County Treasury as of December 31, 2011 noted the three recommendations made were fully implemented.
- The Auditor-Controller Second Follow-up and Close-out on Management Letter on Audit of the Statement of Assets Held by the County Treasury as of December 31, 2010 noted the one recommendation made was fully implemented.

We have attached the Investment Policy and Treasury Oversight Committee Compliance Summary as reported in the Treasurer's Monthly Report for the months of July, August, and September, 2014 (Attachment C). This summary tracks compliance in a variety of areas.

PORTFOLIO HOLDINGS OF DEBT ISSUED BY POOL PARTICIPANTS

Under guidelines outlined in the County's current IPS, the County Treasurer may invest in A or above rated securities issued by municipalities. Municipal debt issued by the County of Orange is exempt from this credit rating requirement. OCIP may invest no more than 5% of pool assets in any one issuer, with the exception of the County of Orange which has a 10% limit. OCIP has a total market value of \$156 million in AA- rated County of Orange debt, which represents approximately 4.8% of assets. Prior to purchasing any pool participant debt, a standardized credit analysis is performed.

STATEMENT OF ACTIVITY

We have included the Statement of Activity for the months of July, August and September 2014 (Attachment B). These Statements report the beginning and ending balances of the Commission's funds invested in the OCIP. All deposits, withdrawals, investment earnings, and administrative fees for the reporting period are also posted. The Commission's month-end balances for July, August and September were \$58,049,056, \$57,203,845, and \$56,015,810 respectively.

Attachments:

- A. Orange County Investment Pool Summary
- B. Statement of Activity for the months of July, August, and September 2014
- C. Investment Policy and Treasury Oversight Committee Compliance Summary for July, August, and September 2014

**ORANGE COUNTY TREASURER-TAX COLLECTOR
ORANGE COUNTY INVESTMENT POOL
INVESTMENT POOL SUMMARY
AT SEPTEMBER 30, 2014**

PORTFOLIO COMPOSITION				
Security Type	Market Value	Book Value	Unrealized Gain (Loss)	% of Market Value
U.S. GOVERNMENT AGENCIES	\$ 1,766,557,125	\$ 1,766,644,693	\$ (87,568)	57.90%
U.S. TREASURIES	901,573,905	901,118,039	455,866	29.55%
MEDIUM - TERM NOTES	104,182,032	103,969,290	212,742	3.41%
MUNICIPAL DEBT	155,946,584	156,545,935	(599,351)	5.11%
MONEY MARKET MUTUAL FUNDS	90,458,004	90,458,004	-	2.96%
CERTIFICATES OF DEPOSIT	32,498,024	32,500,087	(2,063)	1.07%
TOTAL	\$ 3,051,215,673	\$ 3,051,236,048	\$ (20,375)	100.00%

Orange County Investment Pool

US GOV Total, 88%

AA Total, 7%

AAA Total, 4%

A Total, 1%

*US GOV Includes Agency & Treasury Debt
AA Includes AA+, AA- & AA
A Includes A+, A- & A
A-1 Includes A-1+, F-1+, P-1, A-1 & F-1*

SUMMARY OF INVESTMENT DATA							
INVESTMENT TRENDS							
	SEPTEMBER 2014	AUGUST 2014	INCREASE (DECREASE)	NET CHANGE %	SEPTEMBER 2013	INCREASE (DECREASE)	NET CHANGE %
Orange County Investment Pool (OCIP)							
End Of Month Market Value ¹	\$ 3,051,215,673	\$ 3,129,992,297	(78,776,624)	-2.52%	\$ 2,877,037,498	\$ 174,178,175	6.05%
End Of Month Book Value	\$ 3,051,236,048	\$ 3,129,494,455	(78,258,407)	-2.50%	\$ 2,876,671,951	\$ 174,564,097	6.07%
Monthly Average Balance	\$ 3,071,400,622	\$ 3,068,588,237	2,812,385	0.09%	\$ 2,887,736,584	\$ 183,664,038	6.36%
Year-To-Date Average Balance	\$ 3,100,325,515	\$ 3,114,787,962	(14,462,447)	-0.46%	\$ 2,937,329,930	\$ 162,995,585	5.55%
Monthly Accrued Earnings ²	\$ 1,077,017	\$ 1,098,028	(21,010)	-1.91%	\$ 837,733	\$ 239,284	28.56%
Monthly Net Yield ²	0.35%	0.35%	0.01%	1.54%	0.27%	0.08%	29.41%
Year-To-Date Net Yield ²	0.34%	0.33%	0.01%	1.75%	0.27%	0.07%	23.93%
Annual Estimated Gross Yield ³	0.49%	0.49%	0.00%	0.00%	0.37%	0.12%	32.43%
Weighted Average Maturity (WAM) ⁴	448	443	5	1.13%	400	48	12.00%

¹ Market values provided by Bloomberg and Northern Trust.

² In September 2014, OCIP monthly accrued earnings and monthly and year-to-date net yields were higher than September 2013, primarily due to increased investment in longer term, higher yielding securities and a slightly lower Treasury administrative fee from higher total pool participant balances.

³ Annual estimated gross yield for September 2013 is reported at the actual annual gross yield for FY 13/14.

⁴ In September 2014, OCIP WAM was higher than September 2013, primarily due to investing in slightly longer maturities as part of a planned program to reduce significant excess liquidity.



COUNTY OF ORANGE
OFFICE OF THE TREASURER-TAX COLLECTOR

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SANTA ANA, CA 92702-4515

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July 31, 2014

ORANGE COUNTY CHILDREN AND FAMILIES COMMISSION

Attn: Christina Altmayer, Executive Director
1505 E. 17th Street, Suite 230
Santa Ana, CA 92705

Monthly Apportionment Gross Yield: 0.387%
Administration Fee: -0.067%
Monthly Apportionment Net Yield: 0.320%

Fund Number : 225

JULY 2014 STATEMENT

CASH IN TREASURY

Transactions

Transaction Date	Transaction Description	Tran Type	Authorized Signer	Amount
07/01/14	June 2014 Admin Fee	AF		\$ (3,258.98)
07/11/14	June 2014 Interest	IN		\$ 19,199.69

Summary

Total Deposit:	\$ 7,110,254.93	Beginning Balance:	\$ 57,537,911.10
Total Withdrawal:	\$ (6,599,110.35)	Ending Balance:	\$ 58,049,055.68

ACCRUED INVESTMENT INCOME

Transactions

Transaction Date	Transaction Description	Tran Type	Authorized Signer	Amount
07/11/14	June 2014 Interest	IN		\$ (19,199.69)
08/01/14	July 2014 Interest	IN		\$ 19,657.00

Summary

Total Accrual:	\$ 19,657.00	Beginning Balance:	\$ 19,199.69
Total Payment:	\$ (19,199.69)	Ending Balance:	\$ 19,657.00



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August 31, 2014

ORANGE COUNTY CHILDREN AND FAMILIES COMMISSION

Attn: Christina Altmayer, Executive Director
1505 E. 17th Street, Suite 230
Santa Ana, CA 92705

Monthly Apportionment Gross Yield: 0.420%
Administration Fee: -0.076%
Monthly Apportionment Net Yield: 0.344%

Fund Number : 225

AUGUST 2014 STATEMENT

CASH IN TREASURY

Transactions

Transaction Date	Transaction Description	Tran Type	Authorized Signer	Amount
08/01/14	July 2014 Admin Fee	AF		\$ (3,403.32)
08/14/14	July 2014 Interest	IN		\$ 19,657.00

Summary

Total Deposit:	\$ 60,369,440.24	Beginning Balance:	\$ 58,049,055.68
Total Withdrawal:	\$ (61,214,651.32)	Ending Balance:	\$ 57,203,844.60

ACCRUED INVESTMENT INCOME

Transactions

Transaction Date	Transaction Description	Tran Type	Authorized Signer	Amount
08/14/14	July 2014 Interest	IN		\$ (19,657.00)
09/02/14	August 2014 Interest	IN		\$ 21,201.10

Summary

Total Accrual:	\$ 21,201.10	Beginning Balance:	\$ 19,657.00
Total Payment:	\$ (19,657.00)	Ending Balance:	\$ 21,201.10



COUNTY OF ORANGE
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September 30, 2014

ORANGE COUNTY CHILDREN AND FAMILIES COMMISSION

Attn: Christina Altmayer, Executive Director
1505 E. 17th Street, Suite 230
Santa Ana, CA 92705

Monthly Apportionment Gross Yield: 0.426%

Administration Fee: -0.076%

Monthly Apportionment Net Yield: 0.350%

Fund Number : 225

SEPTEMBER 2014 STATEMENT

CASH IN TREASURY

Transactions

Transaction Date	Transaction Description	Tran Type	Authorized Signer	Amount
09/01/14	2011-2012 Admin Fee Refund	AF		\$ 646.35
09/01/14	August 2014 Admin Fee	AF		\$ (3,834.80)
09/01/14	2012-2013 Admin Fee Refund	AF		\$ 1,193.89
09/10/14	2011-2012 Refund Interest	IN		\$ 5.25
09/15/14	2012-2013 Refund Interest	IN		\$ 4.90
09/16/14	August 2014 Interest	IN		\$ 21,201.10

Summary

Total Deposit:	\$ 2,313,308.41	Beginning Balance:	\$ 57,203,844.60
Total Withdrawal:	\$ (3,501,343.06)	Ending Balance:	\$ 56,015,809.95

ACCRUED INVESTMENT INCOME

Transactions

Transaction Date	Transaction Description	Tran Type	Authorized Signer	Amount
09/16/14	August 2014 Interest	IN		\$ (21,190.95)
09/16/14	2011-2013 Refund Interest	IN		\$ (10.15)
10/01/14	September 2014 Interest	IN		\$ 20,017.37

Summary

Total Accrual:	\$ 20,017.37	Beginning Balance:	\$ 21,201.10
Total Payment:	\$ (21,201.10)	Ending Balance:	\$ 20,017.37

**ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POLICY (IPS) AND TREASURY OVERSIGHT COMMITTEE (TOC) COMPLIANCE SUMMARY
July 31, 2014**

COMPLIANCE CATEGORY	PERFORMED BY	REGULATORY/POLICY GUIDELINES	CURRENT STATUS
Annual Compliance Audit	IA	Performance Evaluation-Cal Govt. Code 27134	Calendar Year 2013 in process.
Quarterly Schedule of Assets Review	AC	Performance Evaluation-Cal Govt. Code 26920(a)	Quarter ended 3/31/14 in process.
Annual Schedule of Assets Audit	AC	Performance Evaluation-Cal Govt. Code 26920(b)	Annual audit of Schedule of Assets as of June 30, 2014 in process.
Treasury Administrative Fee	TTC	Compensation Agreement-Cal Govt. Code 27013	Annual review of FY 11/12 and FY 12/13 fees completed with a small amount of refund identified in both years. Credit to pool participants accounts to be processed in August 2014.
Annual Broker/Dealer Review	TTC	Authorized Financial Dealers and Qualified Institutions	Calendar Year 2013 completed.
Annual Broker/Dealer IPS Certification	TTC	Authorized Financial Dealers and Qualified Institutions	All 2014 IPS certifications received.
IPS Compliance Deficiencies	TTC	Investment/Diversification/Maturity Restrictions	FY 13/14 identified two compliance incidents (both in December 2013). FY 14/15 identified zero compliance incidents as of July 31, 2014.
TOC Bylaw Changes	BOS	TOC Review and BOS Annual Approval	October 30, 2013 changes approved by BOS on December 17, 2013.
Annual IPS Approval	BOS	TOC Review and BOS Annual Approval	October 30, 2013 changes approved by BOS on February 4, 2014.
TOC Annual Report	BOS	TOC Bylaws Rule 30 - Oral and Written Report	TOC 2013 Annual Report presented to BOS on February 25, 2014
Broker/Financial Institution List	TTC	OC Gift Ban Ordinance and Form 700	TOC members were provided a list of active TTC Broker/Dealers and Financial Institutions at October 30, 2013 meeting.
Certificates of Compliance	TTC	TOC Bylaws Rule 34 - Annual	TOC members are in compliance for Calendar Year 2014.
Ethics Training	TTC	TOC Bylaws Rule 34 - Every Two Years	TOC members are in compliance for Calendar Year 2013.
Conflict of Interest Form 700 Filing	TTC	TOC Bylaws Rule 34 / IPS - Every Year	TOC members are in compliance for Calendar Year 2013.
Conflict of Interest Form 700 Review	TTC	IPS Sec. X (removed from IPS in 2013)	Review completed for 2012. Review in process for 2013.

LEGEND	
Auditor-Controller Internal Audit	AC
Board of Supervisors	BOS
Internal Audit Department	IA
Treasury Oversight Committee	TOC
Office of Treasurer-Tax Collector	TTC

ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POLICY (IPS) AND TREASURY OVERSIGHT COMMITTEE (TOC) COMPLIANCE SUMMARY
August 31, 2014

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LEGEND	
Auditor-Controller Internal Audit	AC
Board of Supervisors	BOS
Internal Audit Department	IA
Treasury Oversight Committee	TOC
Office of Treasurer-Tax Collector	TTC

ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POLICY (IPS) AND TREASURY OVERSIGHT COMMITTEE (TOC) COMPLIANCE SUMMARY
September 30, 2014

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Annual Compliance Audit	IA	Performance Evaluation-Cal Govt. Code 27134	Calendar Year 2013 completed.
Quarterly Schedule of Assets Review	AC	Performance Evaluation-Cal Govt. Code 26920(a)	Quarter ended 3/31/14 completed. Quarter ended 9/30/14 in process.
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LEGEND	
Auditor-Controller Internal Audit	AC
Board of Supervisors	BOS
Internal Audit Department	IA
Treasury Oversight Committee	TOC
Office of Treasurer-Tax Collector	TTC



To: Kelly Pijl, External Affairs Director
Children and Families Commission of Orange County

From: Todd Priest, Vice President
Curt Pringle & Associates

Date: October 31, 2014

Subject: October 2014 Strategic Communications Summary Report

The following is a summary of activities that were provided by Curt Pringle & Associates to the Children and Families Commission of Orange County for the month of October 2014.

Curt Pringle & Associates met with Christina Altmayer and Kelly Pijl on October 20, 2014 to discuss upcoming priorities, activities, and strategies for the 2014-15 contract year.

Legislative Advocacy

Board of Equalization

- Obtained a copy of the BOE report on costs associated with tobacco programs. The report was sent to Subcommittee 4 of the Assembly Budget Committee, as required in the 2014/2015 Budget package.
- Spoke with several BOE members, as well as Legislators, regarding the report and the upcoming the BOE Cigarette and Tobacco Stakeholder meeting scheduled for November 13 in Sacramento.
- Assisted in the development of written communication to the BOE and Legislators regarding this issue.

Legislative/Budget Update

- Provided a legislative/budget update to the Commission for inclusion in the Weekly Update on two reports related to issues impacting children in California: EV-D68 virus and illegal tobacco sales to minors.
- An update regarding the election results in November 2014 will be provided to the Commission. Newly elected Legislators will be sworn-in at 12:00 pm on December 1, 2014.

Briefings

- Met with Commission staff to identify priority cities and school districts for outreach in 2015.
- Briefing opportunities will be identified for newly-elected members of the legislature once election results are certified.

Community Partnership

- Continued to coordinate with UPS regarding their potential partnership on the Champions for Children's Literacy Initiative.
- Discussed with Commission staff potential opportunities to partner with the Association of California Cities – Orange County such as the Early STEM Conference in February 2015 and the State of Young Children Summit in Fall 2015.
- Continued to coordinate with Assemblyman Don Wagner's office regarding his participation at the 2015 Early STEM Conference.

Public Awareness

Essentials for Young Lives

- Worked with the Orange County Sheriff's Department on media and planning related to the *Essentials* drive.
- Began planning efforts with HomeAid Orange County for the 2015 *Essentials* drive. Scheduled a meeting for November 12, 2014 to discuss program budget and opportunities.

To: Kelly Pijl, External Affairs Director
Children and Families Commission of Orange County

From: Todd Priest, Vice President
Curt Pringle & Associates

Date: November 14, 2014

Subject: November 2014 Strategic Communications Summary Report

The following is a summary of activities that were provided by Curt Pringle & Associates to the Children and Families Commission of Orange County for the month of November 2014.

Legislative Advocacy

Board of Equalization

- Continued to work with Commission staff on communication with the Board of Equalization and legislative delegation regarding the BOE Stakeholder Meeting which was held on November 13, 2014.

Legislative/Budget Update

- An update regarding the election results in November 2014 was provided to the Commission. New and returning Legislators will be sworn-in at 12:00 p.m. on December 1, 2014. New members include Matt Harper, Bill Brough, Ling-Ling Chang and Young Kim. Two OC Supervisors were elected to the State Senate, Pat Bates and Janet Nguyen.

Briefings

- Briefings have been identified for the following cities and school districts during the contract term:

Supervisorial District	City Briefing	School District Briefing
First	Westminster	Westminster School District
Second	Los Alamitos	Los Alamitos Unified School District
Third	Orange	Tustin Unified School District
Fourth	Placentia	Fullerton Unified School District
Fifth	Lake Forest	Laguna Beach Unified School District

We will begin to schedule briefings with these agencies to be conducted for the remainder of 2014 and throughout 2015.

November 14, 2014
Summary Report
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- Newly-elected Legislators have been identified and briefings will be scheduled with the following offices starting January 2015:
 - Senator Janet Nguyen, 34th District
 - Senator Pat Bates, 38th District
 - Assemblywoman Ling-Ling Chang, 55th District
 - Assemblywoman Young Kim, 65th District
 - Assemblyman Bill Brough, 73rd District
 - Assemblyman Matt Harper, 74th District

Community Partnership

- Scheduled a meeting for December 5, 2014 to further discuss opportunities for partnership with Cox Communications including their grants program as well as public service announcements for the *Essentials* drive on their cable channel for 2015.
- Participated on the Summit of the Status of Young Children in Orange County Steering Committee meeting held on November 10, 2014.
- Continued to coordinate with UPS regarding their potential partnership on the Champions for Children's Literacy Initiative.

Public Awareness

7th Annual Essentials for Young Lives Donation Drive – 2014

- Reviewed and distributed the final “Thank You” video that was prepared by the Orange County Sheriff's Department.

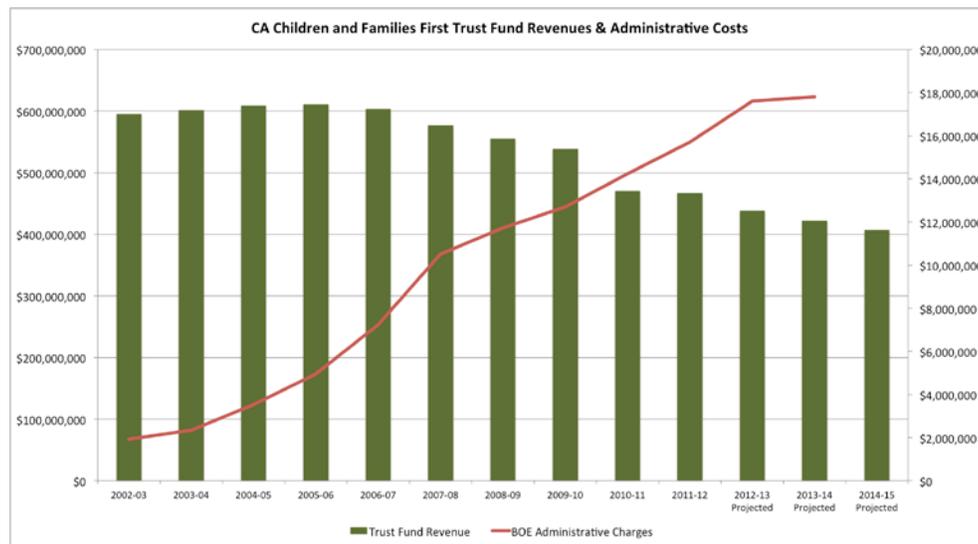
8th Annual Essentials for Young Lives Donation Drive – 2015

- Began conversations with staff of the Orange County Sheriff's Department in an effort to secure the Sheriff's participation to serve as Honorary Chair of the *Essentials* campaign for the fifth consecutive year.
- Met with HomeAid Orange County Executive Director, Scott Larson, on November 13, 2014 to discuss program budget and opportunities for the 2015 *Essentials* drive.



Board of Equalization Rising Costs Impact on Children's Services in California

Proposition 10 – approved by the voters in 1998 – allows for the reimbursement of the State Board of Equalization (BOE) for expenses incurred in the administration and collection of the tobacco taxes. These costs have risen 700% in the past ten years, while tobacco tax receipts have decreased by 25%, as shown below:



Need for Relief

- *BOE fees are likely to increase over time* – BOE staff does not anticipate any decline in the costs of these programs in the future. Costs are likely to increase as the State allows the rehiring of positions, eliminates the furloughing of state employees, and allows for future salary increase.
- *BOE charges to Proposition 10 funds are likely to increase significantly if additional tobacco tax increases are approved* – BOE staff has indicated that any new tax would result in a significant increase in BOE tobacco tax collection costs and the increased cost of the programs would be allocated to all eligible revenue sources, with Proposition 10 taking the majority share.

State-Level Interest in Rising BOE Costs

- In 2013, the Department of Finance, in its independent audit report of First 5 California, made the following finding: *“The BOE does not have written cost allocation (CAP) procedure for program and administrative costs allocated to the various funds it administers.”* The report further recommended that the BOE is required per applicable government code and the State Administrative Manual to maintain *“documentation of cost allocation procedures... with detailed information required for the costs being allocation, allocation methodology, frequency of allocation, and the rationale for the allocation base.”*



In October 2013, BOE did provide a narrative explanation of the methodology employed and examples of how the cost allocation methodology is applied. The document, however, does not explain specific costs for any fiscal year.

- In May 2014, Assemblyman Tom Daly drafted supplemental language for the Legislative Analyst’s Office (LAO) report that will be released in August regarding the Board of Equalization costs for tobacco related programs. The supplemental language lays out a timeline requiring a report by October 15, 2014 with a detailed breakdown of BOE’s expenditures on the tobacco programs for the recent fiscal year; and a step-by-step explanation of the methods used to allocate costs for the tobacco programs among the various funds, including, but not limited to, the California Children and Families Trust Fund. By February 1, 2015 the BOE will be required to convene a stakeholder meeting to discuss potential approaches for future funding of the tobacco licensing program and by April 1, 2015 BOE will be required to submit a report describing three alternative approaches for future funding of the tobacco licensing program.

BOE Diverted Costs from AB 71 Licensing Revenues to Proposition 10

- In 2003 the BOE received broad, new authority with the passage of AB 71 to create a licensing and enforcement program to track the sale of cigarettes and tobacco products in California. To support this new level of enforcement, AB 71 imposed a one-time fee on retailers, distributors/wholesalers and manufacturers of tobacco products. The Appropriations Committees in the Legislature recognized in 2003 that if there were shortfalls in the AB 71 licensing fee revenues there would be a risk to the General Fund to support the costs of the program.
- In 2006, the BOE submitted a BCP (budget request) requesting approval to reimburse the costs of the licensing program from the General Fund and the three special funds – Breast Cancer, Prop 99, and Prop 10. The BCP stated that the shortfall was the result of declining revenue from the initial license fee established by AB 71. The BOE made this change in the funding stream to support the AB 71 program without new legislative authorization and created a new cost allocation methodology between the General Fund and special funds that remains to this day. First 5 Commissions have asserted that this redirection conflicts with the “no supplanting” requirement of the Prop 10 legislation.

Impact on County Commissions

Current Impact of BOE Administrative Costs – FY2013/2014		
County Commission	Share of Statewide Births	Annual Cost of BOE
Los Angeles	25.96%	\$3,696,330
San Diego	8.69%	\$1,237,320
Orange	7.59%	\$1,080,715
Riverside	6.10%	\$868,260
Alameda	3.79%	\$538,996
Fresno	3.22%	\$458,297
First 5 CA		\$3,560,000

FY 2013/14 Annual Report Summary

Healthy Children Ready to Learn



Children & Families Commission of Orange County

The Children and Families Commission of Orange County supports organizations that provide health, education and development services to children, prenatal to age five, and their families so that Orange County's children grow up healthy and ready to learn.



IN FY 2013/14

171,412 Children and

157,915 Family Members

Received a total of **3,058,516** services



The Commission receives funds from the 1998 Proposition 10 tobacco initiative.

In FY 2013/14, the Commission directed \$30 million to 126 Orange County service organizations.

What Did the Organizations We Fund Accomplish This Year?

41,910 home or office visits were conducted with parents to improve their knowledge of healthy child development

36,351 children participated in a program to increase the frequency of reading at home

26,250 children were screened for developmental milestones

17,493 children received primary care services

12,408 children received dental services

8,858 pregnant women received support for a healthy pregnancy and early childhood health

4,863 children were linked to a doctor's office or clinic for regular medical care

4,753 children were enrolled in health insurance

1,909 providers were given resources for appropriate early care

838 young children and 1,130 family members received emergency or transitional shelter

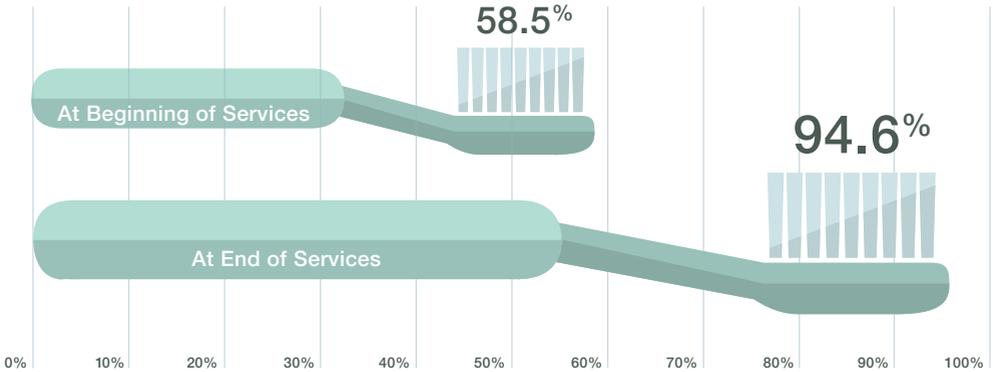
652 trainings were conducted to increase the capacity of agencies serving young children



Healthy Children

The Commission advances prenatal care; expands education and resources for parents; and promotes health and developmental screenings, referrals and services for children through Healthy Children programs.

Children had no cavities (by percent)



Through Healthy Children Programs:



73,248

children received a screening for health, behavior and/or developmental milestones (e.g., vision, hearing, health status)



19,358

Kits for New Parents were distributed



15,994

mothers received breastfeeding education, intervention and support

20,385 children were screened for up-to-date immunizations

17,493 children received primary care services, including well child and sick visits

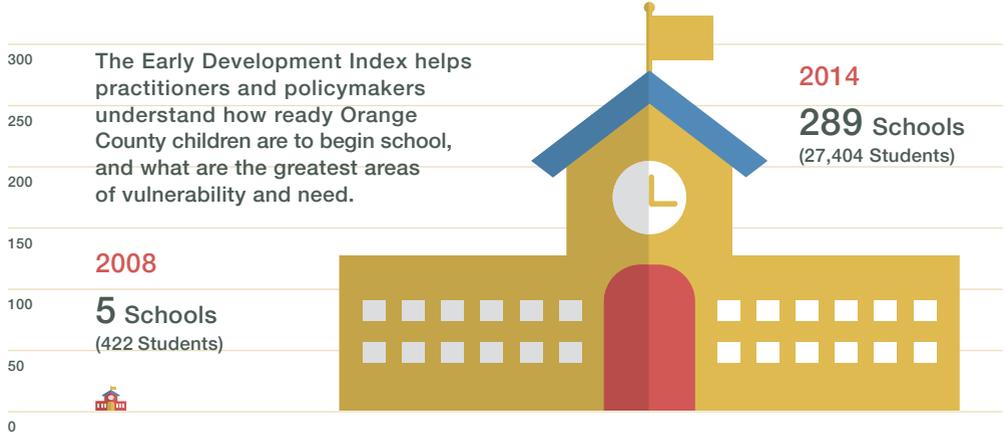
16,728 children received a dental screening and 12,408 children received dental services including preventive, restorative and emergency treatment

11,883 parents received follow up on referrals made after giving birth, and services were accessed

Early Learning

The Commission strengthens the foundation for children to be effective learners when they start kindergarten by funding school readiness, math and early literacy programs.

School participation in the Early Development Index (by number of schools)



Through Early Learning Programs:



132,295

new and gently used books were given to children by health care providers, early learning specialists, and at community events



20,361

children were read to at physicians' offices or clinics



7,795

children participated in early math programs

36,351 children participated in a program designed to increase the frequency of reading at home

17,899 parents received resources and/or training to transition their child to kindergarten

3,430 children participated in a family-focused, drop-in early learning program (for example, a Learning Link)

1,637 early educators received assessment, training, and coaching to enhance the quality of infant, toddler and preschool programs

Strong Families

The Commission invests in programs that provide families in need with a safe and stable home environment – an important factor in children’s health and readiness for school. This includes funding for transitional and emergency shelters, and partnering with HomeAid Orange County to increase the number of shelter facilities designed specifically for homeless children and their families.

Homeless or at-risk children that have stable housing (by percent)



Through Strong Families Programs:



153,044

“bed nights” were provided to 838 young children and 1,130 family members at emergency or transitional shelters



17,587

parents received education, resources, referrals and support regarding children’s developmental milestones



345

children were connected to a clinic or doctor’s office for regular medical care

2,211 children received a developmental screening

901 children received a behavioral health screening and 639 children received behavioral health treatment

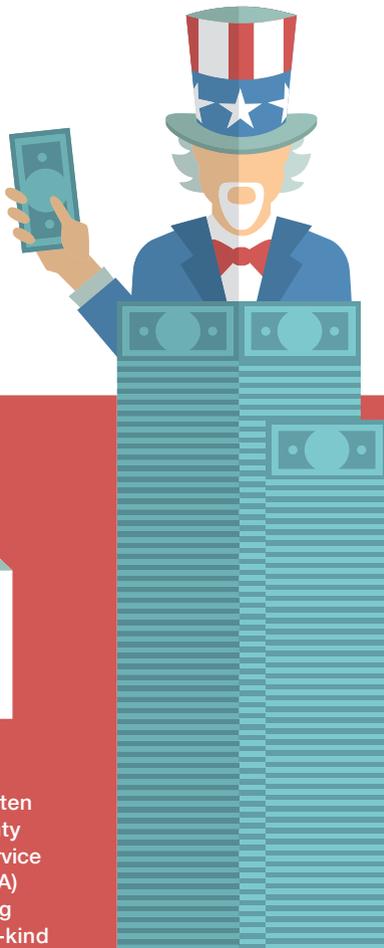
765 parents received training and informational materials about preventable childhood injuries

Capacity Building

The Commission leverages its resources through national service corps and federal reimbursement programs. Also, the Commission awards competitive grants to enhance the capacity of agencies serving young children and their families.

23 agencies participated in a Medicaid fiscal leveraging program, resulting in \$4,106,330 of reimbursements distributed to grantees and the Commission in FY 2013/14, and more than \$47 million in federal reimbursements since the program began.

\$4,106,330
in federal
reimbursements



Through Capacity Building Programs:



23

AmeriCorps members provided services to more than 640 children, improving developmental skills for school readiness



47

grants were written by Orange County Volunteers in Service to America (VISTA) members, raising \$247,798 and in-kind donations valued at \$346,659

200 volunteers were recruited by AmeriCorps members to support the sustainability of agencies serving young children

350 volunteers were recruited by VISTA members to support nonprofit agencies in building organizational capacity

\$250,000 in grants were awarded to local agencies for technology improvements to enhance their capacity to serve young children

Program Funding Expenditures

FY 2013/14

55%

Healthy Children

30%

Early Learning

9%

Strong Families

6%

Capacity Building

	PROGRAM EXPENDITURES	CATALYTIC EXPENDITURES
Healthy Children		
Bridges Maternal Child Health Network	\$ 6,418,567	
Pediatric Health Services	4,120,099	\$ 300,000
School Readiness Nursing	2,944,423	
Community Clinics	2,117,576	
Health Access and Education	607,046	10,000
Fitness/Nutrition	16,371	
Childrens' Dental		2,091,250
Healthy Children Program Management	197,287	8,499
	\$ 16,421,369	\$ 2,409,749
Early Learning		
School District Programs/Early Learning Specialists	\$ 4,393,107	
Child Signature Program	3,132,742	
Countywide Early Learning Programs	1,231,631	\$ 500,000
CARES Plus Early Educator Professional Development	328,950	
Early Learning Program Management	70,995	
	\$ 9,157,425	\$ 500,000
Strong Families		
Homeless Prevention	\$ 1,814,109	\$ 750,000
Family Support Services	667,565	355,000
Strong Families Program Management	93,470	
	\$ 2,575,144	\$ 1,105,000
Capacity Building		
Americorps/VISTA	\$ 1,494,275	\$ 15,000
Performance Outcomes Measuring Systems and Evaluation Support	802,423	
Capacity Building Program Management and Grants	92,258	1,294,765
Technical Assistance	219,743	
	\$ 2,608,699	\$ 1,309,765
TOTAL	\$ 30,762,941	\$ 5,324,514

Note: Catalytic expenditures are one-time funding actions designed to reduce ongoing demand on the Commission's budget, while making system-wide impacts on services for young children.



Children & Families Commission
of Orange County

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