Tracy Rural County
Fire Protection District

Agenda Item 4.1

STAFF REPORT

Meeting:	**Regular Meeting**
Date:	**July 07, 2026**
To:	**Board of Directors**
Prepared by:	**Raychel Jackson, District Clerk**
Approved by:	**Craig Miller, Chairperson**
Re:	**Receive a Presentation and Authorize Implementation of Cash Management Strategy with Tri Counties Bank**

RECOMMENDATION

☒ **Action Item** ☐ Non-Action Item

Receive the presentation from Tri Counties Bank regarding the proposed cash management process and provide direction to staff regarding implementation of the proposed banking and cash management strategy.

BACKGROUND

Over the past year, the District has gradually transitioned the majority of its day-to-day banking and accounts payable activities to Tri Counties Bank. Currently, the majority of the District's accounts payable transactions are processed through District controlled accounts at Tri Counties Bank, while the County Treasurer continues to process larger payments and provide cash flow support when necessary.

As District operations have evolved, staff has evaluated opportunities to further streamline cash management, improve access to District funds, increase interest earnings, and reduce administrative processing time while maintaining appropriate financial safeguards.

DISCUSSION

Over the past year, the District has gradually transitioned the majority of its day-to-day banking and accounts payable activities to Tri Counties Bank. Currently, the majority of the District's accounts payable transactions are processed through District controlled accounts, while the County Treasurer continues to process certain larger payments and provide cash flow support as needed.

The proposed action represents the next phase of the District's cash management process by allowing a greater portion of District operating funds currently held by the County Treasurer to be maintained in the District's interest bearing public fund accounts at Tri Counties Bank. Excess funds will generally be transferred following the District's primary property tax distributions, typically received in December and April, or as operational needs warrant.

The County Treasurer will continue to collect and distribute property tax revenues on behalf of the District. The County will also continue processing the District's JPA payments through its existing cash flow process until the District maintains sufficient cash reserves to independently fund that obligation.

This proposal does not modify the District's purchasing policies, Board approval requirements, financial controls, or expenditure authorization process. Rather, it changes where approved payments are issued. Following all required approvals, payments will be issued directly by the District through Tri Counties Bank rather than being submitted to the County for processing through the Workday system.

Staff anticipates the proposed cash management process will improve operational efficiency by reducing administrative processing time, providing more timely payment of vendor invoices, increasing access to District funds, and maximizing interest earnings on available cash balances. No additional banking fees are anticipated, and all public funds maintained at Tri Counties Bank will continue to be collateralized in accordance with California Government Code requirements.

FISCAL IMPACT

The proposed transition is expected to increase interest earnings on District funds by maintaining higher balances in interest-bearing public fund accounts while improving operational efficiency. No additional budget appropriation is required to implement this transition.

ATTACHMENTS

1. Tri Counties Bank Cash Management Presentation

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Cash Management Review for Tracy Rural Fire Operating/General Funds

Public Sector Banking at Tri Counties Bank

Currently our Public Sector client base is over 250+ public agency clients with over $750 million in balances.

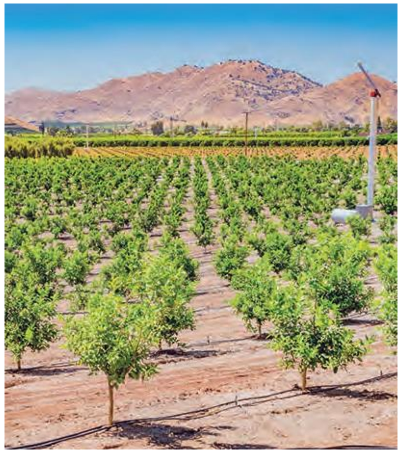
Tri Counties Bank provides agencies multiple options for managing the safety and security of deposits.

- **Traditional Deposit Collateral**

✓ Meeting California government code Title 5, Division 2, Sections 53630 through 53686 which regulates the Local Agency Security Program.

✓ In compliance with California law supplement regulations, Title 2, Division 4.5, section 16001.1.1 through 16010.1.3.

✓ TCB’s Public Fund balances are collateralized up to 110% by government backed securities.



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Goals

- ✓ Improve the management of operational funds more efficiently which would allow the district more control on the writs & warrants process.
- ✓ Take over the AP Process from the County.
- ✓ With the majority of funds in your TCBK accounts it will allow the district maximum interest and provide same day availability to funds.
- ✓ Funds are safe & fully collateralized.

Current Account Structure as of 6.23.26

Operating Account
Public Fund Interest Checking
X1221

Treasury Services
Information Reporting
Remote Deposit
ACH Origination
Check Positive Pay
ACH Positive Pay

Current Balance: $1,943,367
Interest: 2.96%

Medical Leave
Public Funds Interest Checking
x3151

Treasury Services
Information Reporting

Est. Balance: $158,628
Interest: 2.96%

Capital Improvements
Public Funds Interest Checking
x3175

Treasury Services
Information Reporting

Est. Balance: $526,845
Interest: 2.96%

Reserve Funds
Public Funds Interest
x6462

Treasury Services
Information Reporting

Est. Balance: $1,171,451
Interest: 2.96%

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How & Outcomes

- ✓ Currently an estimate additional $1MM to $3MM is left in the County. The majority of these funds would be moved on an annual basis to the Tracy Rural Fire reserve account.

1. Interest on an additional $1.5MM in deposited balances

Balance	$	1,500,000.00
Rate - APY		2.96%
Interest Monthly	$	4,623.29
Annualized	$	55,479.48

- ✓ A small amount of funds will be left at the County, (est. $50,000) as it is important to not totally sever this relationship. Reasons:

1. The County is managing the process of collecting the tax receivables and has the proper mechanisms for these activities.
2. The County will allow the district to go negative in fund balances typically is in December each year. There is a cost to this but the best & cheapest way for the district to access cash flow is via the County. (Raychel checking to see if South County payment date can be slightly move which should eliminate the district going negative.)

- ✓ Operationally, bi-annually once property taxes are received a request for the majority of funds to moved from the County to the TRFD accounts at TCBK.
- ✓ Once payment of invoices has been properly approved via the districts operational process, checks can then be written directly for expenses. The need to log into the County and request payment via the complicated WorkDay process is eliminated.

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