



**Executive Officer's Report
February 6, 2013 Meeting**

DATE: January 28, 2013
TO: Children and Families Commission of Orange County
FROM: Christina Altmayer, Acting Deputy Executive Director 
SUBJECT: Executive Officer's Report

The following is the Executive Officer's Report for February 6, 2013.

A. Informational Items – Quarterly Investment Report & Financial Highlights (Report)

As required by California Government Code Section 53646, and the Commission's Investment Policy Statement dated May 2, 2012, the Commission Treasurer submits the Quarterly Investment Report (Attachment 1) to the Commission. The Report summarizes Commission investments in the Orange County Investment Pool (OCIP) Money Market Fund for the period October 1, 2012 through December 31, 2012. The Report also contains information on market conditions during the reporting period.

The monthly financial highlights summary report is provided as Attachment 2.

B. State Budget and Legislative Update (Report)

As reported to the Commission in January, the Governor released his budget for Fiscal Year 2013-14. The proposed budget does not directly impact Proposition 10, but there are two references to First 5. The budget acknowledges that First 5 California contributed \$40 million in the 2012 budget for Early Start that will be replaced by General Fund dollars in the 2013 budget, and a chart showing anticipated revenue to the California Children and Families Trust fund over the next two years. Two items that are not directly related to Proposition 10, but may impact local programs and partners are: an assessment of the CalWorks subsidized child care program; and, the potential impact of counties assuming programmatic and fiscal responsibility for the state-based optional Medicaid Expansion. I visited the three new Orange County Assembly representative's offices in Sacramento to brief them on the Commission. I met with Assemblywoman Sharon Quirk-Silva, Assemblyman Travis Allen's staff, and I delivered the recent annual report to Assemblyman Tom Daly's office. I will be scheduling meetings with the Assembly district offices in Orange County.

C. Long-Term Financial Plan Update (Report)

Commission staff continues to monitor Proposition 10 revenues and related Proposition 99 backfill and Board of Equalization Administration (BOE) amounts. First 5 California updated Proposition 10 revenue forecasts for FY 2012-13 through FY 2014-15 and provided these updates at the January 24 First 5 California Commission meeting. The updated revenue forecast will be incorporated into the Commission's Long Term Financial Plan along with

Commissioners

Acting Deputy Executive Director

the most recent actual revenue amounts provided by First 5 California. Although originally planned for February, the updated Long Term Financial Plan will be presented at the March meeting. The postponement to March should allow time for First 5 California to report both December and January actual receipts, provide a more complete revenue report, and allow time for staff to incorporate the most recent revenue forecasts.

D. Strategic Communications Report (*Report*)

Curt Pringle & Associates was selected by the Commission to provide strategic communications services in the areas of legislative advocacy, community partnership, and public awareness. The agreement established deliverable targets and metrics including monthly written reports on the status of the agreement for inclusion in the Executive Officer's report to the Commission. The January 2013 Strategic Communications Monthly Report submitted by Curt Pringle & Associates is attached.

E. Prevent All Cigarette Trafficking (PACT) Act Update (*Report*)

At the October and December 2012 meetings the Commission received public comments about how the Federal PACT Act ensures tax collection on Internet and remote sellers of cigarettes and smokeless tobacco but that cigars are exempt from the provision. An analysis on the estimated financial impact from the exemption of cigars was presented at the November 2012 meeting. Currently, we are coordinating with the First 5 Association of County Commissions and First 5 LA on this issue. First 5 LA is in contact with the American Lung Association of California to gauge their interest in the issue. At this time, we understand legislation may be introduced to add cigars to the PACT Act. I will continue to monitor progress and provide updates on this issue.

ATTACHMENTS:

1. Quarterly Investment Report
2. Financial Highlights
3. Strategic Communications Monthly Report

Children and Families Commission of Orange County
Quarterly Investment Report
October 1, 2012 through December 31, 2012

OVERVIEW

Pursuant to the Commission's Investment Policy Statement dated May 2, 2012, 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 October 1 through December 31, 2012.

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 December 31, 2012 totaled \$75,458,368.67.

PORTFOLIO PERFORMANCE SUMMARY

The following table presents an overview of the OCIP for the months of October, November and December 2012.

Month Ended	OCIP Market Value	OCIP Monthly Gross Yield	OCIP Average Days to Maturity	Commission's Month End Balance
October	\$2,902,064,647	0.48%	327 days	\$78,778,870
November	\$3,354,361,755	0.43%	272 days	\$77,391,504
December	\$3,703,353,420	0.33%	250 days	\$75,458,369

Yields continue to decrease as higher interest rate securities mature and are replaced with lower yielding securities.

ECONOMIC UPDATE

In December, U.S. economic data showed modest economic growth. U.S. sales of cars and light trucks rose 9% to 1,350,614 in December up from December 2011, and existing home sales increased 14.5% to 5.04 million also up from November 2011.

During its latest Federal Open Market Committee (FOMC) meeting, the Federal Reserve decided to keep interest rates low until the unemployment rate drops to 6.5% or lower, and as long as inflation remains near 2%. This was the first time the FOMC explicitly stated the level at

which unemployment would need to be prior to raising rates. The Treasury market remained flat as uncertainty surrounding effects of the “fiscal cliff” kept market participants occupied.

U.S. Treasury Yield Curve: Treasury yields increased slightly except for the 3-month maturity.

	Quarter Ending December 31, 2012	Quarter Ending September 30, 2012
3-Month	0.04%	0.09%
2-Year	0.25%	0.23%
5-Year	0.72%	0.63%
10-Year	1.76%	1.63%
30-Year	2.95%	2.82%

Source: Bloomberg World Markets

COMPLIANCE MONITORING

The investment portfolios had no compliance exceptions for the three months ending December 2012. In October, the Auditor-Controller Internal Audit unit issued their Reports on Review of the Statement of Assets Held by the County Treasury as of March 31 and June 30, 2012 which stated that no material modifications needed to be made to the financial statements prepared on a modified cash basis. In addition, the Auditor-Controller Report on Compliance Monitoring for the Quarter of April through June 2012 identified no compliance deficiencies. In December, the Auditor-Controller Internal Audit unit issued their Management Letter on Audit of the Statement of Assets Held by the County Treasury as of December 31, 2011. The management letter contains three control deficiencies primarily related to network access and user security. The County Treasurer has initiated corrective action on these recommendations.

SUMMARY STATEMENTS

Attached for further information and reference is the OCIP Statement of Activity for the months of October, November and December 2012.

- A. Statement of Activity: This Statement reports 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 October, November and December were \$78,778,870.46, \$77,391,504.07, and \$75,458,368.67 respectively. The estimated treasury administrative fee is 8.2 basis points, and the year to date net yield as of December 31, 2012 is 0.37%.

Attachments:

- A. Orange County Investment Pool Summary
- B. Statement of Activity for the months of October, November and December 2012



COUNTY OF ORANGE
OFFICE OF THE TREASURER-TAX COLLECTOR

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January 29, 2013

ORANGE COUNTY CHILDREN AND FAMILIES COMMISSION

Attn: Christina Altmayer, Acting Deputy Executive Director
17320 Redhill Avenue, #200
Irvine, CA 92614

Monthly Apportionment Gross Yield: 0.476%
Administration Fee: -0.082%
Monthly Apportionment Net Yield: 0.394%

Fund Number : 225

OCTOBER 2012 STATEMENT

CASH IN TREASURY

Transactions

Transaction Date	Transaction Description	Tran Type	Authorized Signer	Amount
10/01/12	September 2012 Admin Fee	AF		\$ (5,543.97)

Summary

Total Deposit:	\$ 2,583,340.97	Beginning Balance:	\$ 78,838,435.87
Total Withdrawal:	\$ (2,642,906.38)	Ending Balance:	\$ 78,778,870.46

ACCRUED INVESTMENT INCOME

Transactions

Transaction Date	Transaction Description	Tran Type	Authorized Signer	Amount
11/01/12	September 2012 Interest	IN		\$ 32,119.35

Summary

Total Accrual:	\$ 32,119.35	Beginning Balance:	\$ 33,429.03
Total Payment:	\$ -	Ending Balance:	\$ 65,548.38



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January 29, 2013

ORANGE COUNTY CHILDREN AND FAMILIES COMMISSION

Attn: Christina Altmayer, Acting Deputy Executive Director
17320 Redhill Avenue, #200
Irvine, CA 92614

Monthly Apportionment Gross Yield: 0.420%
Administration Fee: -0.082%
Monthly Apportionment Net Yield: 0.338%

Fund Number : 225

NOVEMBER 2012 STATEMENT

CASH IN TREASURY

Transactions

Transaction Date	Transaction Description	Tran Type	Authorized Signer	Amount
11/01/12	October 2012 Admin Fee	AF		\$ (5,531.86)
11/06/12	September 2012 Interest	IN		\$ 33,429.03
11/28/12	October 2012 Interest	IN		\$ 32,119.35

Summary

Total Deposit:	\$ 2,494,681.91	Beginning Balance:	\$ 78,778,870.46
Total Withdrawal:	\$ (3,882,048.30)	Ending Balance:	\$ 77,391,504.07

ACCRUED INVESTMENT INCOME

Transactions

Transaction Date	Transaction Description	Tran Type	Authorized Signer	Amount
11/06/12	September 2012 Interest	IN		\$ (33,429.03)
11/28/12	October 2012 Interest	IN		\$ (32,119.35)
12/03/12	November 2012 Interest	IN		\$ 27,146.98

Summary

Total Accrual:	\$ (65,548.38)	Beginning Balance:	\$ 65,548.38
Total Payment:	\$ 27,146.98	Ending Balance:	\$ 27,146.98



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January 29, 2013

ORANGE COUNTY CHILDREN AND FAMILIES COMMISSION

Attn: Christina Altmayer, Acting Deputy Executive Director
17320 Redhill Avenue, #200
Irvine, CA 92614

Monthly Apportionment Gross Yield: 0.328%
Administration Fee: -0.082%
Monthly Apportionment Net Yield: 0.246%

Fund Number : 225

DECEMBER 2012 STATEMENT

CASH IN TREASURY

Transactions

Transaction Date	Transaction Description	Tran Type	Authorized Signer	Amount
12/03/12	November 2012 Admin Fee	AF		\$ (5,303.59)
12/18/12	November 2012 Interest	IN		\$ 27,146.98

Summary

Total Deposit:	\$ 2,492,358.40	Beginning Balance:	\$ 77,391,504.07
Total Withdrawal:	\$ (4,425,493.80)	Ending Balance:	\$ 75,458,368.67

ACCRUED INVESTMENT INCOME

Transactions

Transaction Date	Transaction Description	Tran Type	Authorized Signer	Amount
12/18/12	November 2012 Interest	IN		\$ (27,146.98)
01/02/13	December 2012 Interest	IN		\$ 21,679.47

Summary

Total Accrual:	\$ (27,146.98)	Beginning Balance:	\$ 27,146.98
Total Payment:	\$ 21,679.47	Ending Balance:	\$ 21,679.47

Financial Highlights

As of December 31, 2012

Comparison of Budget vs. Actual Fiscal Year 2012-13 Unaudited Period Ending 12/31/12

	FY 2012-13 Amended Budget	FY 2012-13 Actual <small>(not including Catalytic Funding)</small>	
Financing Sources			
Tobacco Tax Revenue	\$27,971,800	\$9,991,560	35.7%
Interest Earnings	150,000	164,009	109.3%
Other Revenue	<u>1,448,126</u>	<u>778,103</u>	53.7%
Revenue Total	\$29,569,926	\$10,933,672	
Expenses			
Healthy Children	\$18,497,394	\$3,441,962	18.6%
Strong Families	3,619,500	955,107	26.4%
Early Learning	6,841,025	-55,666*	
Capacity Building**	<u>3,165,355</u>	<u>891,320</u>	28.2%
Program Services	\$32,123,274	\$5,232,723	
Admin. Functions***	<u>3,212,908</u>	<u>1,356,559</u>	
Total Operating Exp.	\$35,336,182	\$6,589,282	

*Negative amounts are a result of the reversal of year-end contract accruals for which we have not yet received actual invoices for payment

**Includes Evaluation costs of \$306,718

***Administrative costs and functions are defined by State Commission guidelines (Fiscal Memo No. 05-01, dated April 14, 2006) pursuant to Chapter 284, Statutes of 2005 (AB 109). Actual Administrative expenses of \$1,356,559 and encumbrances of \$679,008 were 5.76% of the Fiscal Year 2012-13 Amended Budget of \$35,336,182 and are projected to be 8.9% at year end.

Total Encumbrances as of December 31, 2012

Healthy Children	\$22,819,332
Strong Families	\$2,816,919
Early Learning	\$5,060,364
Capacity Building	\$2,583,176
Admin. Functions	\$679,008

Revenue and Cash Balance Update

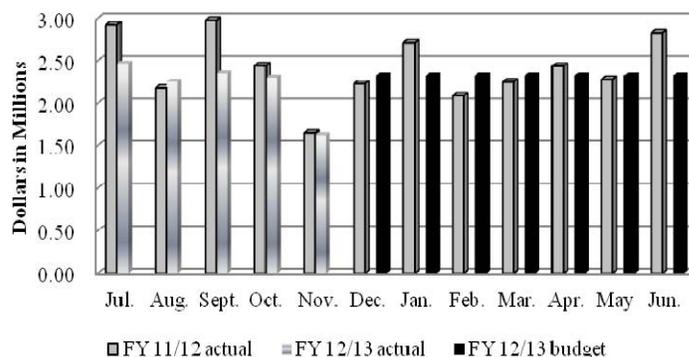
The Commission's total Tobacco Tax Revenue through November 2012 as reported by First 5 California is \$10,993,741. Prop 10 revenues for July - November are now 5.7% lower than the estimated budget plan of \$11.65 million. As of December 31, 2012, tobacco revenue has been received through October 2012.

Interest earnings for July 2012 through December 2012 are \$164,009. Other revenue of \$778,103 includes grant revenues for the VISTA program, MAA, ARRA Health Research reimbursements, and other miscellaneous revenue items.

Catalytic Funding Update

As of December 31, 2012, \$7.30 million has been disbursed and \$25.68 million is encumbered.

Fiscal Year 2011-12 & 2012-13 Tobacco Monthly Revenues



Forecasted Fiscal Year 2012-13 Ending Fund Balance

From Commission Long Term Financial Plan

Beginning Fund Balance, July 1, 2012	\$78,716,844
Forecasted Revenue	29,569,926
Budgeted Program Expenses	(32,123,274)
Budgeted Administrative Expenses	(3,212,908)
Catalytic Projects	<u>(55,000,000)</u>
Projected June 30, 2012 Fund Balance	\$17,950,588*

*based on Commission action through November 2012



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

From: Todd Priest, Vice President

Date: January 28, 2013

Subject: January 2013 Strategic Communications Monthly Report

Below is a list of monthly activities provided to the Children and Families Commission of Orange County by Curt Pringle & Associates:

Legislative Advocacy

Curt Pringle & Associates scheduled briefings for the Children and Families Commission staff with the three new members of the Orange County legislative delegation: Assembly members Sharon Quirk-Silva, Tom Daly, and Travis Allen. These briefings included an overview of Proposition 10 and the initiatives and programs supported by the Children and Families Commission of Orange County.

Curt Pringle & Associates developed a city outreach plan which was presented for review in December 2012. The plan identified priority cities for Commission outreach regarding programs and goals, including targeted elected officials and staff, as well as a timeline for implementation. Attachment A is a matrix of deliverables with a tentative schedule of city briefings.

We also provided Commission staff with the monthly state budget/legislative update for inclusion in the Weekly Update to the Commission, specifically highlighting the Governor's 2013-2014 Budget.

Community Partnership

Curt Pringle & Associates has begun meeting with the Essentials for Young Lives campaign Steering Committee. We have secured the following corporate sponsors for the EFYL 2013 campaign: UPS, VONS, The Koll Company, and The Dot. Our office has initiated outreach to new, additional sponsors to participate in the campaign including The Automobile Club of Southern California. Attachment B includes the tentative schedule for the EFYL campaign. The next Steering Committee meeting is scheduled for early February.

Public Awareness

Curt Pringle & Associates met with Commission staff, Kathleen Freed, and Lisa Burke to discuss the 2013 communications strategy. We have developed a matrix of monthly deliverables (Attachment A) for 2013. The month of January was designated for outreach to the new members of the Orange County legislative delegation. Curt Pringle & Associates will focus their public awareness efforts in February on children's dental health.

2013 Communication Matrix
January 1, 2013 - December 31, 2013

Month	Issue/Focus Area/Initiative	Tie-In with National Campaign	Op-Eds/Press Release Suggestions	Presentations/Reports
December	1) Center for Autism 2) Armory Redirection Program			
January	1) Early Math 2) Early Learning/Health 3) Center for Autism			Briefings with newly-elected State Legislators
February	Healthy Smiles	National Children's Dental Health Month (American Dental Assoc)	1) Press Release on Healthy Smiles Program 2) Op-Ed from Commission on importance of dental screenings 0-5 (Dr. Ahn?)	Briefings with newly-elected State Legislators
March	1) Community Indicator Report 2) Vision Care	National Nutrition Month Save Your Vision Month	1) Press Release on Community Indicator Report 2) Press Release on new mobile vision program 3) Op-Ed on new mobile vision program - Dr. Lerner?	City Briefing (4th District - Fullerton; Pathways of Hope groundbreaking? Move Fullerton with another City depending on this item)
April	1) Essentials Campaign 2) Center for Autism	National Autism Awareness Month Child Abuse Prevention Month National Infant Immunization Week	1) Op-Ed as the armories close on homelessness and the Essentials Campaign - Sheriff Hutchens 2) Op-Ed/Press Release with an update on the Center for Autism	City Briefing (1st District - Garden Grove; Health Fair to occur in May)
May	Essentials Campaign	Healthy Vision Month National Children's Mental Health Awareness Week	1) Press Release on Essentials Campaign	FY 13-14 Public Awareness Plan submitted to Commission
June	Rethink Your Drink		Op-Ed on the importance of "Rethink Your Drink" - (Author?)	Curt to present bi-annual report to Commission
July	OC Stem Initiative		Op-Ed by Henry or Susan Samueli discussing the importance of the STEM Initiative	City Briefing (3rd District, Irvine)

2013 Communication Matrix
January 1, 2013 - December 31, 2013

Attachment A

August	1) Developmental Screenings 2) Bridges Program	National Breastfeeding Month Children's Eye Health and Safety Month National Immunization Awareness Month	1) Op-Ed on the importance of development screenings - Dr. Joseph Donnelly 2) Op-Ed/Press Release on nurses in Bridges Program end of August, leading into September	City Briefing (2nd District, Huntington Beach)
September	Dr. Riba Grant	National Childhood Prevention Obesity Month Newborn Screening Awareness Month	Op-Ed by Dr. Riba Grant on Childhood Obesity or on a program from the El Sol Wellness Center	City Briefing (5th District, San Juan Capistrano)
October	Early Literacy	Read for the Record (to include messages from Read Early, Read Aloud)	Op-Ed by Dr. Colon on Reach Out and Read	Business Group Briefing (OCBC)
November	Redirection Program	National Hunger & Homeless Awareness Week Early Literacy Month - Read Early, Read Aloud	Press Release on opening of armories and redirection program	Curt to present bi-annual report to Commission
December	Armory Redirection Program			



Attachment B

Essentials for Young Lives Campaign 2013

Important Dates

Thursday, May 2***	Kick-Off Luncheon/Press Event
Saturday, May 4***	VONS Store Donation Drive
Friday, May 3 - Friday, May 10	Orange County Campaign Week
Friday, May 3	Distribute Baskets at State Capitol
Friday, May 3 - Friday, May 10	Sacramento Campaign Week
Monday, May 6	Press Event at State Capitol
Friday, May 10	Collect Items in Capitol Building
Sunday, May 12	Mother's Day
Monday, May 13 - Friday, May 17	Pick -Up Items
Saturday, May 18	Volunteer Sorting Day
Monday, May 20 - Friday, May 24	Deliver Items to Recipient Agencies
Wednesday, May 22***	Press Event

***Tentative