



ORANGE COUNTY FIRE AUTHORITY

Comprehensive Annual Financial Report

Year Ended June 30, 2012



Orange County, California
Business Services Department
Finance Division



Orange County Fire Authority Comprehensive Annual Financial Report Year ended June 30, 2012

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Fire Chief

Prepared by Finance Division

Orange County Fire Authority



Mission

We enhance public safety and meet the evolving needs of our communities through education, prevention, and emergency response.

Vision

OCFA is a premier public service agency providing superior services that result in no lives or property lost. We reach this through exceptional teamwork and strong partnerships in our community.

Guiding Principles

The Board, management, and members of OCFA are committed to upholding the following guiding principles in how we run our organization and work with each other:

- Service
- Safety
- Financial Responsibility
- Teamwork
- Trust
- Excellence
- Ethics
- Personal Responsibility
- Care and Respect
- Honesty and Fairness
- Reliability
- Diversity
- Integrity

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Year ended June 30, 2012

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Introductory Section





ORANGE COUNTY FIRE AUTHORITY
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Keith Richter, Fire Chief (714) 573-6000 www.ocfa.org

October 5, 2012

The Board of Directors
Orange County Fire Authority
1 Fire Authority Road
Irvine, California 92602

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Orange County Fire Authority (OCFA) for the fiscal year ended June 30, 2012. This report consists of management's representations concerning the finances of the OCFA and is presented using the financial reporting model outlined in the Governmental Accounting Standards Board (GASB) Statement No. 34. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

To provide a reasonable basis for making its representations, OCFA management has established a comprehensive internal control framework. This framework is designed to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that accounting transactions are executed in accordance with management's authorization and properly recorded so that the financial statements can be prepared in conformity with generally accepted accounting principles (GAAP). The objective of the internal control framework is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The design and operation of internal controls also ensures that federal and state financial assistance funds are expended in compliance with applicable laws and regulations related to those programs.

The OCFA's financial statements have been audited by Lance, Soll & Lunghard, LLP, a firm of certified public accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion ("clean") that the OCFA's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The Management's Discussion and Analysis (MD&A) narrative provides "financial highlights" and interprets the financial reports by analyzing trends and by explaining changes, fluctuations and variances in the financial data. The MD&A is also intended to disclose any known significant events or decisions that affect the financial condition of the OCFA. The MD&A complements, and should be read in conjunction with, this letter of transmittal.

Serving the Cities of: Aliso Viejo • Buena Park • Cypress • Dana Point • Irvine • Laguna Hills • Laguna Niguel • Laguna Woods • Lake Forest • La Palma • Los Alamitos • Mission Viejo • Placentia • Rancho Santa Margarita • San Clemente • San Juan Capistrano • Santa Ana • Seal Beach • Stanton • Tustin • Villa Park • Westminster • Yorba Linda and Unincorporated Areas of Orange County

RESIDENTIAL SPRINKLERS AND SMOKE ALARMS SAVE LIVES

Profile of the OCFA

The OCFA was formed on March 1, 1995, transitioning from the Orange County Fire Department to a joint powers authority (JPA) as allowed by California State Government Code 6500 et seq. The OCFA is an independent organizational entity similar to a special district. The service area includes twenty-three member cities and the unincorporated areas of Orange County, California. A twenty-five member Board of Directors governs the OCFA. This Board includes an elected official appointed to represent each of the twenty-three member cities and two representatives from the County Board of Supervisors. The OCFA is managed by an appointed Fire Chief who reports to the Board of Directors.

The OCFA is the largest regional fire service organization in Orange County and one of the largest in California. Emergency response services are provided to a community of over 1.6 million residents in a 576 square mile area of Orange County. The OCFA's authorized staffing level (including all frozen/unfunded positions) was 1,339 full-time positions for Fiscal Year 2011/12. A total of 1,148 authorized positions (85.7%) provide front-line services, including emergency response, dispatch and fire prevention. The remaining 191 authorized positions (14.3%) are for technical and administrative support. The OCFA's staffing levels also include an additional 206 reserve firefighter positions.

Since 1998, the OCFA has used a customer satisfaction survey program to monitor the level of customer service satisfaction. During the fiscal year ended June 30, 2012, a total of 32,899 questionnaires were distributed and 8,608 (26.2%) were returned. The overall satisfaction rating of 97.2%, in conjunction with the high return rate, demonstrates that our communities continue to place high value on the OCFA's services and excellent service delivery.

The annual budget serves as the foundation for the OCFA's financial planning and control. The budget development process begins in November. The budget team compiles the input received from the section/division managers who follow the policies and guidelines established by Executive Management. The results are presented to Executive Management for review and prioritization. The draft budget is further refined through various committee reviews, including a City Managers' Budget and Finance Committee, a Capital Improvement Program Ad Hoc Committee and the OCFA Budget and Finance Committee. The OCFA Budget and Finance Committee recommends the budget for approval by the Board of Directors in May or June. The Board has the option of holding a public hearing on the proposed budget, and is required to adopt a final budget by no later than June 30, the close of the OCFA's fiscal year.

The appropriated budget is allocated by fund and department. Department Chiefs may make transfers of appropriations between sections within a department. Transfers of appropriations between departments require the approval of Executive Management, and transfers between funds require the approval of the Board. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. Budgetary Comparison Statements for the General Fund and all major special revenue funds, if any, are presented in the governmental funds section of the accompanying financial statements. Budgetary Comparison Schedules for all remaining governmental funds with appropriated annual budgets are presented in the supplementary schedules section of the accompanying financial statements.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the OCFA operates. The following Fiscal Year 2011/12 economic, political and natural developments highlight some of the significant influences on the economy at the national, state and local levels¹:

- July 2011 – Debt problems in Europe and U.S. weighed on U.S. stocks.
- August 2011 – President Obama signed the debt ceiling bill. The S&P downgraded the U.S. credit rating.
- December 2011 – U.S. marked end to Iraq war.
- February 2012 – States reached \$25 billion settlement with banks over foreclosure abuses. The S&P upgraded California’s financial outlook. President Obama signed into law the extension of the payroll tax cut and unemployment benefits.
- March 2012 – California’s labor market continued its slow improvement as employers added jobs for the eighth straight month.
- June 2012 – The Federal Reserve extended “Operation Twist” (its initiative to stimulate the economy by buying longer-term Treasuries and selling its shorter-dated issues²) through the end of 2012. The Supreme Court upheld the health care law.

National Economy – The U.S. “Great Recession” began in December 2007, brought on primarily by the housing downturn that started in 2006.³ Recession is a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in production, employment, real income and other indicators, and typically indicated by a broad-based decline in gross domestic product (GDP). The National Bureau of Economic Research (NBER) announced that the recession officially ended and recovery began in June 2009.⁴ However, even though the recession officially ended three years ago, the national economy has struggled, and could continue to struggle for the next few years. Anticipation for any significant expansion in the economy has been tempered both by slow growth in real Gross Domestic Product (GDP) and high levels of unemployment.⁵ Real GDP increased at a rate of 1.7% in 2011, and is forecasted to increase by 2.3% in 2012.⁶ The national unemployment rate remained high at 8.2% in June 2012.⁷

The Federal Reserve Board’s goal is to promote maximum economic growth while still maintaining price stability and moderate, long-term interest rates.⁸ A decrease in the federal funds rate (the overnight bank lending rate) stimulates economic growth, while an increase can keep inflation under control. On June 20, 2012, the Federal Open Market Committee met and voted to keep the federal funds rate unchanged at a target

¹ *California Economic Indicators*, California Department of Finance – May/June 2012

² *What is Operation Twist*, Thomas Kenny, The New York Times About.com Guide

³ *It’s Official: Recession Since Dec. ’07*, Chris Isidore, CNNMoney.com – December 1, 2008

⁴ *California Economic Indicators*, California Department of Finance – May/June 2011

⁵ *Economic & Business Review*, A, Chapman University, Volume 30 Number 2 – June 2012

⁶ *National Economic Update*, Tyler Atkinson and Evan F. Koenig, Federal Reserve Bank of Dallas – June 19, 2012

⁷ *Databases, Tables & Calculators by Subject – Unemployment Rate*, Bureau of Labor Statistics, – June 2012

⁸ *Federal Reserve Act, Section 2A – Monetary Policy Objectives*

range of 0.0% to 0.25%, where it has been since December 2008. The Committee slightly downgraded its outlook on the economy and also maintained its stand to keep rates low for “at least through late 2014.”⁹ Due to stubbornly weak economic conditions, many economists have raised the possibility of another quantitative easing by the Fed, as the Fed has indicated that it still has options and is prepared to take further action as needed to address the U.S. economic weaknesses.¹⁰

Performance of the OCFA’s investment portfolio is directly impacted by changes in interest rates set by the Fed. OCFA’s investment income declined throughout Fiscal Year 2011/12 as investments matured and were reinvested at lower rates. The portfolio’s year-to-date effective rate of return was 0.51% as the fiscal year began, but declined to 0.39% by year-end. Investment income represented approximately 0.3% of total governmental funds revenue during Fiscal Year 2011/12. OCFA also received approximately \$1.4 million in federal funding during Fiscal Year 2011/12, which accounted for approximately 0.5% of total governmental funds revenues. This revenue was primarily in the form of Urban Search and Rescue reimbursements, grant awards and federal reimbursements for assistance by hire pertaining to fire incidents.

State Economy – The direct influence of the state economy on OCFA’s financial condition is in the form of reimbursements (including reimbursements for assistance by hire and state mandates) and its contract with the California Department of Forestry (CALFIRE). The state contracts with OCFA to provide fire suppression services to the State Responsibility Areas (SRA) that are within the OCFA’s jurisdiction. Any delays in the State’s adoption of its subsequent year’s budget can potentially impact the timeliness of payments received by OCFA. However, there have been no significant delays in payment of amounts owed to OCFA by various state agencies as of June 30, 2012.

In Fiscal Year 2011/12, the most significant state-wide event to financially impact local government agencies was the dissolution of the state’s roughly 60-year old redevelopment program. In December 2010, the California Supreme Court upheld legislation that ended the program and, as a result, more than 400 redevelopment agencies throughout the state were dissolved on February 1, 2012. Dissolution of such a massive, multi-billion dollar program is complicated and unprecedented. Redevelopment agencies gave local cities the ability to capture a greater share of property taxes in order to combat “blight” in the redevelopment project area. By ending redevelopment agencies, the state has effectively seized control of billions of dollars of property taxes, which were previously controlled by the cities that established the redevelopment agencies.¹¹

Prior to their dissolution, redevelopment agencies retained the increases in property taxes collected in their project areas (the tax increment) and passed through a portion of the increment to the other agencies providing services within the project areas. During Fiscal Year 2011/12, OCFA received approximately \$4.7 million of these “pass-through” payments from the redevelopment agencies of its member cities and from the County of Orange. The redevelopment agencies have now been replaced with successor agencies governed by oversight boards, and the property tax increment formerly received by the redevelopment agencies within Orange County will be deposited into the newly formed Redevelopment Property Tax Trust Fund (RPTTF) from which the Auditor/Controller will make disbursements on behalf of the successor agencies. It is difficult at this time to anticipate the impact to OCFA’s future pass-through revenues, given the changing guidelines being handed down by the State, the evolving procedures developed by the auditors, the uncertain outcome of the State’s review of the schedules of enforceable obligations, and the undetermined amounts of administrative costs to be

⁹ *Monthly Investment Report “Economic News,”* Orange County Fire Authority – May 31, 2012

¹⁰ *Monthly Investment Report “Economic News,”* Orange County Fire Authority – June 30, 2012

¹¹ *Explainer: The End of Redevelopment Agencies,* Kendall Taggart, California Watch – January 31, 2012

charged by the Auditor/Controller.¹²

County Economy – The most significant county economic factor impacting the OCFA is the housing market. Property taxes comprised 68.5% of the OCFA’s total governmental funds revenues in Fiscal Year 2011/12. The housing market is still struggling to recover, which means that property taxes have not rebounded. OCFA’s property tax revenues have declined during each of the last four fiscal years, and were approximately \$4.8 million lower in Fiscal Year 2011/12 than four years ago in Fiscal Year 2007/08.

Orange County’s housing prices appear to have stabilized during the past year, after reaching a post-crash low in January 2009. In July 2011, the median sales price on single family homes declined to \$551,510, down 3.1% from the previous year. (For comparison purposes, the price peak was \$747,260 in April 2007 and the price low was \$432,100 in January 2009.)

In 2011, approximately 57% of Orange County households could afford to purchase a single-family home priced at 85% of the Orange County median. Although this was an improvement over previous years (54% in 2010, 53% in 2009, 41% in 2008 and 23% in 2007), Orange County’s affordability rate is still lower than all peers compared.¹³ Orange County’s comparatively high housing prices drive its overall high cost of living. A high cost of living has the potential to make the county less attractive for business and may influence existing businesses and workers to relocate elsewhere.¹⁴

Long-term Financial Planning

Since its formation in 1995, the OCFA has been preparing multi-year projections of its revenues and expenditures. For the past sixteen years, a firm of property tax consultants has been retained to assist in the projection of the OCFA’s single largest revenue source – property taxes. With these projections and a collection of conservative assumptions, the OCFA forecasts its financial condition five years into the future. Various scenarios can be developed from the forecast to assess the impact of proposed or impending changes to the budget, the economy or the underlying assumptions. As a result, this tool provides early warning of potential financial difficulties.

Historically, OCFA’s method of projecting its property tax revenue was to increase the value of existing structures by the 2% constitutional maximum, increase these values to account for re-sales, and add in the value of any new development. However, over the past four years, these techniques have been adjusted to incorporate the appreciation or depreciation rate set by the State Board of Equalization, the potential for the County Assessor to reassess existing structures, and the possibility that re-sales might actually decrease the assessed values.¹⁵

Relevant Financial Policies

The OCFA Board of Directors has adopted the following formal budgetary and fiscal policies:

¹² *Update on Redevelopment Agency Dissolution*, Orange County Fire Authority Budget & Finance Committee Agenda Item No. 5 – May 9, 2012

¹³ *2012 Community Indicators Report – More Affordable; Still Most Expensive Among Peers*, O.C. Community Indicators Project – March 2012

¹⁴ *2012 Community Indicators Report – Large Differential Between Income and Cost of Living*, O.C. Community Indicators Project – March 2012

¹⁵ *Rosenow Spavacek Group, Inc. (RSG) Final Property Tax Revenue Projections*, Orange County Fire Authority Budget & Finance Committee Agenda Item No. 4 – May 9, 2012

Financial Stability Budget Policy – This policy is intended to guide the OCFA budget actions toward maintaining long-term financial stability and to establish fund balance levels and annual funding targets for the General Fund and Capital Improvement Program (CIP) funds.

Fiscal Health Contingency Plan – The purpose of this plan is to establish a framework and general process to assure timely and appropriate response to adverse fiscal circumstances. It also includes historical trend analysis of fifteen fiscal factors.

Investment Policy – This policy is updated annually to reflect changes in legislation and the changing needs of the OCFA. It specifies the types of investments allowed in the OCFA portfolio, as well as the diversification and maturity requirements for investments.

Roles/Responsibilities/Authorities for the OCFA – This document identifies those roles and responsibilities that have been retained by the Board, as well as responsibilities that have been delegated. All authority rests with the Board unless it is delegated by statute or Board action. When delegated, these authorities are further defined by contracts, resolutions, policies and/or other Board actions.

Accounts Receivable Write-off Policy for Uncollectible Accounts – This policy establishes the criteria and procedures for requesting uncollectible amounts to be written off.

Short-term Debt Policy – This policy establishes guidelines for managing the OCFA's cash flow position in a fiscally conservative manner through the issuance of short-term debt.

Emergency Appropriations Policy – This policy, which was adopted in September 2008, establishes guidelines for increasing appropriations in the event of extraordinary fire or emergency activity following the last Board meeting of the fiscal year.

Assigned Fund Balance Policy – This policy, which was adopted in April 2011, establishes the authority by which OCFA may set aside cumulative resources in fund balance for an intended future use.

Grants Management Policy – This policy, which was effective January 2012, establishes an overall framework for guiding OCFA's use and management of grant resources.

Major Initiatives and Accomplishments for Fiscal Year 2011/12

Agreements, Studies and Strategic Initiatives:

- **City of Santa Ana Fire and Emergency Medical Services Agreement** – In October 2011, the City of Santa Ana requested a proposal from OCFA to provide fire and emergency services to the city. Upon approval by the OCFA Board of Directors and the City Council of Santa Ana, a final agreement was signed on March 5, 2012, and the City of Santa Ana became the twenty-fourth member of the OCFA. Per terms of the agreement, the OCFA began providing services effective April 20, 2012, including fire suppression, fire prevention, fire investigation, emergency medical, rescue and related services, hazardous materials response, hazardous materials disclosure, and community safety and education services. Fire suppression and emergency medical response services are provided from ten city-owned fire stations located in Santa Ana. With the addition of Santa Ana to OCFA's jurisdiction, the number of residents served by OCFA personnel increased by approximately 325,000, or 24.0%.

Staffing and Personnel:

- **Hiring Freeze** – A hiring freeze for positions that do not provide front line service to the public has been in effect since Fiscal Year 2008/09. Each position that becomes vacant is reviewed by Executive Management to determine whether the workload can be reassigned or if it will be necessary to fill the position. A total of ninety-three authorized positions were frozen and unfunded as of June 30, 2012.
 - Recommendations from the 2008 Santiago After Action Report included the addition of a fourth firefighter on twelve wildland engines, to be phased in over multiple fiscal years. Phase one authorized the addition of 9 positions, which were frozen pending improved financial condition.
 - The addition of a four-person truck company at Fire Station No. 20 (Irvine) has been deferred until development activity and service demand increases (12 positions). In addition, the station’s 3-person engine and 2-person paramedic van were transitioned to a single 4-person paramedic engine during Fiscal Year 2010/11, resulting in 3 frozen firefighter positions.
 - Six staff captain positions are frozen (two training officers and Administrative Captains for Divisions 1, 3, 4 and 5), with personnel transitioning to fill vacant suppression field positions.
 - Vacancies remain frozen for an additional thirty-three suppression positions, including Fire Apparatus Engineers (15 positions), Fire Captains (15 positions), staff Battalion Chiefs (2 positions) and a Heavy Fire Equipment Operator (1 position). The Fire Apparatus Engineer and Fire Captain positions are currently being backfilled with overtime.
 - Vacancies remain frozen for thirty non-suppression positions from Executive Management/Human Resources (4 positions), Operations (1 position), Fire Prevention (15 positions), Business Services (6 positions) and Support Services (4 positions).
 - The ninety-three frozen and unfunded positions are summarized in the following table.

| | As of June 30, | | Increase (Decrease) |
|--|----------------|-----------|------------------------|
| | 2012 | 2011 | |
| Suppression: | | | |
| Firefighter | 18 | 18 | - |
| Fire Apparatus Engineer | 18 | 18 | - |
| Fire Captain | 24 | 24 | - |
| Battalion Chief (Staff Position) | 2 | 2 | - |
| Heavy Fire Equipment Operator | 1 | 1 | - |
| Subtotal – Suppression | 63 | 63 | - |
| Non-Suppression: | | | |
| Executive Management/Human Resources | 4 | 6 | (2) * |
| Operations | 1 | - | 1 |
| Fire Prevention | 15 | 16 | (1) * |
| Business Services | 6 | 6 | - |
| Support Services | 4 | 4 | - |
| Subtotal – Non-Suppression | 30 | 32 | (2) |
| Total frozen and unfunded positions | 93 | 95 | (2) |

* Previously frozen positions were permanently deleted from the authorized positions list.

- Promotional Tests and Academies** – Promotional tests and academies are normally completed as part of the OCFA’s ongoing succession planning to replace retiring employees. After a two-year hiatus necessitated by the financial challenges faced by the OCFA, Career Firefighter Academy 37 was completed in Fall 2011. Also during Fiscal Year 2011/12, internal promotional exams and/or academies were completed for Reserve Firefighter, Fire Apparatus Engineer, Fire Captain and Battalion Chief.
- Full-time Firefighter Hand Crew Pilot Program** – In May 2011, the Board of Directors approved a one-year pilot program for the OCFA’s hand crew. The pilot program provided for limited term employment of a 20-member hand crew, working full-time throughout Fiscal Year 2011/12. (Prior to Fiscal Year 2011/12, the hand crew was classified as seasonal, with planned use during only the first five and the last two months of the fiscal year.) At the conclusion of the pilot in May 2012, the program was evaluated for its operational benefit, level of cost recovery, and affordability. At that time, the Board of Directors approved to continue employment of a full-time hand crew from July 2012 through December 2012, with an estimated 10% cost recovery rate.
- Transition of Santa Ana Fire Department Personnel** – Per the terms of the Fire and Emergency Medical Services Agreement with the City of Santa Ana, OCFA initially offered employment to 202 employees from the City of Santa Ana Fire Department and ultimately hired 197 new employees. However, only 163 new positions were added to OCFA’s position control, since 34 of the new employees filled existing OCFA vacancies (unfrozen) that were previously being staffed by overtime. Following is a summary of positions offered and new employees who were hired by OCFA effective April 20, 2012:

| Position | Positions Offered per Agreement | New Employees Hired | Additions to OCFA’s Position Control | Difference* |
|---------------------------------------|---------------------------------|---------------------|--------------------------------------|-------------|
| Sworn Personnel: | | | | |
| Division Chief | 1 | 1 | 1 | - |
| Battalion Chief | 3 | 3 | 3 | - |
| Fire Captain | 39 | 39 | 39 | - |
| Fire Apparatus Engineer | 36 | 36 | 36 | - |
| Firefighter | 108 | 105 | 72 | 33 |
| Subtotal – Sworn Personnel | 187 | 184 | 151 | 33 |
| Non-Sworn Personnel: | | | | |
| Assistant Fire Marshall | 1 | 1 | 1 | - |
| Fire Prevention Analyst | 1 | 1 | 1 | - |
| Senior Fire Prevention Specialist | 4 | 2 | 3 | (1) |
| Fire Prevention Specialist | - | 1 | 1 | - |
| Office Services Specialist | 1 | - | 1 | (1) |
| Administrative Assistant | 1 | 1 | 1 | - |
| Nurse Educator | 1 | 1 | 1 | - |
| Fire Communications Dispatcher | 6 | 6 | 3 | 3 |
| Subtotal – Non-Sworn Personnel | 15 | 13 | 12 | 1 |
| Total | 202 | 197 | 163 | 34 |

*The difference between new employees hired and additions to position control reflects the filling of unfrozen vacancies previously being staffed by overtime.

Facilities and Capital Improvements:

- **Fire Station Replacement and Improvements** – During Fiscal Year 2011/12, OCFA completed construction of the parking lot and various other improvements on the vacant lot next to Fire Station No. 17 (Cypress). In addition, the cities of San Clemente and Stanton built replacement fire stations at no cost to the OCFA. Replacement Fire Station No. 60 (San Clemente) was completed in September 2011, and Replacement Fire Station No. 46 (Stanton) was completed in November 2011.
- **Public Safety Systems Project** – During Fiscal Year 2011/12, OCFA received bid responses for the replacement of the Public Safety System. This system is comprised of the Computer Aided Dispatch (CAD) system application, Orange County Fire Incident Reporting System (OCFIRS), and the Integrated Fire Prevention (IFP) application, which have been in use since the 1980's. The final contract award is expected to occur in Fiscal Year 2012/13.

Major Initiatives and Goals for the Future

Agreements, Studies and Strategic Initiatives:

- **Implementation of Updated Strategic Plan** – With the adoption of OCFA's updated strategic plan, efforts will continue to move forward with its implementation. The 2010 Strategic Plan is divided into three major goals (Service Delivery, Performance and Accountability, and Technology), with various objectives being addressed within each goal. Multi-disciplinary project teams will continue to be assembled for each objective. Executive Management will continue to discuss issues, priorities and needs, as well as conduct yearly planning sessions to review the plan's status and make any necessary revisions.
- **Continued Focus on Financial Health** – While significant progress has been made in terms of cost reductions and preserving service levels, with the continued sagging economy and uncertain revenue impacts, efforts will continue towards reducing future costs and seeking additional revenue streams in order to maintain OCFA's financial health.
- **Optimal Outcome Deployment** – This new plan focuses on evaluation of OCFA's current use of all resources throughout the organization, not just emergency response, to determine steps to be taken to maximize effectiveness and efficiency. A committee has been assembled to further define the plan and assist in reviewing new ideas.
- **Design New Fire Safety Programs** – The OCFA responds to a fire in a multi-family residential property every 36 hours. The annual losses average \$7 million, with five deaths and 119 injuries in the last five years. These homes have the highest fire rate of any occupancy and the state-mandated inspection program is having little impact on the problem. In response, OCFA is implementing a Multifamily Risk Reduction Program, which provides a system for the effective and efficient delivery of fire and life safety messages for the purpose of changing occupant behavior and reducing losses in multifamily occupancies. Various apartment associations have agreed to partner with OCFA in this pilot program.

Staffing and Personnel:

- **Promotional Tests and Academies** – Internal promotional exams and/or academies are anticipated to be conducted in Fiscal Year 2012/13 for Firefighter, Reserve Firefighter, Fire Apparatus Engineer, Fire Captain and Battalion Chief.
- **Expansion of Volunteer Roles at OCFA** – With the downsizing of the Reserve Firefighter program, it is OCFA's intention to provide other ways for citizens to volunteer. A pilot Fire Corps program is currently in the early implementation phase as a way to provide these volunteer opportunities.

Facilities and Capital Improvements:

- **Western Portion of Hangar Facilities** – In December 2010, OCFA purchased the eastern portion of a recently-constructed hangar to house the helicopter fleet and replace Specialty Fire Station No. 41 (Fullerton Airport). The eastern portion of the facility was placed into service in March 2011 and houses OCFA's helicopter fleet and Air Operations administrative offices. It is anticipated that the purchase of the western portion of the facility, which is being occupied by various tenants of the current owner, will be finalized during Fiscal Year 2012/13.
- **New OCFA-Built Fire Station** – Planning, design and grading of New Fire Station No. 56 (Ortega Valley) commenced in Fiscal Year 2011/12, and construction is expected to follow in Fiscal Year 2012/13, pending direction from the Rancho Mission Viejo Company. The new station, which is being constructed by OCFA and partially funded by contributions from developers, will provide the capability to house two companies.
- **City-Built Fire Station** – The City of Tustin is currently building a replacement fire station at no cost to the OCFA. Replacement Fire Station No. 37 (Tustin) has been designed and permitted, and is expected to be constructed during Fiscal Year 2012/13.
- **Developer-Built Fire Stations** – Planning and development of new fire stations in Rancho Mission Viejo is expected to commence in Fiscal Year 2014/15. These stations will be constructed by a developer at little or no cost to the OCFA.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the OCFA for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. This was the fourteenth consecutive year that the OCFA has received this prestigious award. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and the applicable legal requirements. This certificate is valid for a period of one year only. We believe that our current CAFR continues to meet the program's requirements and we are submitting it to the GFOA to determine its eligibility for this year's award.

The timely preparation of the Comprehensive Annual Financial Report was made possible by the dedicated efforts of all departments of the OCFA, especially the staff of the Finance Division. We sincerely appreciate and acknowledge the support and direction provided to OCFA staff preparing the CAFR by the accounting firm of Lance, Soll & Lunghard, LLP. We would also like to express our appreciation to the Board of Directors and

the OCFA Budget and Finance Committee for their leadership and support in planning and conducting the financial operations of the OCFA in a responsible and progressive manner.

Respectfully submitted,

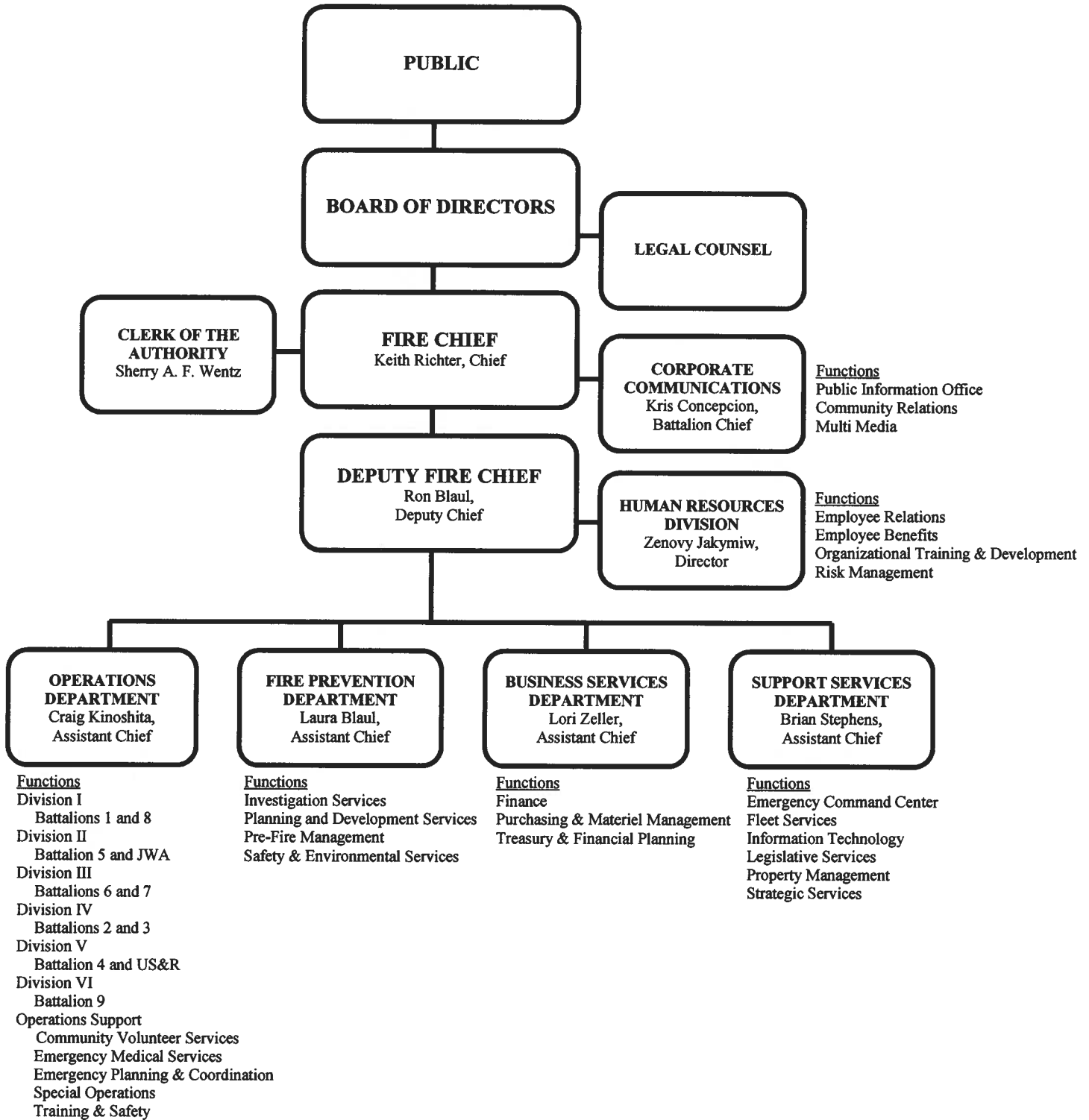


Keith Richter, Fire Chief



Lori Zeller, Assistant Chief
Business Service Department

**ORANGE COUNTY FIRE AUTHORITY
Organization Chart
June 30, 2012**



ORANGE COUNTY FIRE AUTHORITY
Management Staff and Appointed Officials
June 30, 2012

Keith Richter Fire Chief

Ron Blaul Deputy Fire Chief

Craig Kinoshita Assistant Chief
Operations Department

Laura Blaul Assistant Chief
Fire Prevention Department

Lori Zeller Assistant Chief
Business Services Department

Brian Stephens Assistant Chief
Support Services Department

Sherry A.F. Wentz Appointed – Clerk of the Authority

Jim Ruane Appointed – Auditor

Patricia Jakubiak Appointed – Treasurer

Woodruff, Spradlin, & Smart General Counsel

ORANGE COUNTY FIRE AUTHORITY
Organization of Board of Directors
June 30, 2012

The Orange County Fire Authority Board of Directors has twenty-five members. Twenty-three of the members represent partner cities and two members represent the county unincorporated area. The Board of Directors meets bi-monthly. Following are descriptions of each committee that has been established by the Board of Directors:

The **Executive Committee** meets monthly and conducts all business of the OCFA, with the exception of policy issues, including labor relations, budget issues and other matters specifically retained by the Board of Directors. The Executive Committee consists of no more than nine members of the Board of Directors. The committee membership is comprised of the following designated positions: the Chair and Vice Chair of the Board of Directors, the immediate past Chair of the Board and the Chair of the Budget and Finance Committee. In addition, the Chair appoints five at-large members. At least one member of the Board of Supervisors serves on this committee. In addition, the ratio of committee members representing cash contract cities to the total committee membership will be as close as reasonably possible to the ratio of the number of cash contract cities to total member agencies. The Chair of the City Managers Technical Advisory Committee serves as an ex officio non-voting member of the Executive Committee.

The **Budget and Finance Committee** meets monthly and advises staff and makes recommendations to the Board of Directors on matters related to financial and budget policies, development of budgets for the General Fund and capital expenditures, assignment of fund balances, budget balancing measures, evaluation and development of plans to meet long-term financing needs, investment oversight and purchasing policies. The Chair of the Board makes appointments to the Committee on an annual or as-needed basis. The Chair of the City Manager Budget and Finance Committee serves as an ex officio non-voting member of this committee. The Budget and Finance Committee is also designated to serve as the OCFA's audit oversight committee.

The **Claims Settlement Committee** has the authority to settle claims and lawsuits and pre-litigation claims for amounts above \$50,000, not to exceed \$250,000, including insurance pool settlements, workers' compensation settlements, and the initiation and settlement of subrogation claims. Settlements of lawsuits in amounts exceeding \$250,000 are approved by the Board of Directors. The Claims Settlement Committee meets monthly and consists of the Board Chair and Vice Chair, the Budget and Finance Committee Chair, the Fire Chief, and the Human Resources Director. The Deputy Fire Chief serves as the Fire Chief's alternate, and the Risk Manager serves as the Human Resources Director's alternate.

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Orange County Fire Authority
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

President

Jeffrey R. Enos

Executive Director



Orange County Fire Authority Safety Message

Electrical Fire Safety – Safety Precautions

The OCFA provides the following safety tips to assist you in preventing the loss of life and property resulting from electrical fires:

- Routinely check your electrical appliances for wiring. Replace all worn, old or damaged cords or appliances immediately.
- Unplug small appliances (toasters, coffeemakers, etc.) when they're not in use.
- Use surge protectors with on/off switches and circuit breakers instead of multi-plug adapters.
- Don't run cords under carpets or across doorways, and don't pinch cords against walls or furniture.
- If an appliance has a three-prong plug, use it only in a three-slot outlet. Never force it to fit into a two-slot outlet or extension cord.
- Allow adequate space around electronic components such as computers and stereo systems to prevent overheating.
- Never overload extension cords or wall sockets.
- Use safety closures to "child proof" electrical outlets.

Financial Section



- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA
- Deborah A. Harper, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Orange County Fire Authority
Irvine, California

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Orange County Fire Authority (OCFA), as of and for the year ended June 30, 2012, which collectively comprise the OCFA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the OCFA's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the OCFA's June 30, 2011 financial statements and were audited by other auditors whose report dated October 14, 2011 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the OCFA, as of June 30, 2012, the respective changes in financial position and respective budgetary comparison statement for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2012, on our consideration of the OCFA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required



CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Orange County Fire Authority
Irvine, California

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the OCFA's financial statements as a whole. The introductory section, combining schedules, supplementary budget comparison schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the financial statements. The combining schedules and the supplementary budget comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Lance, Soll & Loughard, LLP

Brea, California
October 5, 2012

**Management's
Discussion
&
Analysis**



Station 70



Station 71

ORANGE COUNTY FIRE AUTHORITY

Management's Discussion and Analysis

Year ended June 30, 2012

As management of the Orange County Fire Authority (OCFA), we offer readers of the OCFA's financial statements this overview and analysis of the financial activities for the fiscal year ended June 30, 2012.

Financial Highlights

- **Governmental Activities:** The assets of the OCFA exceeded its liabilities by \$268,545,151 at the end of the current fiscal year. Net assets consisted of investments in capital assets, net of related debt, in the amount of \$183,584,385 (68.4%); restricted for capital projects and other purposes in the amount of \$3,252,969 (1.2%); and unrestricted net assets in the amount of \$81,707,797 (30.4%). The result of current fiscal year operations caused total net assets to decrease by \$19,084,220 from the prior fiscal year.
- **Governmental Funds:** As of the close of the current fiscal year, the OCFA's governmental funds showed combined ending fund balances totaling \$162,292,444, a decrease of \$2,964,583 from the prior fiscal year. Of the total ending fund balance, \$25,751,128 (15.9%) was available for funding future operational needs (unassigned fund balance).
- **General Fund:** At the end of the current fiscal year, total fund balance for the General Fund was \$86,295,810, which included the following amounts:

| | |
|--|---------------------|
| ❖ Prepaid costs in a nonspendable form | \$22,756,709 |
| ❖ Restricted for federal grants, donations, and other restricted revenue programs | 1,699,787 |
| ❖ Committed to service enhancement projects in over-funded structural fire fund cities | 1,372,789 |
| ❖ Assigned to future obligations for self-insured workers' compensation claims | 34,146,268 |
| ❖ Assigned to various unperformed contracts for goods or services | 569,129 |
| ❖ Unassigned and available for future spending: | |
| Set aside for future economic uncertainties | 22,443,528 |
| All other residual amounts available for any purpose | <u>3,307,600</u> |
| Fund balance of the General Fund as of June 30, 2012 | <u>\$86,295,810</u> |

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the OCFA's basic financial statements. The basic financial statements are comprised of the following three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This financial report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the OCFA's finances, in a manner similar to a private-sector business. All public safety activities of the OCFA are reported as governmental activities, since they are principally supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 21-22 of this report.

Statement of Net Assets: The statement of net assets presents information on all of the OCFA's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the OCFA is improving or deteriorating.

Statement of Activities: The statement of activities presents information showing how the OCFA's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The OCFA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the OCFA can be divided into two categories – governmental funds and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the OCFA's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide reconciliations to facilitate this comparison.

The OCFA maintains five individual governmental funds. Information is presented separately in the fund financial statements for all five governmental funds, since the OCFA has elected to classify all governmental funds as major funds. The OCFA adopts an annual appropriated budget for each governmental fund. Budgetary comparison statements and schedules have been provided for the governmental funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 24-32 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the OCFA's own programs. Combined basic fiduciary fund financial statements can be found on pages 33-34 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-70 of this report.

Supplementary Schedules: The budgetary schedules referred to earlier in connection with governmental funds are presented in the supplementary schedules section. Combining and individual fund statements and schedules can be found on pages 71-81 of this report.

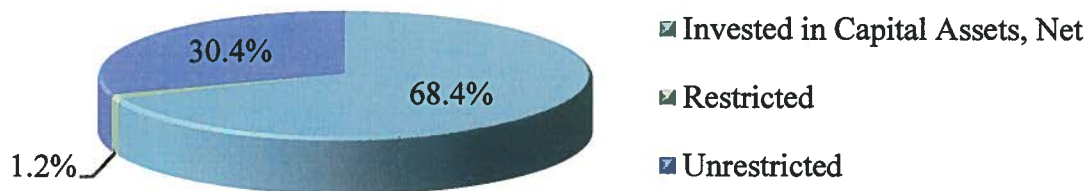
Government-wide Financial Analysis

Net Assets: As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of OCFA, assets exceeded liabilities by \$268,545,151 at the end of the most recent fiscal year, a 6.6% decrease from the prior fiscal year. Following is a summary of the OCFA's net assets as of June 30, 2012 and 2011:

ORANGE COUNTY FIRE AUTHORITY's Net Assets

| Governmental Activities | June 30, 2012 | June 30, 2011 | Increase (Decrease) | |
|---|-----------------------|-----------------------|------------------------|---------|
| | | | Amount | % |
| Assets: | | | | |
| Current and other assets | \$ 177,975,932 | \$ 175,737,815 | \$ 2,238,117 | 1.3% |
| Capital assets | 198,690,035 | 203,163,902 | (4,473,867) | -2.2% |
| Total assets | <u>376,665,967</u> | <u>378,901,717</u> | <u>(2,235,750)</u> | -0.6% |
| Liabilities: | | | | |
| Long-term liabilities | 94,299,751 | 80,777,768 | 13,521,983 | 16.7% |
| Other liabilities | 13,821,065 | 10,494,578 | 3,326,487 | 31.7% |
| Total liabilities | <u>108,120,816</u> | <u>91,272,346</u> | <u>16,848,470</u> | 18.5% |
| Net assets: | | | | |
| Invested in capital assets, net of related debt | 183,584,385 | 186,297,543 | (2,713,158) | -1.5% |
| Restricted for capital projects | 1,553,182 | 1,515,253 | 37,929 | 2.5% |
| Restricted for other purposes | 1,699,787 | 111,980 | 1,587,807 | 1417.9% |
| Unrestricted | 81,707,797 | 99,704,595 | (17,996,798) | -18.1% |
| Total net assets | <u>\$ 268,545,151</u> | <u>\$ 287,629,371</u> | <u>\$ (19,084,220)</u> | -6.6% |

Net Assets of Governmental Activities at June 30, 2012



- At the end of the current and prior fiscal years, the OCFA reported positive balances in all three categories of governmental activities net assets:
 - At June 30, 2012, the largest portion of OCFA's net assets (68.4%) reflects its investment in capital assets, less related outstanding debt used to acquire those assets. The OCFA uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the OCFA's investment in its capital assets is reported net of related debt, it should be noted that the

repayment of any debt issued to acquire capital assets must be from other sources. The OCFA cannot sell the assets to obtain funding.

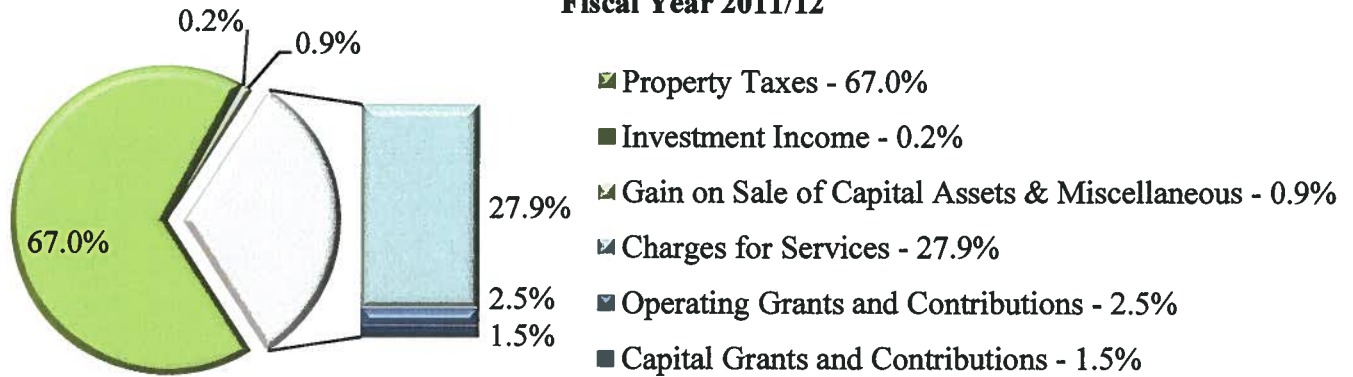
- o An additional portion of OCFA's net assets (1.2%) represents resources that are subject to external restrictions on how they may be used. Restricted net assets relate to developer contributions and CALFIRE contract revenues that are legally restricted for new fire station development or improvements to existing fire stations, as well as donations received for specific programs and unperformed purchase orders and contracts for grant-funded programs.
- o The remaining balance of net assets is considered unrestricted (30.4%) and may be used to meet the OCFA's ongoing obligations to citizens and creditors.

Changes in Net Assets: Governmental activities decreased the OCFA's net assets by \$19,084,220 during the most recent fiscal year, an indication that the OCFA's financial position has deteriorated. Governmental activities are divided into two categories – program and general. Program revenues are those derived directly from a government program itself, or from parties outside the government's taxpayers, and thus reduce the net cost of providing that program. Any program expenses that are not offset by program revenues must essentially be financed by general revenues, such as taxes and investment earnings. Following is a summary of the OCFA's changes in net assets for Fiscal Year 2011/12 and Fiscal Year 2010/11:

ORANGE COUNTY FIRE AUTHORITY's Changes in Net Assets

| Governmental Activities | FY 2011/12 | FY 2010/11 | Increase (Decrease) | |
|--------------------------------------|-----------------------|-----------------------|------------------------|--------------|
| | | | Amount | % |
| Program revenues: | | | | |
| Charges for services | \$ 73,952,272 | \$ 61,975,963 | \$ 11,976,309 | 19.3% |
| Operating grants and contributions | 6,580,681 | 5,963,648 | 617,033 | 10.3% |
| Capital grants and contributions | 3,926,275 | 395,180 | 3,531,095 | 893.5% |
| General revenues: | | | | |
| Property taxes | 177,728,290 | 177,181,086 | 547,204 | 0.3% |
| Investment income | 524,602 | 611,408 | (86,806) | -14.2% |
| Gain on sale of capital assets | 79,705 | 39,803 | 39,902 | 100.2% |
| Miscellaneous | 2,420,723 | 835,021 | 1,585,702 | 189.9% |
| Total revenues | 265,212,548 | 247,002,109 | 18,210,439 | 7.4% |
| Public safety expenses: | | | | |
| Salaries and benefits | 237,689,753 | 221,031,439 | 16,658,314 | 7.5% |
| Services and supplies | 36,812,148 | 30,736,034 | 6,076,114 | 19.8% |
| Depreciation and amortization | 9,300,853 | 8,970,508 | 330,345 | 3.7% |
| Interest on long-term debt | 494,014 | 677,910 | (183,896) | -27.1% |
| Total expenses | 284,296,768 | 261,415,891 | 22,880,877 | 8.8% |
| Change in net assets | (19,084,220) | (14,413,782) | (4,670,438) | 32.4% |
| Net assets, beginning of year | 287,629,371 | 302,043,153 | (14,413,782) | -4.8% |
| Net assets, end of year | \$ 268,545,151 | \$ 287,629,371 | \$ (19,084,220) | -6.6% |

**Revenues of Governmental Activities - by Source
Fiscal Year 2011/12**



- Program revenues totaled \$84,459,228 for Fiscal Year 2011/12 and accounted for 31.9% of total revenues. Following is a description of each program revenue type, followed by an explanation of what contributed to the net increase or decrease from the prior fiscal year.
 - Charges for services include amounts received from those who purchase, use or directly benefit from or are affected by a program. These revenues increased by \$11,976,309 (19.3%) over the prior fiscal year.

| Amount | Reason for Increase / Decrease |
|----------------------|--|
| +\$10,850,000 | Charges to ongoing cash contract cities increased by \$2,330,000 per terms of the Joint Powers Agreement. The City of Santa Ana also became a member of the OCFA effective April 20, 2012, increasing base cash contract city charges in the current fiscal year by an additional \$6,820,000. In addition, OCFA incurred certain costs as part of the transition that are reimbursable from the City of Santa Ana, including start-up costs (\$1,550,000) and employee leave balance usage (\$150,000). |
| +\$1,950,000 | State assistance by hire services performed for the California Department of Forestry (CALFIRE) and the California Emergency Management Agency (CAL EMA) increased by \$1,950,000. Reimbursements for state incidents were more in the current fiscal year, primarily due to major Fiscal Year 2011/12 incidents such as the Eagle Fire in July 2011 and the Comanche Fire in September 2011. |
| -\$750,000 | Revenues pertaining to disclosure, inspection and plan check fees decreased by \$750,000, primarily due to program changes in the current fiscal year that eliminated inspections for occupancies with a relatively low fire risk and history and low inspection impact. |
| -\$350,000 | The operating portion of the State Responsibility Area (SRA) contract with CALFIRE decreased by \$350,000. |
| +\$300,000 | Revenues for ambulance transport and supplies reimbursement increased by \$300,000. |
| +\$12,000,000 | Charges for services – net increase |

- Operating grants and contributions include grants, contributions, donations and similar items that are restricted to one or more specific program. These revenues increased by \$617,033 (10.3%) over the prior fiscal year.

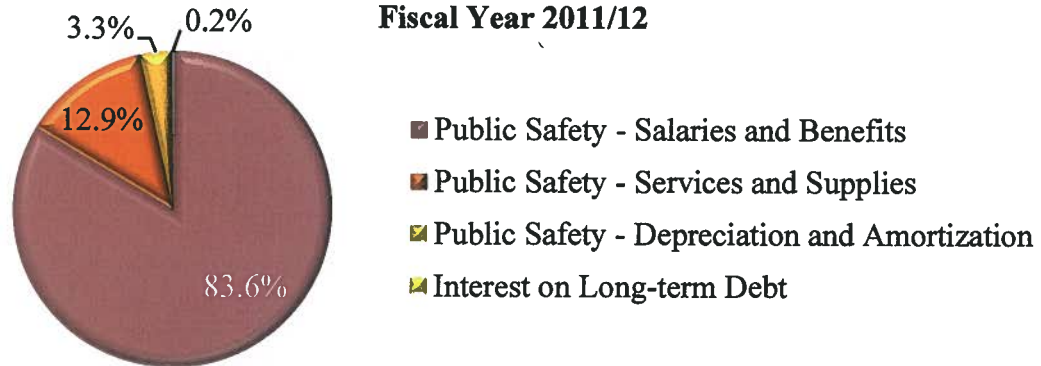
| Amount | Reason for Increase / Decrease |
|-------------------|--|
| +\$700,000 | Tax increment passed through from member cities increased by \$700,000, primarily due to revenue received from the City of Yorba Linda and the City of Irvine. |
| -\$200,000 | Federal reimbursements for the Urban Search and Rescue Program decreased by \$200,000. |
| +\$100,000 | Miscellaneous state revenue increased by \$100,000, primarily due to reimbursement from the California Fire and Rescue Training Authority for a mobilization and deployment exercise (MOBEX) conducted in December 2011. |
| +\$600,000 | Operating grants and contributions – net increase |

- Capital grants and contributions include grants, contributions, donations and similar items that are restricted to one or more specific capital-related programs. These revenues increased by \$3,531,095 (893.5%) over the prior fiscal year.

| Amount | Reason for Increase / Decrease |
|---------------------|---|
| +\$3,820,000 | Capital assets contributed to the OCFA increased by \$3,820,000, primarily due to the acquisition of various fire apparatus, vehicles and equipment from the City of Santa Ana. |
| -\$260,000 | Revenues from state and federal capital grants decreased by \$260,000. In Fiscal Year 2010/11, OCFA received \$260,000 from the Assistance to Firefighters grant program for the purchase of various radios and communications equipment. There were no capital-related grants received in Fiscal Year 2011/12. |
| -\$30,000 | Revenues from developer contributions decreased by \$30,000 primarily due to funds received from Lennar Homes in Fiscal Year 2010/11 for the “The Ridge” housing development, per terms of a Secured Fire Protection Agreement. |
| +\$3,530,000 | Capital grants and contributions – net increase |

- General revenues totaled \$180,753,320 for Fiscal Year 2011/12 and accounted for 68.1% of total revenues. Following is a description of each general revenue type and an explanation of what contributed to the net increase or decrease from the prior fiscal year.
 - The largest general revenue, property taxes, increased by \$547,204 (0.3%) over the prior fiscal year, due to increases in secured property taxes that were offset by declines in supplemental property taxes.
 - Investment income decreased by \$86,806 (14.2%) due to an overall declining rate of return on the investment portfolio. The OCFA’s year-to-date effective rate of return as of June 30, 2012 was 0.39%, as compared to 0.51% as of June 30, 2011.
 - Gain on sale of capital assets increased by \$39,902 (100.2%). The \$40,000 net gain recognized during Fiscal Year 2010/11 was due to the sale of various fully-depreciated fire apparatus (\$185,000) and Fire Station No. 3 (Sunset Beach) (\$115,000), offset by a \$260,000 loss on the disposal of building improvements and equipment at Fire Station No. 17 (Cypress). The \$80,000 net gain recognized during Fiscal Year 2011/12 was primarily due to the sale of various fully-depreciated fire apparatus.
 - Miscellaneous revenues increased by \$1,585,702 (189.9%), primarily due to \$1.5 million received from the Orange County Professional Firefighters Association IAFF Local 3631 in Fiscal Year 2011/12 in connection with the contract governing OCFA’s contributions to the firefighter medical trust.

**Expenses of Governmental Activities - by Type
Fiscal Year 2011/12**



- Total expenses increased by \$22,880,877 (8.8%) over the prior fiscal year. Following is an explanation of what contributed to the net increase or decrease of each expense type from the prior fiscal year.
 - Salaries and benefits increased by \$16,658,314 (7.5%) over the prior fiscal year. The reasons for these increases and decreases are further explained in the *Major Governmental Funds – General Fund* portion of this Management’s Discussion and Analysis.
 - Services and supplies increased by \$6,076,114 (19.8%) over the prior fiscal year.

| Amount | Reason for Increase / Decrease | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|----------------------|----------------------|--|---------------------|--------------------------------|---------------|--------------------|---------------|--|---------------|--|---------------|----------------------------------|-----------------------|------------------------------------|----------------------|--|--------|----------------------------------|-------------|-------------------------------|--------|-----------------------|--------|----------------------|-------------|
| +\$4,300,000 | <p>OCFA’s long-term liability for workers’ compensation reflects the present value of estimated outstanding losses, as determined by an actuarial valuation and the “confidence level” set by the Board. The change in the actuarial liability estimate, plus actual cash claims paid, is recognized as an expense. Workers’ compensation expense increased by \$4.3 million as follow:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">FY 2011/12</th> <th style="text-align: center;">FY 2010/11</th> <th style="text-align: center;">Increase (Decrease)</th> </tr> </thead> <tbody> <tr> <td>Actual claims paid</td> <td style="text-align: right;">\$6.2 million</td> <td style="text-align: right;">\$5.5 million</td> <td style="text-align: right;">\$0.7 million</td> </tr> <tr> <td>Change in actuarial estimate</td> <td style="text-align: right;">\$6.1 million</td> <td style="text-align: right;">\$2.5 million</td> <td style="text-align: right;">\$3.6 million</td> </tr> <tr> <td>Total fiscal year expense</td> <td style="text-align: right;">\$12.3 million</td> <td style="text-align: right;">\$8.0 million</td> <td style="text-align: right;">\$4.3 million</td> </tr> </tbody> </table> | | FY 2011/12 | FY 2010/11 | Increase (Decrease) | Actual claims paid | \$6.2 million | \$5.5 million | \$0.7 million | Change in actuarial estimate | \$6.1 million | \$2.5 million | \$3.6 million | Total fiscal year expense | \$12.3 million | \$8.0 million | \$4.3 million | | | | | | | | | | |
| | FY 2011/12 | FY 2010/11 | Increase (Decrease) | | | | | | | | | | | | | | | | | | | | | | | | |
| Actual claims paid | \$6.2 million | \$5.5 million | \$0.7 million | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in actuarial estimate | \$6.1 million | \$2.5 million | \$3.6 million | | | | | | | | | | | | | | | | | | | | | | | | |
| Total fiscal year expense | \$12.3 million | \$8.0 million | \$4.3 million | | | | | | | | | | | | | | | | | | | | | | | | |
| +\$1,420,000 | <p>The City of Santa Ana agreed to reimburse OCFA for up to \$1,580,439 of start-up costs relating to the transition of fire and emergency medical services in April 2012. As of June 30, 2012, OCFA had incurred \$1,551,040 of those start-up costs, including the following:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Description</th> <th style="text-align: center;">Amount</th> </tr> </thead> <tbody> <tr> <td>Various special department expenses (i.e., portable VHF radios, hand tools, physical fitness equipment, station alarm electrical and installation, etc.)</td> <td style="text-align: right;">\$ 380,000</td> </tr> <tr> <td>Clothing and personal supplies</td> <td style="text-align: right;">290,000</td> </tr> <tr> <td>Employee physicals</td> <td style="text-align: right;">200,000</td> </tr> <tr> <td>Computer programming / maintenance and data processing</td> <td style="text-align: right;">200,000</td> </tr> <tr> <td>Medical and advanced life support supplies</td> <td style="text-align: right;">95,000</td> </tr> <tr> <td>Office equipment and supplies</td> <td style="text-align: right;">90,000</td> </tr> <tr> <td>Equipment and building maintenance</td> <td style="text-align: right;">80,000</td> </tr> <tr> <td>Miscellaneous professional services and other expenses</td> <td style="text-align: right;">85,000</td> </tr> <tr> <td style="text-align: right;">Subtotal – services and supplies</td> <td style="text-align: right;">\$1,420,000</td> </tr> <tr> <td>Staff overtime and extra help</td> <td style="text-align: right;">90,000</td> </tr> <tr> <td>Capitalized equipment</td> <td style="text-align: right;">40,000</td> </tr> <tr> <td style="text-align: right;">Total start-up costs</td> <td style="text-align: right;">\$1,550,000</td> </tr> </tbody> </table> | Description | Amount | Various special department expenses (i.e., portable VHF radios, hand tools, physical fitness equipment, station alarm electrical and installation, etc.) | \$ 380,000 | Clothing and personal supplies | 290,000 | Employee physicals | 200,000 | Computer programming / maintenance and data processing | 200,000 | Medical and advanced life support supplies | 95,000 | Office equipment and supplies | 90,000 | Equipment and building maintenance | 80,000 | Miscellaneous professional services and other expenses | 85,000 | Subtotal – services and supplies | \$1,420,000 | Staff overtime and extra help | 90,000 | Capitalized equipment | 40,000 | Total start-up costs | \$1,550,000 |
| Description | Amount | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Various special department expenses (i.e., portable VHF radios, hand tools, physical fitness equipment, station alarm electrical and installation, etc.) | \$ 380,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Clothing and personal supplies | 290,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Employee physicals | 200,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Computer programming / maintenance and data processing | 200,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Medical and advanced life support supplies | 95,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Office equipment and supplies | 90,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equipment and building maintenance | 80,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Miscellaneous professional services and other expenses | 85,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Subtotal – services and supplies | \$1,420,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Staff overtime and extra help | 90,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Capitalized equipment | 40,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total start-up costs | \$1,550,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |

(Continued on next page)

| Amount | Reason for Increase / Decrease |
|---------------------|---|
| <i>(Continued)</i> | |
| -\$930,000 | Office equipment expense decreased by \$930,000, primarily due to the purchase of over 200 mobile data computers (MDC's), monitors and accessories during Fiscal Year 2010/11. |
| +\$530,000 | Building and grounds maintenance increased by \$530,000. Significant maintenance projects during Fiscal Year 2011/12 included the kitchen at Station No. 4 (Irvine), driveway repair at Station No. 21 (Tustin), HVAC repairs at Station No. 58 (Ladera Ranch) and the RFOTC, and various projects that were necessary in order to bring the ten new Santa Ana fire stations in line with OCFA standards. In addition, OCFA incurred over \$50,000 during Fiscal Year 2011/12 to repair the RFOTC front gate, CCTV security camera and Firefighter Memorial after it was struck by a drunk driver in November 2011. Those repair costs were reimbursed by insurance proceeds. |
| +\$480,000 | Equipment and computer maintenance increased by \$480,000, primarily due a contract with RBF Consulting for a Geographic Information Systems (GIS) specialist, the purchase of vehicle tires to replenish stock, communications installations on fire apparatus, general software support and maintenance, maintenance to the RAWS system, and an increase to the quarterly maintenance fee for the County 800Mhz radio system. |
| +\$275,000 | OCFA's fuel and mileage costs increased by \$275,000 over the prior fiscal year. The increase was attributed both to overall rising prices, and increased fuel usage when twenty-three Santa Ana vehicles were added to the OCFA fleet. Retail fuel card usage declined by \$145,000, but was offset by a \$355,000 increase in bulk fuel costs (diesel and regular). In addition, the cost of jet fuel for OCFA's helicopter fleet increased by \$15,000 and employee mileage reimbursements increased by \$50,000. |
| +\$6,075,000 | Services and supplies – net increase |

- Depreciation and amortization expense, which had no impact on the OCFA's cash balances, increased by \$330,345 (3.7%).

| Amount | Reason for Increase / Decrease |
|-------------------|--|
| +\$260,000 | Depreciation on vehicles increased by \$260,000, primarily due to the first partial year of depreciation in Fiscal Year 2011/12 on twenty-three vehicles acquired from Santa Ana and two OCFA-purchased 100' Sutphen Trucks. |
| +\$70,000 | Depreciation on buildings increased by \$70,000, primarily due to the first full year of depreciation in Fiscal Year 2011/12 on Fire Station No. 17 (Cypress) and Fire Station No. 41 (Fullerton Airport), which were placed into service mid-way through the prior fiscal year. |
| +\$330,000 | Depreciation and amortization – net increase |

- Interest on long-term debt decreased by \$183,396 (27.1%) from the prior fiscal year. Interest expense on the 2008 helicopter lease purchase agreement decreased as principal was paid down per the debt-to-maturity schedule. In addition, the terms of the lease were refinanced during Fiscal Year 2011/12, resulting in a lower interest rate and lower overall monthly debt service payments.

Financial Analysis of the OCFA's Funds

Governmental Funds: As noted earlier, the OCFA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the OCFA's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the OCFA's financing requirements. Fund balance, which is the difference between a fund's assets and liabilities, is divided into the following five categories:

- ❖ **Nonspendable** – Not in a spendable form, or legally or contractually required to remain intact
- ❖ **Restricted** – Subject to externally enforceable legal restrictions
- ❖ **Committed** – Use is constrained by specific limitations that the Board of Directors imposes upon itself
- ❖ **Assigned** – Intended to be used by the government for specific purposes, as established by the governing body itself
- ❖ **Unassigned** – Residual amounts in the General Fund that are available for any purpose (may serve as a useful measure of a government's net resources available for funding future operational needs)

At the end of Fiscal Year 2011/12, OCFA's governmental funds reported combined ending fund balances of \$162,292,444, a decrease of \$2,964,583 in comparison with the prior fiscal year. Approximately 15.9% constitutes unassigned fund balance, which is available for spending for any purpose. The remaining 84.1% of fund balance is not available for spending on any new purpose, because it has already been restricted, committed or assigned for specific purposes, or it is in a nonspendable form.

Major Governmental Funds: If the assets, liabilities, revenues or expenditures of a governmental fund exceed 10% of the total of all governmental funds, that fund is reported as a major governmental fund in the fund financial statements. Because the OCFA has elected to classify all of its governmental funds as major, regardless of the calculation, the OCFA has reported five major funds during the current fiscal year.

- The **General Fund** is the chief operating fund of the OCFA. At the end of Fiscal Year 2011/12, the General Fund's fund balance totaled \$86,295,810.
 - Unassigned fund balance totaling \$25,751,128 (29.8%) is available for future spending. The remaining \$60,544,682 (70.2%) of fund balance is not available for spending on any new purpose, because it has already been restricted, committed or assigned for specific purposes, or it is in a nonspendable form.
 - Total fund balance of the OCFA's General Fund increased by \$1,055,695 during the current fiscal year. The prior fiscal year's fund balance increased by \$4,542,709, a difference of \$3,487,014.

| Impact on Fund Balance | Description |
|------------------------|---|
| +\$550,000 | Revenue from property taxes increased by \$550,000. A \$1.5 million increase in secured property tax was offset by \$950,000 in decreases for unsecured, supplemental and delinquent property taxes. |
| +\$2,100,000 | Intergovernmental revenue increased by \$2.1 million. The most significant increases pertained to state reimbursements for fire and other disaster incidents, and tax increment passed through from member cities. These increases were offset by declines in the operating portion of the State Responsibility Area (SRA) contract with CALFIRE, and grant revenue from the Urban Areas Security Initiative. |

(Continued on next page)

| Impact on Fund Balance | Description |
|------------------------|--|
| <i>(Continued)</i> | |
| +\$8,700,000 | Charges for services increased by \$8.7 million, primarily due to significant increases in cash contract city charges brought about by the addition of the City of Santa Ana. These increases were offset by declines in fire prevention fees due to changes in the inspection program during the current fiscal year. |
| +\$1,400,000 | Miscellaneous revenue increased by \$1.4 million, primarily due to amounts received from the Orange County Professional Firefighters Association IAFF Local 3631 in connection with the contract governing OCFA's contributions to the firefighter medical trust. |
| -\$16,650,000 | Salaries and benefits expenditures increased by \$16.65 million over the prior fiscal year. <ul style="list-style-type: none"> <li style="margin-left: 20px;">-\$5,400,000 > Overtime costs increased by \$5.4 million, which included backfill for open/vacant suppression positions, as well as backfill for suppression personnel on workers' compensation or those utilizing leave balances. Other significant increases included overtime for emergency incident response, dispatch, training and academies. <li style="margin-left: 20px;">-\$5,000,000 > The \$5 million increase in regular pay was due primarily to the addition of 197 new employees hired from the City of Santa Ana effective April 20, 2012. <li style="margin-left: 20px;">-\$4,180,000 > Retirement costs increased by \$4.2 million. Increases in the employer contribution rates caused retirement costs to increase by \$5.3 million. However, these costs were offset by \$1.1 million of savings achieved by pre-paying the Fiscal Year 2011/12 contributions to OCERS in January 2011. <li style="margin-left: 20px;">-\$1,340,000 > Employee group health insurance and other benefits increased by \$1.3 million, due primarily to increases in firefighter health insurance premiums. <li style="margin-left: 20px;">-\$840,000 > Other pay for educational incentives, paramedic and EMT bonuses, other specialty pay, and military pay increased by \$840,000. This increase was due primarily to the increase in the number of suppression personnel hired from the City of Santa Ana. <li style="margin-left: 20px;">+\$300,000 > Early retirement incentives totaling \$300,000 were paid to employees during Fiscal Year 2010/11. This was a one-time program and was not available to employees during Fiscal Year 2011/12. <li style="margin-left: 20px;">-\$260,000 > Vacation and sick leave payouts increased by \$260,000, primarily due to the retirement of several long-term personnel. <li style="margin-left: 20px;">+\$130,000 > Extra help costs decreased by \$130,000, caused primarily by the elimination of the reserve firefighter emergency response at eleven fire stations in September 2010. <li style="margin-left: 20px;">-\$60,000 > Salary costs for employees on workers' compensation increased by \$60,000. |
| -\$3,350,000 | Services and supplies expenditures increased by \$3.3 million over the prior fiscal year. <ul style="list-style-type: none"> <li style="margin-left: 20px;">+\$1,420,000 > OCFA incurred \$1.4 million of reimbursable services and supplies costs relating to the transition of fire and emergency medical services from the City of Santa Ana. |

Continued on next page

| Impact on Fund Balance | Description |
|------------------------|--|
| <i>(Continued)</i> | |
| +\$1,330,000 | ➤ Professional services increased by \$1,330,000, primarily due to an overall increase in workers' compensation claims paid. |
| +\$320,000 | ➤ The cost of fuel, mileage reimbursements, and employee travel increased by \$320,000, primarily due to rising fuel costs and the addition of twenty-three vehicles from the City of Santa Ana. |
| -\$200,000 | ➤ Fewer medical supplies were purchased in Fiscal Year 2011/12, resulting in a \$200,000 expenditure decrease. |
| +480,000 | ➤ Other services and supplies increased by \$480,000, primarily in the areas of clothing and personal supplies, equipment maintenance, office supplies, and small tools. |
| -\$300,000 | Proceeds from the sale of capital and other assets decreased by \$300,000, primarily due the sale of Fire Station No. 3 (Sunset Beach) in Fiscal Year 2010/11. |
| +\$4,100,000 | Transfers out to other funds decreased by \$4.1 million. |
| -\$3,450,000 | General Fund – net impact on fund balance |

- The *Facilities Maintenance & Improvements Fund* had total fund balance of \$3,279,721 at the end of Fiscal Year 2011/12.
 - Fund balance was assigned to the capital improvement program (\$3,250,953) and various facilities projects (\$28,768).
 - Total fund balance decreased by \$844,130 during the current fiscal year. The prior fiscal year's fund balance decreased by \$651,894, a difference of \$192,236.

| Impact on Fund Balance | Description |
|------------------------|--|
| +\$130,000 | Charges for services increased by \$130,000 due primarily to amounts charged to the City of Santa Ana for improvements at its ten city-owned fire stations. |
| -\$500,000 | Services and supplies expenditures pertaining to building maintenance increased by \$500,000. Significant maintenance projects during Fiscal Year 2011/12 included the kitchen at Station No. 4 (Irvine), driveway repair at Station No. 21 (Tustin), HVAC repairs at Station No. 58 (Ladera Ranch) and the RFOTC, and various projects that were necessary in order to bring the ten new Santa Ana fire stations in line with OCFA standards. |
| +\$170,000 | Expenditures pertaining to capital outlay decreased by \$170,000, primarily due to capitalized building improvements at Fire Station No. 41 (Fullerton Airport) in the prior fiscal year. |
| -\$200,000 | Facilities Maintenance & Improvements Fund – net impact on fund balance |

- The **Communications & Information Systems Fund** had total fund balance of \$22,207,187 at the end of Fiscal Year 2011/12.
 - Fund balance pertaining to prepaid items (\$90,165) was classified as nonspendable. The remaining fund balance was assigned to the capital improvement program (\$21,943,025) and various communications and information technologies projects (\$173,997).
 - Total fund balance decreased by \$1,519,005 during the current fiscal year. The prior fiscal year's fund balance decreased by \$2,605,524, a difference of \$1,086,519.

| Impact on Fund Balance | Description |
|------------------------|---|
| -\$260,000 | Intergovernmental revenue decreased by \$260,000 due to a Public Safety Interoperable Communications (PSIC) grant received in the prior fiscal year for the purchase of 800 Mhz radios. |
| -\$30,000 | Investment income decreased by \$30,000 due to an overall declining rate of return on the investment portfolio. |
| -\$10,000 | Miscellaneous revenue decreased by \$10,000 primarily due to the cost share paid to OCFA by other fire agencies participating in the Public Safety Interoperable Communications (PSIC) grant. |
| +\$1,320,000 | Services and supplies expenditures decreased by \$1.3 million due primarily to the Fiscal Year 2010/11 mobile data computer (MDC) replacement project, which included the purchase of over 200 MDC's, monitors and related parts. Other significant purchases in the prior fiscal year included 400 Bendix King VHF radios and 70 desktop computers. The most significant purchases in the current fiscal year included 140 MDC's and 30 mobile radios. |
| +\$70,000 | Capital outlay expenditures decreased by \$70,000. Capital outlay in the prior fiscal year included a storage area network, switch, and radio repeater. There were no capital outlay expenditures in the current fiscal year. |
| +\$1,090,000 | Communications & Information Systems Fund – net impact on fund balance |

- The **Vehicle Replacement Fund** had total fund balance of \$34,373,122 at the end of Fiscal Year 2011/12.
 - Fund balance pertaining to prepaid items (\$315,087) was classified as nonspendable. The remaining fund balance was assigned to the capital improvement program (\$31,680,102) and purchase of various fire apparatus and vehicles (\$2,377,933).
 - Total fund balance decreased by \$1,567,441 during the current fiscal year. The prior fiscal year's fund balance decreased by \$5,199,387, a difference of \$3,631,946.

| Impact on Fund Balance | Description |
|------------------------|--|
| +\$170,000 | Charges for services increased by \$170,000, primarily due to the annual amount charged to the City of Santa Ana for its share of OCFA's vehicle replacement costs. Cash contract vehicle charges also increased for the cities of Westminster, San Clemente, Stanton, and Tustin, in accordance with the terms of the Joint Powers Agreement. |
| +\$3,450,000 | Capital outlay expenditures to purchase and outfit vehicles decreased by \$3.45 million. Significant purchases in Fiscal Year 2010/11 included two 100' Tractor Drawn Aerials, one 75' Quint, one Crew Carrying Vehicle, and one Battalion Chief Vehicles. Purchases in Fiscal Year 2011/12 included only one Fuel Tender and the installation of one skid mount pump. |
| -\$350,000 | Debt service principal and interest increased by a net \$50,000 for the 2008 helicopter lease purchase agreement and 2011 refinance. In addition, OCFA incurred \$300,000 of issuance costs in Fiscal Year 2011/12 relating to the refinance. |
| +\$380,000 | The outstanding balance of the 2008 helicopter lease purchase agreement (\$16,377,093) was refinanced by issuing the 2011 helicopter lease purchase refinance (\$16,756,078). The net difference totaled \$380,000, and accounted for a prepayment penalty and accrued interest, which were rolled forward into future debt principal. |
| +\$3,650,000 | Vehicle Replacement Fund – net impact on fund balance |

- The *Facilities Replacement Fund* had total fund balance of \$16,136,604 at the end of Fiscal Year 2011/12.
 - Fund balance pertaining to prepaid items (\$563) was classified as nonspendable. Fund balance pertaining to developer contributions received for future fire station construction (\$1,553,182) was classified as restricted. The remaining fund balance was assigned to the capital improvement program (\$14,571,947) and construction of various fire stations (\$10,912).
 - Total fund balance decreased by \$89,702 during the current fiscal year. The prior fiscal year's fund balance decreased by \$1,322,820, a difference of \$1,233,118.

| Impact on Fund Balance | Description |
|------------------------|---|
| -\$20,000 | Intergovernmental revenue decreased by \$20,000, which related to the capital portion of OCFA's State Responsibility Area (SRA) contract with CALFIRE. |
| -\$30,000 | Developer contributions decreased by \$30,000. In Fiscal Year 2010/11, OCFA received a \$40,000 contribution from Lennar Homes for "The Ridge" development in the city of Mission Viejo. In Fiscal Year 2011/12, OCFA received a \$10,000 contribution from LR8 for the "Lambert Ranch" development in the city of Irvine. |
| +\$5,420,000 | Capital outlay expenditures decreased by \$5.4 million. Fiscal Year 2010/11 expenditures included the construction of Fire Station No. 17 (Cypress) and the purchase of the eastern half of the new helicopter hangar for Fire Station No. 41 (Fullerton Airport). Fiscal Year 2011/12 expenditures included subsequent parking lot construction that occurred after new Fire Station No. 17 (Cypress) was placed into service. |
| -\$4,140,000 | Transfers in from other funds decreased by \$4.1 million. |
| +\$1,230,000 | Facilities Replacement Fund – net impact on fund balance |

General Fund Budgetary Highlights

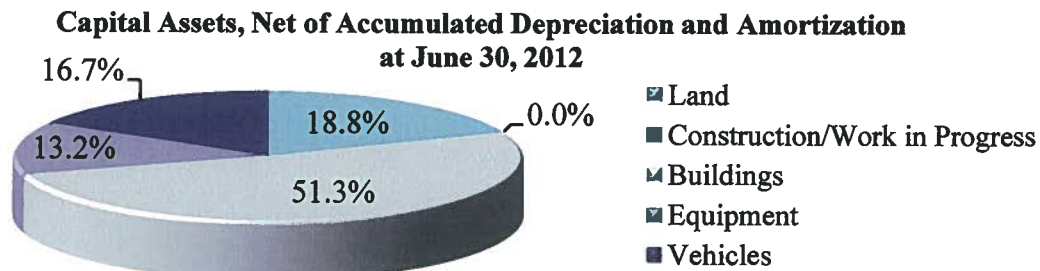
The following table summarizes the changes in General Fund appropriations, as well as the variance between the final budget and actual amounts for Fiscal Year 2011/12.

| | Original Budget | Increase (Decrease) | Final Budget | Variance Positive (Negative) | Actual Amounts |
|-----------------------------|----------------------|------------------------|----------------------|------------------------------------|----------------------|
| Salaries and benefits | \$223,192,970 | \$ 8,711,305 | \$231,904,275 | \$3,452,265 | \$228,452,010 |
| Services and supplies | 26,117,866 | 6,679,059 | 32,796,925 | 5,035,287 | 27,761,638 |
| Capital outlay | 142,827 | 417,029 | 559,856 | 141,201 | 418,655 |
| Interest and fiscal charges | 193,125 | - | 193,125 | 57,106 | 136,019 |
| | <u>\$249,646,788</u> | <u>\$15,807,393</u> | <u>\$265,454,181</u> | <u>\$8,685,859</u> | <u>\$256,768,322</u> |

- The \$15,807,393 increase in budgeted General Fund appropriations was primarily due to the addition of the City of Santa Ana effective April 20, 2012, and was partially offset by a budgeted revenue increase in related charges for services. The budgeted increase for services and supplies appropriations also included \$1.9 million for rising workers' compensation costs.
- Final budgeted General Fund expenditures exceeded actual amounts by \$8,685,859. The positive variance was attributed primarily to a \$1.7 million Assistance to Firefighter Grant for the purchase of self-contained breathing apparatus (SCBA's), which was budgeted but not expended in Fiscal Year 2011/12. These expenditure savings, along with amounts for other uncompleted projects, will be re-budgeted to Fiscal Year 2012/13. In addition, \$450,000 of structural fire entitlement projects were budgeted in Fiscal Year 2011/12, but were not actually completed and claimed for reimbursement by the member cities.

Capital Assets and Debt Administration

Capital Assets: The OCFA's investment in capital assets for its government activities at the end of Fiscal Year 2011/12 totaled \$198,690,035 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, equipment, vehicles, work in progress and construction in progress.



Net capital assets decreased from the prior fiscal year by \$4,473,867 (2.2%). Following is a summary of net capital assets by type for the current and prior fiscal years.

ORANGE COUNTY FIRE AUTHORITY
Capital Assets Net of Accumulated Depreciation and Amortization

| | Governmental Activities | | | |
|---|-------------------------|-----------------------|-----------------------|---------|
| | June 30, 2012 | June 30, 2011 | Increase (Decrease) | |
| | | | Amount | % |
| Land | \$ 37,387,850 | \$ 37,387,850 | \$ - | 0.0% |
| Construction in progress | - | 380,232 | (380,232) | -100.0% |
| Work in progress | 41,197 | 2,776,248 | (2,735,051) | -98.5% |
| Buildings | 129,326,927 | 128,648,633 | 678,294 | |
| Accumulated depreciation | (27,377,368) | (24,578,979) | (2,798,389) | |
| Buildings, net | 101,949,559 | 104,069,654 | (2,120,095) | -2.0% |
| Equipment | 54,569,962 | 54,135,637 | 434,325 | |
| Accumulated depreciation and amortization | (28,357,381) | (26,136,196) | (2,221,185) | |
| Equipment, net | 26,212,581 | 27,999,441 | (1,786,860) | -6.4% |
| Vehicles | 68,624,259 | 64,464,368 | 4,159,891 | |
| Accumulated depreciation | (35,525,411) | (33,913,891) | (1,611,520) | |
| Vehicles, net | 33,098,848 | 30,550,477 | 2,548,371 | 8.3% |
| Total, net | <u>\$ 198,690,035</u> | <u>\$ 203,163,902</u> | <u>\$ (4,473,867)</u> | -2.2% |

Major capital asset additions during Fiscal Year 2011/12 included the following:

- Additions to buildings during Fiscal Year 2011/12 consisted primarily of \$660,000 to complete the parking lot adjacent to new Fire Station No. 17 (Cypress), which had been placed into service during the prior fiscal year. There was also a corresponding decrease to construction in progress.
- The most significant equipment purchases during Fiscal Year 2011/12 were five Zoll E-series defibrillators (\$140,000), fourteen Hurst spreaders (\$110,000), and one VHF radio antenna (\$30,000). In addition, OCFA acquired various capital equipment from the City of Santa Ana, including ten Zoll E-series defibrillators (\$240,000), sixteen thermal imaging cameras (\$100,000), one Talon hazardous materials robot (\$40,000), two hazardous materials identification systems (\$40,000), three power units (\$20,000), three spreaders (\$20,000), and three cutters (\$15,000).
- Thirty vehicles were added to the OCFA's fleet during Fiscal Year 2011/12, including the six that were transferred from Work in Progress (WIP) (\$2.7 million), twenty-three that were acquired from the City of Santa Ana (\$3.4 million), and one that was purchased and placed into service during the fiscal year (\$150,000). The vehicle additions were as follows:

| Vehicle Type | Transferred from WIP | City of Santa Ana | New Purchases | Total |
|----------------------------------|----------------------|-------------------|---------------|-----------|
| Air Utility | - | 1 | - | 1 |
| Battalion Chief Vehicle | - | 2 | - | 2 |
| Crew-Carrying Vehicle | 1 | - | - | 1 |
| Engine, Type 1 | - | 8 | - | 8 |
| Fuel Tender | - | - | 1 | 1 |
| Hazmat Unit | - | 1 | - | 1 |
| Pickup Truck | 3 | 5 | - | 8 |
| Sport Utility Vehicle (SUV) | - | 1 | - | 1 |
| Telesquirt | - | 1 | - | 1 |
| Truck, 100' Quint | 2 | - | - | 2 |
| Truck, 90' Tractor Drawn Aerial | - | 1 | - | 1 |
| Truck, 100' Tractor Drawn Aerial | - | 1 | - | 1 |
| Truck, 110' Tractor Drawn Aerial | - | 1 | - | 1 |
| Truck, Other (Bobtail) | - | 1 | - | 1 |
| Total vehicle additions | 6 | 23 | 1 | 30 |

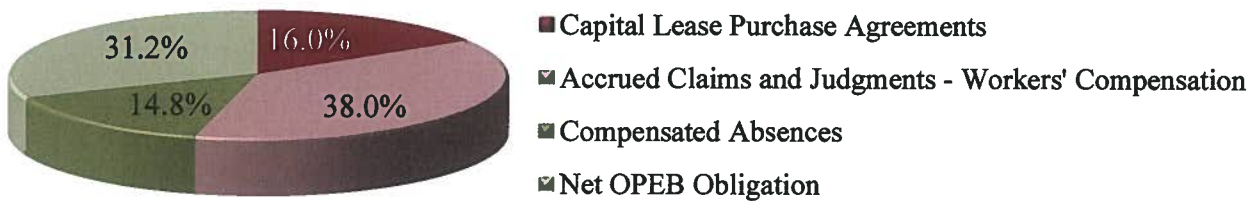
Major capital asset deletions during Fiscal Year 2011/12 included the following:

- Twenty-nine capital equipment items were sold, scrapped, or written off during Fiscal Year 2011/12, including a network hub (\$200,000), four thermal imaging cameras (\$80,000), a server (\$35,000), a portable air compressor (\$20,000), and a fiberoptic camera (\$15,000).
- Seventeen vehicles, most of which were fully depreciated, were sold and removed from OCFA's fleet during Fiscal Year 2011/12. The most significant items sold included two 90' Quints (\$850,000), one 75' Quint (\$415,000), two Type 1 Engines (\$330,000), seven Sport Utility Vehicles (\$180,000), and one Type 2 Engine (\$150,000). In addition, two Parade Engines were donated to the California Fire Museum and Safety Learning Center, and one Sport Utility Vehicle was totaled beyond repair in an accident.

Additional information pertaining to the OCFA's capital assets can be found in Note 6 of the accompanying Notes to the Financial Statements.

Long-term Debt: Total long-term liabilities increased by net \$13,521,983 (16.7%) during the current fiscal year.

Long-term Liabilities at June 30, 2012



- The most significant increases to long-term liabilities were for the net other post-employment benefit (OPEB) obligation (\$8.5 million) and workers' compensation (\$6.1 million).
 - The OPEB obligation pertains to OCFA's defined benefit Retiree Medical Plan, which provides a monthly grant towards the cost of retirees' health insurance coverage. The difference between OCFA's actual contributions and an actuarially-determined annual required contribution (ARC) is recorded as an addition to the liability each fiscal year. During Fiscal Year 2011/12, OCFA's ARC was \$13.1 million, but 4% employee withholdings contributed to the plan totaled only \$4.6 million, resulting in an \$8.5 million shortfall.
 - OCFA is self-insured for workers' compensation, and an actuarial study is completed every year to determine OCFA's outstanding claims liability. During Fiscal Year 2011/12, the actuarial liability for incurred claims increased by \$12.3 million, but was offset by \$6.2 million of actual claim payments made during the fiscal year. The net difference of \$6.1 million was recorded as an addition to the outstanding claims liability.
- The most significant decrease to long-term liabilities was for debt service paid on capital lease obligations, which reduced the total outstanding liability by \$1.7 million.

Additional information on the OCFA's long-term liabilities can be found in Note 8 of the accompanying Notes to the Financial Statements.

Next Year's Budget

The Fiscal Year 2012/13 General Operating Fund adopted expenditure budget is approximately \$282.1 million, which is a net increase of \$34.4 million (13.9%) from the final adopted Fiscal Year 2011/12 General Operating Fund budget totaling \$247.7 million. (These amounts exclude unspent, encumbered appropriations from the prior fiscal year that are effectually re-appropriated in the ensuing year's budget). The net increase reflects the impact of the following:

- \$32.3 million (14.1%) increase to salaries and benefits to account for a full year of activity in the City of Santa Ana
- \$2.1 million (11.0%) increase in services and supplies and equipment purchases

The total number of authorized positions in the Fiscal Year 2012/13 budget is 1,339, which reflects no changes from the final, authorized position list as of June 30, 2012. The budget reflects funding for only 1,245 of those authorized positions, as 93 vacancies are remaining frozen and unfilled, and 1 position is grant-funded and limited term.

Requests for Information

This financial report is designed to provide a general overview of the OCFA's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Manager, Orange County Fire Authority, 1 Fire Authority Road, Irvine, California 92602.



Orange County Fire Authority Safety Message

**Holiday Decorating Safety:
Paper Decorations, Trimmings, and Christmas Wrapping Paper**

- Use only non-combustible or flame retardant materials.
- Wear gloves while decorating with spun glass “angel hair.” It can irritate eyes or skin. A frequently used substance is non-flammable cotton. When used alone, either is flame proof. However, if non-flammable artificial snow is sprayed on them, the dried combination is highly flammable and will burn rapidly.
- Choose tinsel or artificial icicles made from plastic or non-leaded metals. Leaded materials are hazardous if ingested by children and/or pets.
- When making paper decorations, look for materials labeled “flame proof” or “fire resistant.”
- Never place trimmings near open flames or electrical connections. Be especially careful if paper is used for Christmas costumes.
- Remove all wrapping papers from trees and fireplace areas immediately after presents are opened. Place papers in a metal-covered trash barrel. Never burn them in a fireplace. Wrappings are very flammable and ignite suddenly and burn fiercely. Pieces of burning paper may rise up in the chimney and land on a roof or dry vegetation, starting a fire.

Government- wide Financial Statements



Station 72



Station 73

ORANGE COUNTY FIRE AUTHORITY
Statement of Net Assets
June 30, 2012
(With Comparative Data for Prior Year)

| | <u>Primary Government</u> | | <u>Component Unit</u> | |
|--|--------------------------------|----------------------|------------------------|-----------------|
| | <u>Governmental Activities</u> | | <u>OCFA Foundation</u> | |
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Assets: | | | | |
| Cash and investments (Note 3) | \$144,070,710 | \$142,705,951 | \$47,905 | \$47,700 |
| Receivables: | | | | |
| Accounts, net (Note 4) | 1,803,896 | 1,914,898 | - | - |
| Accrued interest | 152,321 | 152,565 | 24 | 36 |
| Prepaid costs | 23,162,524 | 23,665,129 | 157 | 99 |
| Deferred issuance costs | 256,951 | - | - | - |
| Due from other governments, net (Note 5) | 8,529,530 | 7,299,272 | - | - |
| Capital assets (Note 6): | | | | |
| Land | 37,387,850 | 37,387,850 | - | - |
| Construction in progress | - | 380,232 | - | - |
| Work in progress | 41,197 | 2,776,248 | - | - |
| Capital assets, net of accumulated depreciation/amortization | 161,260,988 | 162,619,572 | - | - |
| Total assets | 376,665,967 | 378,901,717 | 48,086 | 47,835 |
| Liabilities: | | | | |
| Accounts payable | 2,868,663 | 1,961,342 | - | - |
| Accrued liabilities | 10,915,134 | 8,507,382 | - | - |
| Accrued interest | 8,472 | 13,790 | - | - |
| Unearned revenue (Note 7) | 28,796 | 12,064 | - | - |
| Long-term liabilities (Note 8): | | | | |
| Due within one year | 12,619,559 | 9,122,550 | - | - |
| Due beyond one year | 81,680,192 | 71,655,218 | - | - |
| Total liabilities | 108,120,816 | 91,272,346 | - | - |
| Net assets: | | | | |
| Invested in capital assets, net of related debt (Note 6) | 183,584,385 | 186,297,543 | - | - |
| Restricted for capital projects | 1,553,182 | 1,515,253 | - | - |
| Restricted for other purposes | 1,699,787 | 111,980 | - | - |
| Unrestricted | 81,707,797 | 99,704,595 | 48,086 | 47,835 |
| Total net assets | \$268,545,151 | \$287,629,371 | \$48,086 | \$47,835 |

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Statement of Activities
Year ended June 30, 2012
(With Comparative Data for Prior Year)

| | <u>Primary Government</u> | | <u>Component Unit</u> | |
|------------------------------------|--------------------------------|-----------------------|------------------------|------------------|
| | <u>Governmental Activities</u> | | <u>OCFA Foundation</u> | |
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Expenses: | | | | |
| Public safety: | | | | |
| Salaries and benefits | \$ 237,689,753 | \$ 221,031,439 | \$ - | \$ - |
| Services and supplies | 36,812,148 | 30,736,034 | 684 | 2,208 |
| Depreciation and amortization | 9,300,853 | 8,970,508 | - | - |
| Interest on long-term debt | 494,014 | 677,910 | - | - |
| Total program expenses | 284,296,768 | 261,415,891 | 684 | 2,208 |
| Program revenues: | | | | |
| Public safety: | | | | |
| Charges for services | 73,952,272 | 61,975,963 | - | - |
| Operating grants and contributions | 6,580,681 | 5,963,648 | 750 | 50,000 |
| Capital grants and contributions | 3,926,275 | 395,180 | - | - |
| Total program revenues | 84,459,228 | 68,334,791 | 750 | 50,000 |
| Net program (expenses) revenues | (199,837,540) | (193,081,100) | 66 | 47,792 |
| General revenues: | | | | |
| Property taxes | 177,728,290 | 177,181,086 | - | - |
| Investment income | 524,602 | 611,408 | 185 | 43 |
| Gain on sale of capital assets | 79,705 | 39,803 | - | - |
| Miscellaneous | 2,420,723 | 835,021 | - | - |
| Total general revenues | 180,753,320 | 178,667,318 | 185 | 43 |
| Change in net assets | (19,084,220) | (14,413,782) | 251 | 47,835 |
| Net assets at beginning of year | 287,629,371 | 302,043,153 | 47,835 | - |
| Net assets at end of year | \$ 268,545,151 | \$ 287,629,371 | \$ 48,086 | \$ 47,835 |

See Notes to the Financial Statements

Fund Financial Statements



Station 74



Station 75



Orange County Fire Authority Safety Message

**Holiday Decorating Safety:
Homes with Small Children**

- Avoid trimmings that resemble candy or food. A child could eat them.
- Avoid decorations that are sharp or breakable.
- Keep trimmings with small removable parts out of reach of children. Pieces could be swallowed or inhaled.

ORANGE COUNTY FIRE AUTHORITY
Governmental Funds
Balance Sheet
June 30, 2012
 (With Comparative Data for Prior Year)

| | <u>Assets</u> | | <u>General Fund</u> | <u>Facilities Maintenance & Improvements</u> |
|--|---|-----------|---------------------|--|
| Cash and investments | | \$ | 68,277,255 | \$ 3,474,556 |
| Receivables: | | | | |
| Accounts, net | | | 1,803,896 | - |
| Accrued interest | | | 76,707 | - |
| Prepaid costs | | | 22,756,709 | - |
| Due from other governments, net | | | 8,529,530 | - |
| Total assets | | \$ | 101,444,097 | \$ 3,474,556 |
| | <u>Liabilities and Fund Balances</u> | | | |
| Liabilities: | | | | |
| Accounts payable | | \$ | 2,590,413 | \$ 194,835 |
| Accrued liabilities | | | 10,915,134 | - |
| Deferred revenues | | | 1,642,740 | - |
| Total liabilities | | | 15,148,287 | 194,835 |
| Fund balances (Note 10): | | | | |
| Nonspendable - Prepaid costs | | | 22,756,709 | - |
| Restricted for: | | | | |
| Capital improvement program | | | - | - |
| Executive Management | | | 60,391 | - |
| Operations Department | | | 113,056 | - |
| Fire Prevention Department | | | 24,628 | - |
| Business Services Department | | | 1,501,712 | - |
| Committed to - SFF cities enhancements | | | 1,372,789 | - |
| Assigned to: | | | | |
| Capital improvement program | | | - | 3,250,953 |
| Workers' compensation | | | 34,146,268 | - |
| Executive Management | | | 45,140 | - |
| Operations Department | | | 134,227 | - |
| Fire Prevention Department | | | 49,224 | - |
| Business Services Department | | | 232,335 | - |
| Support Services Department | | | 94,138 | - |
| Facilities projects | | | 14,065 | 28,768 |
| Communications and IT projects | | | - | - |
| Fire apparatus and other vehicles | | | - | - |
| Fire station construction | | | - | - |
| Unassigned | | | 25,751,128 | - |
| Total fund balances | | | 86,295,810 | 3,279,721 |
| Total liabilities and fund balances | | \$ | 101,444,097 | \$ 3,474,556 |

See Notes to the Financial Statements

Capital Projects Funds

Communications

| & Information Systems | Vehicle Replacement | Facilities Replacement | Total Governmental Funds | |
|--------------------------|------------------------|---------------------------|--------------------------|-----------------------|
| | | | 2012 | 2011 |
| \$ 22,180,446 | \$ 34,057,794 | \$ 16,080,659 | \$ 144,070,710 | \$ 142,705,951 |
| - | - | - | 1,803,896 | 1,914,898 |
| 18,563 | 241 | 56,810 | 152,321 | 152,565 |
| 90,165 | 315,087 | 563 | 23,162,524 | 23,665,129 |
| - | - | - | 8,529,530 | 7,299,272 |
| \$ 22,289,174 | \$ 34,373,122 | \$ 16,138,032 | \$ 177,718,981 | \$ 175,737,815 |
| \$ 81,987 | \$ - | \$ 1,428 | \$ 2,868,663 | \$ 1,961,342 |
| - | - | - | 10,915,134 | 8,507,382 |
| - | - | - | 1,642,740 | 12,064 |
| 81,987 | - | 1,428 | 15,426,537 | 10,480,788 |
| 90,165 | 315,087 | 563 | 23,162,524 | 23,665,129 |
| - | - | 1,553,182 | 1,553,182 | 1,515,253 |
| - | - | - | 60,391 | 79,125 |
| - | - | - | 113,056 | 29,655 |
| - | - | - | 24,628 | 3,200 |
| - | - | - | 1,501,712 | - |
| - | - | - | 1,372,789 | 797,935 |
| 21,943,025 | 31,680,102 | 14,571,947 | 71,446,027 | 76,094,927 |
| - | - | - | 34,146,268 | 35,134,351 |
| - | - | - | 45,140 | 34,031 |
| - | - | - | 134,227 | 83,553 |
| - | - | - | 49,224 | 68,180 |
| - | - | - | 232,335 | 139,647 |
| - | - | - | 94,138 | 91,227 |
| - | - | - | 42,833 | 25,954 |
| 173,997 | - | - | 173,997 | 219,096 |
| - | 2,377,933 | - | 2,377,933 | 1,541,162 |
| - | - | 10,912 | 10,912 | 142,071 |
| - | - | - | 25,751,128 | 25,592,531 |
| 22,207,187 | 34,373,122 | 16,136,604 | 162,292,444 | 165,257,027 |
| \$ 22,289,174 | \$ 34,373,122 | \$ 16,138,032 | \$ 177,718,981 | \$ 175,737,815 |

ORANGE COUNTY FIRE AUTHORITY
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2012
(With Comparative Data for Prior Year)

| | 2012 | 2011 |
|--|-----------------------|-----------------------|
| Fund balances of governmental funds | \$ 162,292,444 | \$ 165,257,027 |
| <p>When capital assets that are to be used in governmental activities are purchased or constructed, their costs are recorded as expenditures in governmental funds. However, the Statement of Net Assets includes those capital assets among the assets of the OCFA as a whole, net of accumulated depreciation/amortization.</p> | | |
| Capital assets | 289,950,195 | 287,792,968 |
| Accumulated depreciation/amortization | (91,260,160) | (84,629,066) |
| <p>Long-term liabilities applicable to the OCFA's governmental activities are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Assets.</p> | | |
| Lease purchase agreements | (15,105,650) | (16,866,359) |
| Accrued claims and judgments | (35,798,565) | (29,753,616) |
| Compensated absences | (14,008,419) | (13,354,698) |
| Net OPEB obligation | (29,387,117) | (20,803,095) |
| <p>Debt issuance costs are recognized as debt service expenditures when paid in the year of issue in governmental funds. However, issuance costs are capitalized as a deferred asset in the Statement of Net Assets and amortized over the life of the debt.</p> | | |
| | 256,951 | - |
| <p>Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds. Accrued interest was calculated and reported in the Statement of Net Assets.</p> | | |
| | (8,472) | (13,790) |
| <p>Earned revenues relating to certain receivables and grants are deferred in governmental funds if not collected or expected to be collected within the OCFA's availability period. However, liabilities relating to deferred revenues are not reported in the Statement of Net Assets since revenue recognition is not based upon measurable and available criteria.</p> | | |
| Due from other governments - grants | 62,904 | - |
| Due from other governments - Santa Ana start-up costs | 1,551,040 | - |
| Net assets of governmental activities | \$ 268,545,151 | \$ 287,629,371 |

See Notes to the Financial Statements



Orange County Fire Authority Safety Message

**Holiday Decorating Safety:
Candles**

- Never use lighted candles on a tree or near other evergreens. Keep candles away from other decorations and wrapping paper.
- Never leave a burning candle unattended. Place them where they can't be knocked down or blown over and always extinguish before leaving room or going to bed.
- Always use heat-resistant and non-tip holders designed for candle usage.
- Never put candles near exits, vents or other drafty areas.
- Extinguish and discard taper or pillar candles when they get within two (2) inches of their holders.

ORANGE COUNTY FIRE AUTHORITY
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2012
(With Comparative Data for Prior Year)

| | <u>General Fund</u> | <u>Facilities Maintenance & Improvements</u> |
|---|-------------------------|--|
| Revenues: | | |
| Taxes | \$ 177,728,290 | \$ - |
| Intergovernmental | 12,856,953 | - |
| Charges for services | 64,332,052 | 237,328 |
| Use of money and property | 344,630 | 16,016 |
| Miscellaneous | 2,326,680 | 3,332 |
| Developer contributions | - | - |
| Total revenues | 257,588,605 | 256,676 |
| Expenditures: | | |
| Current - public safety: | | |
| Salaries and benefits | 228,452,010 | - |
| Services and supplies | 27,761,638 | 1,084,611 |
| Capital outlay | 418,655 | 16,195 |
| Debt service: | | |
| Principal retirement | - | - |
| Interest and fiscal charges | 136,019 | - |
| Issuance costs | - | - |
| Total expenditures | 256,768,322 | 1,100,806 |
| Excess (deficiency) of revenues over (under) expenditures | 820,283 | (844,130) |
| Other financing sources (uses): | | |
| Transfers in | - | - |
| Transfers out | - | - |
| Issuance of capital lease | - | - |
| Refinanced debt | - | - |
| Sale of capital and other assets | 146,317 | - |
| Insurance recoveries | 89,095 | - |
| Total other financing sources (uses) | 235,412 | - |
| Net change in fund balances | 1,055,695 | (844,130) |
| Fund balances, beginning of year | 85,240,115 | 4,123,851 |
| Fund balances, end of year | \$ 86,295,810 | \$ 3,279,721 |

See Notes to the Financial Statements

| Capital Projects Funds | | | | |
|--------------------------------------|--------------------------------|-----------------------------------|---------------------------------|-----------------------|
| Communications | | | | |
| & Information Systems | Vehicle Replacement | Facilities Replacement | Total Governmental Funds | |
| | | | 2012 | 2011 |
| \$ - | \$ - | \$ - | \$ 177,728,290 | \$ 177,181,086 |
| - | - | 37,929 | 12,894,882 | 11,080,619 |
| - | 987,525 | - | 65,556,905 | 56,582,867 |
| 92,985 | 145,870 | 61,120 | 660,621 | 822,002 |
| 216,949 | 104,507 | 101,953 | 2,753,421 | 1,320,856 |
| - | - | 10,140 | 10,140 | 43,200 |
| 309,934 | 1,237,902 | 211,142 | 259,604,259 | 247,030,630 |
| - | - | - | 228,452,010 | 211,801,889 |
| 1,773,082 | 99,244 | 18,976 | 30,737,551 | 28,207,018 |
| 55,857 | 159,459 | 281,868 | 932,034 | 9,899,979 |
| - | 2,139,694 | - | 2,139,694 | 1,911,912 |
| - | 499,332 | - | 635,351 | 890,067 |
| - | 286,599 | - | 286,599 | - |
| 1,828,939 | 3,184,328 | 300,844 | 263,183,239 | 252,710,865 |
| (1,519,005) | (1,946,426) | (89,702) | (3,578,980) | (5,680,235) |
| - | - | - | - | 4,137,811 |
| - | - | - | - | (4,137,811) |
| - | 16,756,078 | - | 16,756,078 | - |
| - | (16,377,093) | - | (16,377,093) | - |
| - | - | - | 146,317 | 434,914 |
| - | - | - | 89,095 | 8,405 |
| - | 378,985 | - | 614,397 | 443,319 |
| (1,519,005) | (1,567,441) | (89,702) | (2,964,583) | (5,236,916) |
| 23,726,192 | 35,940,563 | 16,226,306 | 165,257,027 | 170,493,943 |
| \$ 22,207,187 | \$ 34,373,122 | \$ 16,136,604 | \$ 162,292,444 | \$ 165,257,027 |

ORANGE COUNTY FIRE AUTHORITY
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year ended June 30, 2012
(With Comparative Data for Prior Year)

| | 2012 | 2011 |
|--|-----------------------|-----------------------|
| Net change in fund balances - total governmental funds | \$ (2,964,583) | \$ (5,236,916) |
| <p>Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.</p> | | |
| Capital outlay | 932,034 | 9,899,979 |
| Depreciation/amortization expense | (9,300,853) | (8,970,508) |
| <p>Capital assets received through grant or donation are reported at the estimated fair value at time of receipt and corresponding revenue is recognized in the Statement of Activities. Revenue is not recognized in the governmental funds.</p> | | |
| | 3,916,135 | 90,686 |
| <p>Governmental funds report the proceeds from sale of capital and other assets as other financing sources. In the Statement of Activities, those proceeds are offset by the net book value of the asset, resulting in a gain or loss on the sale.</p> | | |
| Capital asset disposals | (2,690,942) | (4,103,880) |
| Accumulated depreciation/amortization on disposals | 2,669,759 | 3,751,948 |
| <p>Proceeds of long-term debt and refinanced debt are recorded as other financing sources and uses, respectively, in the governmental funds. In the government-wide financial statements, these amounts increase or decrease the outstanding balance of long-term liabilities.</p> | | |
| Issuance of debt - lease purchase agreement | (16,756,078) | - |
| Refinanced debt - lease purchase agreement | 16,377,093 | - |
| <p>Repayment of long-term debt principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. Principal payments reduce long-term liabilities in the Statement of Net Assets and do not result in an expense in the Statement of Activities.</p> | | |
| Debt service principal - lease purchase agreements | 2,139,694 | 1,911,912 |
| <p>Debt issuance costs are recognized as expenditures in the governmental funds at the time the debt is issued. However, those items are capitalized and amortized over the life of the debt on the Statement of Activities since they do not require the use of current financial resources.</p> | | |
| Issuance costs | 286,599 | - |
| Amortization of issuance costs | (29,648) | - |

ORANGE COUNTY FIRE AUTHORITY
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
(Continued)

| | 2012 | 2011 |
|--|------------------------|------------------------|
| Interest expenditures are reported when paid in the governmental funds, while the total amount of interest incurred for the period is accrued and recognized in the government-wide financial statements. The net change in accrued interest is recognized as interest expense in the Statement of Activities. | 5,318 | 1,563 |
| Accrued claims and judgments are reported as a governmental funds liability only when due and payable; however, the entire long-term liability is recorded in the Statement of Net Assets. Accordingly, the net change in accrued claims and judgments is recognized in the Statement of Activities. | | |
| Workers' compensation | (6,044,949) | (2,529,016) |
| Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. | (653,721) | (312,775) |
| Contributions to the defined benefit retiree medical plan are made on a pay-as-you-go basis in the governmental fund financial statements. However, if actual contributions are less than the actuarially-determined required amount, the difference is reported as an expense in the Statement of Activities. | (8,584,022) | (8,916,775) |
| Certain receivables and grants that have been accrued but not collected are reflected as deferred revenue in the governmental funds. However, all earned revenue is recognized in the Statement of Activities regardless of when the receivables were collected. | | |
| Intergovernmental revenue - grants | 62,904 | - |
| Charges for services - Santa Ana start-up costs | 1,551,040 | - |
| Transactions between governmental funds are eliminated for presentation in the government-wide financial statements. | | |
| Transfers in | - | (4,137,811) |
| Transfers out | - | 4,137,811 |
| Use of money and property | (136,019) | (210,594) |
| Interest and fiscal charges | 136,019 | 210,594 |
| Change in net assets of governmental activities | \$ (19,084,220) | \$ (14,413,782) |

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
General Fund
Budgetary Comparison Statement
Year ended June 30, 2012
(With Comparative Data for Prior Year)

| | 2012 | | | Variance with Final Budget Positive (Negative) | 2011 |
|---|---------------------|---------------------|----------------------|---|----------------------|
| | Budget Amounts | | Actual Amounts | | Actual Amounts |
| | Original | Final | | | |
| Budgetary fund balance, July 1 | \$85,240,115 | \$85,240,115 | \$ 85,240,115 | \$ - | \$ 80,697,406 |
| Resources (inflows): | | | | | |
| Taxes | 178,620,900 | 177,247,357 | 177,728,290 | 480,933 | 177,181,086 |
| Intergovernmental | 8,555,396 | 13,687,589 | 12,856,953 | (830,636) | 10,756,345 |
| Charges for services | 59,160,564 | 64,404,255 | 64,332,052 | (72,203) | 55,651,846 |
| Use of money and property | 516,692 | 334,808 | 344,630 | 9,822 | 426,990 |
| Miscellaneous | 1,469,243 | 2,131,928 | 2,326,680 | 194,752 | 893,511 |
| Sale of capital and other assets | 50,000 | 126,100 | 146,317 | 20,217 | 434,914 |
| Insurance recoveries | - | 23,179 | 89,095 | 65,916 | 8,405 |
| Total resources (inflows) | 248,372,795 | 257,955,216 | 257,824,017 | (131,199) | 245,353,097 |
| Amounts available for appropriations | 333,612,910 | 343,195,331 | 343,064,132 | (131,199) | 326,050,503 |
| Charges to appropriation (outflows): | | | | | |
| Salaries and benefits | 223,192,970 | 231,904,275 | 228,452,010 | 3,452,265 | 211,799,421 |
| Services and supplies | 26,117,866 | 32,796,925 | 27,761,638 | 5,035,287 | 24,387,661 |
| Capital outlay | 142,827 | 559,856 | 418,655 | 141,201 | 274,901 |
| Interest and fiscal charges | 193,125 | 193,125 | 136,019 | 57,106 | 210,594 |
| Transfers out | - | - | - | - | 4,137,811 |
| Total charges to appropriations | 249,646,788 | 265,454,181 | 256,768,322 | 8,685,859 | 240,810,388 |
| Budgetary fund balance, June 30 | \$83,966,122 | \$77,741,150 | \$ 86,295,810 | \$ 8,554,660 | \$ 85,240,115 |

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2012
(With Comparative Data for Prior Year)

| | Pension Trust Funds | Total Pension Trust Funds | |
|---|----------------------------------|----------------------------------|------------------|
| | Extra Help Retirement | 2012 | 2011 |
| Assets: | | | |
| Cash and investments (Note 3): | | | |
| Local Agency Investment Fund | \$ 49,842 | \$ 49,842 | \$ 44,614 |
| Total assets | 49,842 | 49,842 | 44,614 |
| Liabilities: | | | |
| Accounts payable | - | - | - |
| Total liabilities | - | - | - |
| Net assets: | | | |
| Assets held in trust for pension benefits | 49,842 | 49,842 | 44,614 |
| Total net assets | \$ 49,842 | \$ 49,842 | \$ 44,614 |

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
Year ended June 30, 2012
(With Comparative Data for Prior Year)

| | Pension | | |
|--|-------------------------|----------------------------------|-------------------------|
| | Trust Funds | | |
| | Extra Help | Total Pension Trust Funds | |
| | Retirement | 2012 | 2011 |
| Additions: | | | |
| Contributions: | | | |
| Plan members | \$ 10,268 | \$ 10,268 | \$ 8,694 |
| Total contributions | <u>10,268</u> | <u>10,268</u> | <u>8,694</u> |
| Net investment income: | | | |
| Interest | 2,156 | 2,156 | 1,944 |
| Total net investment income | <u>2,156</u> | <u>2,156</u> | <u>1,944</u> |
| Total additions | <u>12,424</u> | <u>12,424</u> | <u>10,638</u> |
| Deductions: | | | |
| Benefits and refunds paid to plan members and beneficiaries | 7,196 | 7,196 | 81,001 |
| Total deductions | <u>7,196</u> | <u>7,196</u> | <u>81,001</u> |
| Change in net assets | 5,228 | 5,228 | (70,363) |
| Net assets, beginning of year | 44,614 | 44,614 | 114,977 |
| Net assets, end of year | <u>\$ 49,842</u> | <u>\$ 49,842</u> | <u>\$ 44,614</u> |

See Notes to the Financial Statements

Notes to the Financial Statements



Station 76



Station 77

ORANGE COUNTY FIRE AUTHORITY
Index to Notes to the Financial Statements
Year ended June 30, 2012

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Orange County Fire Authority Safety Message

**Holiday Decorating Safety:
Fireplaces**

- Before lighting any fire, remove all greens, boughs, papers and other decorations from fireplace area.
- Have your chimney inspected and cleaned by a professional at least once a year. Always open your chimney flute or damper to allow smoke to get out.
- Make sure your chimney has a spark arrestor. Never burn trash or paper in a fireplace as it can float up the chimney and onto your roof or yard.
- Keep a glass or metal screen in front of the fireplace opening to prevent embers or sparks from popping out on to carpeting.
- Remove ashes in a metal container and never store them inside your home.
- Do not use kerosene or any other lighter fluid to make the flames burn more brightly – these substances will only coat the inside of your chimney.
- If synthetic logs are used, follow the directions on the package. Never break a synthetic log to increase the fire or use more than one log at a time. They often burn unevenly, releasing higher levels of carbon monoxide.

ORANGE COUNTY FIRE AUTHORITY

Notes to the Financial Statements

Year ended June 30, 2012

(1) Summary of Significant Accounting Policies

(a) Description of the Reporting Entity

Effective March 1, 1995, the County of Orange (County) and the cities of Buena Park, Cypress, Dana Point, Irvine, Laguna Hills, Laguna Niguel, Lake Forest, La Palma, Los Alamitos, Mission Viejo, Placentia, San Clemente, San Juan Capistrano, Seal Beach, Stanton, Tustin, Villa Park and Yorba Linda entered into a joint powers agreement to create the Orange County Fire Authority (OCFA). Since the creation of the OCFA, the cities of Aliso Viejo, Laguna Woods, Rancho Santa Margarita, Santa Ana and Westminster have joined the OCFA as members.

The purpose of the OCFA is to provide fire suppression, protection, prevention and related and incidental services including, but not limited to, emergency medical and transport services and hazardous materials regulation, as well as providing facilities and personnel for such services. The OCFA's governing board consists of one representative from each member city and two from the County.

The operations of the OCFA are funded with a portion of property taxes collected by the County (Structural Fire Fund) for the unincorporated area and on behalf of all member cities except for the cities of Buena Park, Placentia, San Clemente, Santa Ana, Seal Beach, Stanton, Tustin and Westminster, which are considered to be cash contract cities. The County pays all Structural Fire Fund taxes it collects to the OCFA. The cash contract cities make cash contributions based on the OCFA's annual budget. Upon dissolution, all surplus money and property of the OCFA will be conveyed or distributed to each member in proportion to all funds provided to the OCFA by that member or by the County on behalf of that member during its membership. Each member must execute any instruments of conveyance necessary to effectuate such distribution or transfer.

As required by generally accepted accounting principles, these financial statements present both the OCFA and any component units. A component unit is an entity for which primary government entity is considered to be financially accountable.

- The primary government is considered to be financially accountable for an organization if it appoints a voting majority of that organization's governing body, and (1) if the primary government is able to impose its will on that organization or (2) there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the primary government.
- The primary government may also be considered financially accountable for an organization if that organization is fiscally dependent on the primary government (i.e., the organization is unable to approve or modify its budget, levy taxes or set rates/charges, or issue bonded debt without approval from the primary government).

- In certain cases, other organizations are included as component units if the nature and significance of their relationship with the primary government are such that their exclusion would cause the primary government's financial statements to be misleading or incomplete, even though the primary government is not considered financially accountable for that organization under the criteria previously described. A legally separate, tax exempt organization is reported as a component unit if (1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the primary government or its constituents; (2) the primary government is entitled to or has the ability otherwise access a majority of the economic resources received or held by the organization; and (3) the economic resources received or held by the organization are significant to the primary government.

Component units must be classified as either "blended" or "discrete" in the primary government's financial statements. A component unit is "blended" if the governing boards of the two organizations are substantially the same, or if the component unit provides services entirely or almost entirely to the primary government. Because of the closeness of its relationship with the primary government, a "blended" component unit is presented as though it is part of the primary government and, therefore, is included in both the government-wide and fund financial statements. Component units that do not meet either of these two criteria are considered "discrete" and are reported only in the government-wide financial statements.

A brief description of OCFA's component unit is as follows:

- The **OCFA Foundation** ("Foundation") was established by the OCFA Board of Directors in July 2010, and qualifies as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The purpose of the Foundation is to support the OCFA with the additional resources needed to provide an enhanced level of fire prevention, suppression, and emergency medical services to the citizens of Orange County. The Foundation assists the OCFA by conducting fundraising activities and securing non-government grant funds, services, materials, and contributions that support OCFA's mission. The OCFA provided \$50,000 from the General Fund as start-up funding for the Foundation. The tax exempt status of the Foundation was approved by the Internal Revenue Service on February 23, 2011, and the inaugural meeting of the Foundation Board was April 28, 2011.

The Foundation's Board of Directors consists of no less than three and no more than seven members, the exact number determined by resolution of the Foundation Board. Foundation Board members must have been active in or had significant prior experience in governmental or community organizations, or the fire service. The Foundation Board may consist of any combination of members of the public, OCFA employees, and/or past or current OCFA Board members. Initially, the Chair of the OCFA's Board appointed the first three Foundation Directors from among existing OCFA Board members. As of June 30, 2012, there were four non-OCFA Board members on the Foundation's Board. Additional members may be appointed by the Foundation Board at a future date via a simple majority vote.

The Foundation is considered a component unit of the OCFA, because the nature and significance of its relationship with the OCFA is such that its exclusion would cause the OCFA's financial statements to be misleading or incomplete. Within these financial statements, the Foundation is reported as a discrete component unit in the government-wide financial statements. The Foundation also issues separate, component unit financial statements that may be obtained through written request from the OCFA Finance Division at 1 Fire Authority Road, Irvine, California 92602.

(b) Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities), report information about the OCFA as a whole, excluding its fiduciary activities. For the most part, the effect of the interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of the given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The OCFA considers revenues to be available if they are typically collected within 180 days of the end of the current fiscal period, with the exception of property taxes, which are considered available if they are typically collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the OCFA.

Fiduciary fund financial statements are reported using the same *economic resources measurement focus* and the *accrual basis of accounting* described for the government-wide financial statements.

(c) Major Funds and Other Fund Types

Major Governmental Funds

Major funds are those whose revenues, expenditures, assets or liabilities are at least 10% of corresponding totals for all governmental funds. The General Fund is always a major fund. The OCFA has elected to report all of its governmental funds as major funds.

- The **General Fund** is the primary operating fund of the OCFA and is used to account for all financial resources not accounted for and reported in another fund. The General Fund accounts for the financial activities of providing fire suppression, protection, prevention and related services to the OCFA's member cities and unincorporated areas. The primary sources of revenue are property taxes for fire protection (Structural Fire Fund), cash contracts, intergovernmental reimbursements and various user fees.
- The **Facilities Maintenance & Improvements Fund** is a capital projects fund used to account for significant capital projects that provide for either the maintenance or improvement of OCFA's facilities.
- The **Communications & Information Systems Fund** is a capital projects fund used to account for the replacement of specialized fire communications equipment and information systems equipment.
- The **Vehicle Replacement Fund** is a capital projects fund used to account for the planned replacement of fire apparatus and vehicles.
- The **Facilities Replacement Fund** is a capital projects fund used to account for the replacement of sub-standard fire stations and the construction of new fire stations.

Fiduciary Fund Types

- **Pension Trust Funds** are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post-employment benefit plans or other employee benefit plans. The OCFA's pension trust fund accounts for the cost of the extra help post-employment defined benefit retirement plan.

(d) Deposits and Investments

The OCFA's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For financial statement presentation purposes, cash and cash equivalents are shown as both restricted and unrestricted cash and investments.

Investments are stated at fair value (the value at which a financial instrument could be exchanged, other than in a forced or liquidation sale), in accordance with GASB Statement No. 31. The OCFA's policy is generally to hold investments until maturity. The State Treasurer's Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

(e) Receivables

All accounts receivable are shown net of an allowance for uncollectible amounts.

Under California law, counties assess and collect property taxes up to 1% of assessed value and can increase the property tax rate no more than 2% per year. The property taxes go into a pool and are then allocated to the cities and local government entities based on complex formulas. The County of Orange bills and collects the property taxes and distributes them to the OCFA in installments during the year. Accordingly, the OCFA accrues only those taxes which are received from the county within 60 days after year-end. A summary of the property tax calendar is as follows:

| | |
|------------------|----------------------------|
| Lien date | January 1 |
| Levy date | Fourth Monday of September |
| Due dates | November 1 and February 1 |
| Delinquent dates | December 10 and April 10 |

(f) Prepaid Costs

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in both the government-wide and fund financial statements. Nonspendable fund balance in an amount equal to prepaid costs is reported in the governmental fund types, since these amounts are not in a spendable form.

(g) Capital Assets

Capital assets of governmental activities, which include property, plant and equipment assets, are reported in the government-wide financial statements. Capital assets are defined by the OCFA as assets with an estimated useful life in excess of one year that that an initial, individual cost of \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or developer-contributed capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment of the

OCFA are depreciated or amortized using the straight-line method over the following estimated useful lives:

| | |
|----------------------------|--------------|
| Buildings and Improvements | 45 years |
| Equipment | 3 – 40 years |
| Vehicles | 4 – 20 years |

(h) Compensated Absences

The OCFA's policy permits employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and unpaid sick leave to which employees are entitled has been accrued when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if it has matured (for example, as a result of employee resignations or retirements).

(i) Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities of governmental activities in the government-wide Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as unamortized debt issuance costs and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(j) Fund Equity

The components of the fund balances of governmental funds reflect the component classifications described below.

Nonspendable fund balance includes amounts that are not in a spendable form, such as prepaid items or supplies inventories, or that are legally or contractually required to remain intact, such as principal endowments.

Restricted fund balance includes amounts that are subject to externally enforceable legal restrictions imposed by outside parties (i.e., creditors, grantors, contributors) or that are imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts whose use is constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest level of decision-making authority. The Board of Directors serves as the OCFA's highest level of decision-making

authority and has the authority to establish, modify or rescind a fund balance commitment via minutes action.

Assigned fund balance includes amounts intended to be used by the OCFA for specific purposes, subject to change, as established either directly by the Board of Directors or by management officials to whom assignment authority has been delegated by the Board of Directors.

Unassigned fund balance is the residual classification that includes spendable amounts in the General Fund that are available for any purpose.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, the OCFA's *Flow Assumptions Policy* specifies that restricted revenues will be applied first. When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, the OCFA's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

(k) Operating Contingency

In June 1998, the OCFA established a General Fund Contingency Reserve ("operating contingency") at 15% of budgeted operating revenues, which was subsequently revised to 10% of budgeted non-grant operating expenditures. The OCFA's policy states that the operating contingency be used only for operating contingencies, emergencies caused by calamitous events and economic uncertainty. As of June 30, 2012, the operating contingency's balance of \$22,443,528 was included within the unassigned fund balance category of the General Fund.

(l) Prior Year Data

The information included in the accompanying financial statements for the prior year has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Certain minor reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

(m) Use of Estimates

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and, accordingly, include amounts that are based on management's best estimates and judgments. Actual results could differ from those estimates.

(2) Compliance and Accountability

(a) Budgetary Information

The OCFA establishes accounting control through formal adoption of an annual operating budget for the governmental funds. The operating budgets are prepared on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all of the governmental funds.

Perspective differences occur when the framework used for budgeting differs from the fund structure used for financial reporting. The OCFA's General Fund consists of three separately-budgeted funds that have been combined and consolidated for financial statement presentation. The table below reconciles fund balance for the General Fund as reported on the budgetary basis to the presentation in the financial statements. The Supplementary Schedules section of this report includes additional General Fund combining schedules for balance sheet, budgetary data and actual operating data for the year ended June 30, 2012.

| | |
|---|--|
| | Fund Balance as of <u>June 30, 2012</u> |
| Budgetary basis: | |
| General Operating Fund | \$50,776,753 |
| Structural Fire Entitlement | 1,372,789 |
| Self Insurance | <u>34,146,268</u> |
| General Fund for financial statement presentation | <u>\$86,295,810</u> |

The adopted budget can be amended by the Board to change both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Increases and decreases in revenue and appropriations and transfers between funds require the Board's approval; however, the Fire Chief may authorize changes within funds. Expenditures may not exceed total appropriations at the individual fund level. It is the practice of the OCFA to review the budgets mid-year and, if necessary, recommend changes to the Board. The following is a summary of the originally adopted expenditure budget (including carryovers of unexpended prior year encumbrances and transfers out) compared to the final budget by budgeted fund:

| <u>Fund</u> | <u>Original Budget</u> | <u>Increase/ (Decrease)</u> | <u>Final Budget</u> |
|---------------------------------------|----------------------------|---------------------------------|-------------------------|
| General Fund | \$249,646,788 | \$15,807,393 | \$265,454,181 |
| Facilities Maintenance & Improvements | 1,111,938 | 100,000 | 1,211,938 |
| Communications & Information Systems | 12,670,596 | (8,014,561) | 4,656,035 |
| Vehicle Replacement | 8,145,182 | (1,618,398) | 6,526,784 |
| Facilities Replacement | <u>942,071</u> | <u>369,909</u> | <u>1,311,980</u> |
| Total budgeted governmental funds | <u>\$272,516,575</u> | <u>\$ 6,644,343</u> | <u>\$279,160,918</u> |

(b) Emergency Appropriations Policy

In September 2008, the Board adopted the Emergency Appropriations Policy to provide a means of increasing budgeted appropriations in the event that extraordinary fire or emergency incident activity occurs after the last Board meeting of the fiscal year, which may cause expenditures to exceed the authorized General Fund budget. The contingency appropriation, which may not exceed \$3,000,000 each fiscal year, is established for unforeseen requirements, primarily salary and employee benefits for extraordinary fire or emergency response. No expenditures may be made directly against the contingency appropriations; however, OCFA management may recommend a transfer from the contingency appropriations to a specific purpose appropriation. The Chair of the Board of Directors or the Vice Chair, in the absence of the Chair, must pre-approve any such transfers. Upon approval by the Chair or Vice Chair, notice of this transfer must be provided immediately to the full Board in writing. There were no transfers made from the contingency appropriations during the year ended

June 30, 2012; therefore, the budgetary comparison statements and schedules included in the financial statements do not reflect any increase to the final budgeted expenditures.

(c) Encumbrance Accounting

Encumbrance accounting is employed in governmental funds. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the OCFA's funds. Encumbrances outstanding at year-end are reported as restricted, committed or assigned fund balance, depending on the type of revenue source associated with the encumbrance, and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. All appropriations lapse at year-end with the exception of encumbered appropriations, which are effectually re-appropriated in the ensuing year's budget.

(d) Expenditures in Excess of Appropriations

During the year ended June 30, 2012, total expenditures exceeded total appropriations in the Vehicle Replacement Fund by \$13,034,637, primarily as a result of refinancing the 2008 Capital Lease Purchase Agreement that was used to fund the purchase of two helicopters and related equipment in 2008. In November 2011, the terms of the 2008 Capital Lease Purchase Agreement were amended to reflect an annual interest rate that was reduced from 3.7609% to 2.58%, generating \$811,539 in interest savings over the life of the debt. In conjunction with this change in terms, OCFA incurred a prepayment premium and accrued interest, which were added to the overall principal balance instead of being paid up-front to the lender in cash. As a result, the old debt was essentially "refinanced" with the proceeds of new debt. The Vehicle Replacement Fund incurred issuance costs (\$286,599) and refinanced debt (\$16,377,093) for which there were no budgeted appropriations; however, these amounts were offset by the "new" debt proceeds totaling \$16,756,078.

(3) Cash and Investments

(a) Financial Statement Presentation

The OCFA maintains a cash and investment pool that is available for use for all funds. Each fund's position in the pool is reported on the combined balance sheet as cash and investments.

Cash and investments as of June 30, 2012, are reported in the accompanying financial statements as follows:

| | |
|---|----------------------|
| Statement of Net Assets: | |
| Governmental activities | \$144,070,710 |
| Discretely presented component unit – OCFA Foundation | 47,905 |
| Statement of Fiduciary Net Assets: | |
| Fiduciary funds | 49,842 |
| Total cash and investments | <u>\$144,168,457</u> |

Cash and investments consist of the following as of June 30, 2012:

| | |
|----------------------------|----------------------|
| Petty cash / cash on hand | \$ 11,963 |
| Demand deposits | 2,999,497 |
| Investments | <u>141,156,997</u> |
| Total cash and investments | <u>\$144,168,457</u> |

(b) Demand Deposits

At June 30, 2012, the carrying amount of the OCFA's demand deposits was \$2,999,497 and the bank balance was \$3,866,371. The \$866,874 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "agent of depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

(c) Investments Authorized by Government Code and OCFA Investment Policy

The table below identifies the investment types that are authorized by the OCFA's investment policy and by the California Government Code Section 53600 et seq. and Section 5922(d). The table also identifies certain provisions of the California Government Code (or the OCFA's investment policy, if more restrictive) that address interest rate risk, credit risk and concentration of credit risk. The table, however, does not cover investments of debt proceeds held by fiscal agent, which are governed by the provisions of debt agreements of the OCFA rather than the general provisions of the OCFA's investment policy. In addition, this table does not include other investment types that are allowable under the California Government Code but are not specifically authorized by the OCFA's investment policy.

| <u>Investment Types</u> | <u>Maximum Maturity</u> | <u>Maximum % of OCFA's Portfolio in Investment Type</u> | <u>Maximum % of OCFA's Portfolio in a Single Issuer</u> |
|------------------------------------|-------------------------|---|---|
| U.S. Treasury obligations | 5 years | n/a | n/a |
| Federal agency securities | 5 years | 75% ⁽¹⁾ | 75% ⁽¹⁾ |
| Bankers' acceptances | 180 days | 25% ⁽¹⁾ | 25% ⁽¹⁾ |
| Commercial paper | 270 days | 15% ⁽¹⁾ | 15% ⁽¹⁾ |
| Negotiable certificates of deposit | 5 years | 25% ⁽¹⁾ | 25% ⁽¹⁾ |
| Repurchase agreements | 14 days ⁽¹⁾ | 15% ⁽¹⁾ | 15% ⁽¹⁾ |
| Money market mutual funds | n/a | 15% ⁽¹⁾ | 15% ⁽¹⁾ |
| Local Agency Investment Fund | n/a | 75% ⁽¹⁾ | 75% ⁽¹⁾ |

⁽¹⁾ Based on OCFA investment policy requirement, which is more restrictive than state law

(d) Investments Authorized by Debt Agreements

Proceeds of bonds or other indebtedness and any moneys set aside and pledged to secure payment of bonds may be invested in accordance with the resolution, indenture or statutory provisions governing the issuance of the indebtedness. The OCFA did not have any investments held by fiscal agent during Fiscal Year 2011/12.

(e) Investments in State Investment Pool

The OCFA is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

(f) GASB Statement No. 31

The OCFA adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the OCFA reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

(g) Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required (where applicable) by the California Government Code, the OCFA's investment policy or debt agreements and the actual rating as of year-end for each investment type.

| | Minimum Rating Required | Rating at Year-End | | | Fair Value |
|---------------------------|----------------------------|---------------------|--------------------|---------------------|----------------------|
| | | AAA / AA+ | P1 / A1+ | Unrated | |
| U.S. treasury obligations | N/A | \$ 4,999,900 | \$ - | \$ - | \$ 4,999,900 |
| Federal agency securities | N/A | 65,083,640 | - | - | 65,083,640 |
| Commercial paper | P1/A1/F1 | - | 8,994,420 | - | 8,994,420 |
| Money market mutual funds | Aaa/AAA | - | - | 12,032,027 | 12,032,027 |
| LAIF | N/A | - | - | 50,047,010 | 50,047,010 |
| Total | | <u>\$70,083,540</u> | <u>\$8,994,420</u> | <u>\$62,079,037</u> | <u>\$141,156,997</u> |

(h) Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The OCFA's investment policy requires that collateral be held by an independent third party with whom the OCFA has a current custodial agreement. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The OCFA's investment policy requires that all security transactions are conducted on a delivery-versus-payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of the OCFA's bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. As of June 30, 2012, none of the OCFA's deposits or investments was exposed to disclosable custodial credit risk.

(i) Concentration of Credit Risk

The OCFA's investment policy imposes restrictions for certain types of investments with any one issuer to 15% of the total investment pool with the following exceptions: U.S. Treasury obligations (100%), LAIF (75%), federal agency securities (75%), bankers' acceptances (25%) and negotiable certificates of deposit (25%). With respect to concentration risk as of June 30, 2012, the OCFA is in compliance with the investment policy's restrictions. In addition, GASB 40 requires a separate disclosure if any single issuer comprises more than 5% of the total investment value (exclusive of amounts held by fiscal agent). Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement. Investments with issuers exceeding 5% of the total investment portfolio at June 30, 2012, are summarized below.

| Issuer | Fair Value | % of Portfolio |
|--|--------------|----------------|
| Federal National Mortgage Association (FNMA) | \$30,072,150 | 21.3% |
| Freddie Mac | 16,998,080 | 12.0% |
| Federal Farm Credit Bank (FFCB) | 9,006,750 | 6.4% |
| Federal Home Loan Bank (FHLB) | 9,006,660 | 6.4% |
| General Electric | 8,994,420 | 6.4% |

(j) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities have greater

sensitivity to changes in market interest rates. The OCFA's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The OCFA's investment policy states that at least 50% of the portfolio must mature in one year or less, an additional 25% may mature up to 3 years and the remaining 25% may mature up to 5 years. As of June 30, 2012, the fair value of OCFA's investments maturing beyond three years totaled 31.9% of the total portfolio, which exceeded the 25% allowable limit per the investment policy. Given the scarcity of available securities, callable investments were purchased to match OCFA's payroll dates with the first call date, anticipating the securities would be called. Several of these securities were, in fact, called. As of June 30, 2012, the portfolio was in compliance using the call date; however, it was slightly out of compliance using the final maturity date. Going forward, the maturities of new investments will be shortened to ensure compliance. The OCFA has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2012, the OCFA had the following investments and maturities:

| | <u>Investment Maturities in Months</u> | | | | <u>Fair Value</u> |
|---------------------------|--|----------------------------|---------------------------|----------------------------|-----------------------------|
| | <u>6 or Less</u> | <u>7 to 12</u> | <u>13 to 36</u> | <u>37 to 60</u> | |
| U.S. Treasury obligations | \$4,999,900 | \$ - | \$ - | \$ - | \$ 4,999,900 |
| Federal agency securities | 16,998,080 | - | 3,006,450 | 45,079,110 | 65,083,640 |
| Commercial paper | 8,994,420 | - | - | - | 8,994,420 |
| Money market mutual funds | 12,032,027 | - | - | - | 12,032,027 |
| LAIF | - | 50,047,010 | - | - | 50,047,010 |
| Total | <u>\$43,024,427</u> | <u>\$50,047,010</u> | <u>\$3,006,450</u> | <u>\$45,079,110</u> | <u>\$141,156,997</u> |

As of June 30, 2012, the OCFA's investments included the following callable investments, which are considered to be exposed to interest rate risk:

| <u>Issuer</u> | <u>Call Date(s)</u> | <u>Yield to Call</u> | <u>Maturity Date</u> | <u>Fair Value</u> |
|--|---------------------|----------------------|----------------------|-------------------|
| Federal Farm Credit Bank (FFCB) | 8/2/2012 | 0.87% | 5/2/2017 | \$9,006,750 |
| Federal Home Loan Bank (FHLB) | 8/3/2012 | 0.87% | 5/3/2017 | \$9,006,660 |
| Federal National Mortgage Association (FNMA) | 9/27/2012 | 0.55% | 3/27/2017 | \$9,023,760 |
| Federal National Mortgage Association (FNMA) | 10/12/2012 | 0.45% | 4/12/2016 | \$9,019,890 |
| Federal National Mortgage Association (FNMA) | 10/26/2012 | 0.67% | 4/26/2017 | \$9,022,050 |
| Federal National Mortgage Association (FNMA) | 10/29/2012 | 0.66% | 4/29/2015 | \$3,006,450 |

(4) Accounts Receivable

Accounts receivable, net of an allowance for doubtful accounts, consists of the following as of June 30, 2012:

| | <u>General Fund</u> |
|----------------------------------|---------------------|
| Fire prevention / late fees | \$ 312,267 |
| Ambulance / other reimbursements | 1,502,863 |
| Other / miscellaneous | 35,007 |
| Subtotal | 1,850,137 |
| Allowance for doubtful accounts | (46,241) |
| Accounts receivable, net | <u>\$1,803,896</u> |

(5) Due from Other Governments

Amounts due from other governments, net of an allowance for doubtful accounts, consist of the following as of June 30, 2012:

| | |
|------------------------------------|--------------------|
| | General Fund |
| Fire protection and other services | \$3,027,103 |
| Assistance by hire / activation | 407,942 |
| Grants | 360,896 |
| Property taxes / tax increment | 4,730,589 |
| Other / miscellaneous | <u>3,000</u> |
| Subtotal | 8,529,530 |
| Allowance for doubtful accounts | - |
| Due from other governments, net | <u>\$8,529,530</u> |

(6) Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

| <u>Governmental Activities</u> | <u>Beginning Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balances</u> |
|---|---------------------------|-----------------------|--------------------|--------------------|------------------------|
| Capital assets not depreciated/amortized: | | | | | |
| Land | \$ 37,387,850 | \$ - | \$ - | \$ - | \$ 37,387,850 |
| Construction in progress | 380,232 | 281,867 | - | (662,099) | - |
| Work in progress | <u>2,776,248</u> | <u>19,803</u> | - | <u>(2,754,854)</u> | <u>41,197</u> |
| Total capital assets not depreciated/amortized | <u>40,544,330</u> | <u>301,670</u> | - | <u>(3,416,953)</u> | <u>37,429,047</u> |
| Capital assets depreciated/amortized: | | | | | |
| Buildings | 128,648,633 | 16,195 | - | 662,099 | 129,326,927 |
| Equipment | 54,135,637 | 927,533 | (513,017) | 19,809 | 54,569,962 |
| Vehicles | <u>64,464,368</u> | <u>3,602,771</u> | <u>(2,177,925)</u> | <u>2,735,045</u> | <u>68,624,259</u> |
| Subtotal | <u>247,248,638</u> | <u>4,546,499</u> | <u>(2,690,942)</u> | <u>3,416,953</u> | <u>252,521,148</u> |
| Less accumulated depreciation/amortization for: | | | | | |
| Buildings | (24,578,979) | (2,798,389) | - | - | (27,377,368) |
| Equipment | (26,136,196) | (2,715,169) | 493,984 | - | (28,357,381) |
| Vehicles | <u>(33,913,891)</u> | <u>(3,787,295)</u> | <u>2,175,775</u> | - | <u>(35,525,411)</u> |
| Subtotal | <u>(84,629,066)</u> | <u>(9,300,853)</u> | <u>2,669,759</u> | - | <u>(91,260,160)</u> |
| Total capital assets depreciated/amortized, net | <u>162,619,572</u> | <u>(4,754,354)</u> | <u>(21,183)</u> | <u>3,416,953</u> | <u>161,260,988</u> |
| Governmental activities capital assets, net | <u>\$203,163,902</u> | <u>\$ (4,452,684)</u> | <u>\$ (21,183)</u> | <u>\$ -</u> | <u>\$198,690,035</u> |

Capital Assets Acquired Under Capital Lease

The above amounts include assets acquired by capital lease, classified as follows by major asset class:

| | |
|---|---------------------|
| Equipment | \$22,118,301 |
| Vehicles | <u>15,992,682</u> |
| Total capital assets acquired under capital lease | <u>\$38,110,983</u> |

Net Assets Invested in Capital Assets

The portion of the governmental activities net assets that is invested in capital assets, net of related debt, is calculated as follows:

| | |
|--|----------------------|
| Capital assets, net of accumulated depreciation/amortization | \$198,690,035 |
| Capital-related debt – 2011 aircraft lease refinance | <u>(15,105,650)</u> |
| Net assets invested in capital assets, net of related debt | <u>\$183,584,385</u> |

Depreciation/Amortization Expense

Depreciation/amortization expense of \$9,300,853 was charged to Public Safety in the Statement of Activities.

(7) Deferred / Unearned Revenue

Deferred revenue in the governmental funds consists of amounts that are either *unearned* or are considered *unavailable* to finance the expenditures of the current fiscal period. Only the amounts that are *unearned* are reported as liabilities of governmental activities. Deferred revenue consists of the following as of June 30, 2012:

| <u>Description</u> | <u>Unearned Revenue</u> | <u>Earned, Unavailable Revenue</u> | <u>Total Deferred Revenue</u> |
|----------------------------------|-----------------------------|--|---------------------------------------|
| Developer deposits | \$27,653 | \$ - | \$ 27,653 |
| Civil witness deposits | 1,013 | - | 1,013 |
| Miscellaneous cash advances | 130 | - | 130 |
| City of Santa Ana start-up costs | - | 1,551,040 | 1,551,040 |
| Grant receivables | - | <u>62,904</u> | <u>62,904</u> |
| | <u>\$28,796</u> | <u>\$1,613,944</u> | <u>\$1,642,740</u> |

(8) Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, is summarized in the table below. Accrued claims and judgments, compensated absences and the net OPEB obligation are normally liquidated by the General Fund.

| <u>Governmental Activities</u> | <u>Beginning Balances</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balances</u> | <u>Due Within One Year</u> |
|--|---------------------------|---------------------|-----------------------|------------------------|----------------------------|
| Capital lease purchase agreements: | | | | | |
| Aircraft Lease Agreement-2008 | \$16,866,359 | \$ - | \$(16,866,359) | \$ - | \$ - |
| Aircraft Lease Refinance-2011 | - | <u>16,756,078</u> | <u>(1,650,428)</u> | <u>15,105,650</u> | <u>2,162,809</u> |
| | 16,866,359 | 16,756,078 | (18,516,787) | 15,105,650 | 2,162,809 |
| Accrued claims and judgments for workers' compensation | 29,753,616 | 12,288,305 | (6,243,356) | 35,798,565 | 7,511,799 |
| Compensated absences | 13,354,698 | 12,032,331 | (11,378,610) | 14,008,419 | 2,944,951 |
| Net OPEB obligation | <u>20,803,095</u> | <u>13,141,576</u> | <u>(4,557,554)</u> | <u>29,387,117</u> | <u>-</u> |
| Total governmental activities | <u>\$80,777,768</u> | <u>\$54,218,290</u> | <u>\$(40,696,307)</u> | <u>\$94,299,751</u> | <u>\$12,619,559</u> |

Capital Lease Purchase Agreement – Aircraft Lease Agreement (2008) and Refinance (2011)

On December 22, 2008, the OCFA entered into a Master Aircraft Lease Agreement (Agreement) with SunTrust Equipment Finance & Leasing Corp. (SunTrust). Under the terms of the Agreement, \$21,515,238 was deposited into an escrow account with SunTrust Bank, Inc. (SunTrust Bank) to be used by the OCFA for the acquisition of certain aircraft equipment. The OCFA purchased two helicopters and related equipment for a total amount of \$21,538,675, using the original proceeds of the lease and \$23,437 of accrued interest. The helicopters and related equipment have been capitalized as equipment in the government-wide financial statements. Under the initial terms of the Agreement, SunTrust leased the equipment to the OCFA at an annual interest rate of 3.7609%. Rental payments are payable quarterly commencing March 22, 2009, and terminating on December 22, 2018. Title to the equipment vests with the OCFA during the term of the Agreement; accordingly, the lease has been recorded as a capital lease liability of the OCFA.

On November 16, 2011, the terms of the Agreement were amended to reflect a reduced annual interest rate of 2.58%. A 1.75% prepayment premium totaling \$286,599, plus accrued interest for the period September 22, 2011 through November 16, 2011 totaling \$92,386, were added to the outstanding principal balance to be repaid over the remaining life of the lease. The aggregate difference in debt service cash flows between the 2008 Aircraft Lease Agreement and the 2011 Aircraft Lease Refinance totaled \$432,552, while the economic gain on the refinance transaction totaled \$403,803.

During the year ended June 30, 2012, the OCFA made principal and interest payments totaling \$2,139,694 and \$499,332, respectively. The outstanding balance of the capital lease liability was \$15,105,650 as of June 30, 2012. Future annual lease payment requirements are as follows:

| <u>FYE June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|---------------------|--------------------|---------------------|
| 2013 | \$ 2,162,809 | \$ 368,914 | \$ 2,531,723 |
| 2014 | 2,219,152 | 312,571 | 2,531,723 |
| 2015 | 2,276,963 | 254,760 | 2,531,723 |
| 2016 | 2,336,279 | 195,444 | 2,531,723 |
| 2017 | 2,397,140 | 134,583 | 2,531,723 |
| 2018 | 2,459,589 | 72,134 | 2,531,723 |
| 2019 | <u>1,253,718</u> | <u>12,144</u> | <u>1,265,862</u> |
| Total | <u>\$15,105,650</u> | <u>\$1,350,550</u> | <u>\$16,456,200</u> |

(9) Commitments and Contingencies

(a) Purchase and Sale Agreement

On June 14, 2010, the OCFA entered into a Purchase and Sale Agreement with the FW Aviation, LLC for a new hangar facility at Fullerton Municipal Airport to replace existing Fire Station No. 41. The hangar is being acquired in two phases. The eastern portion of the facility was acquired in December 2010 to house the OCFA's helicopter fleet and Air Operations administrative offices. The western portion of the facility is currently being occupied by various tenants of FW Aviation, who are expected to be relocated to a separate hangar in early 2013. On June 28, 2010, the OCFA transferred \$6,156,743 to an escrow account, to be released to FW Aviation, LLC in two installments, upon final acquisition of each portion of the facility. On December 21, 2010, \$3,958,693 was released when escrow was finalized for the eastern portion of the facility. The remaining escrow balance as of June 30, 2012 is \$2,218,263, which includes \$20,213 of accrued interest.

(b) Outstanding Encumbrances / Commitments with Vendors

As of June 30, 2012, commitments for outstanding encumbrances (unperformed purchase orders and contracts for goods and services) by major governmental fund are as follows:

| | |
|---------------------------------------|--------------------|
| General Fund | \$2,202,657 |
| Facilities Maintenance & Improvements | 28,768 |
| Communications & Information Systems | 173,997 |
| Vehicle Replacement | 2,377,933 |
| Facilities Replacement | <u>10,912</u> |
| Total outstanding encumbrances | <u>\$4,794,267</u> |

Significant individual commitments with vendors as of June 30, 2012 are identified below.

| <u>Fund / Vendor</u> | <u>Description</u> | <u>Original Commitment</u> | <u>Spent-to-Date</u> | <u>Remaining Commitment</u> |
|--|--|----------------------------|----------------------|-----------------------------|
| <u>General Fund:</u> | | | | |
| Allstar Fire Equipment | (385) Self-Contained Breathing Apparatus | \$1,501,712 | \$ - | \$1,501,712 |
| ACS Government Systems | Software Maintenance | 180,054 | 104,546 | 75,508 |
| Goodrich Corporation | Helicopter Maintenance | 58,941 | - | 58,941 |
| LN Curtis & Sons | (70) Valves | 56,192 | - | 56,192 |
| Motorola Solutions, Inc. | (10) 800 Mhz Radios | 54,318 | - | 54,318 |
| <u>Communications & Information Systems:</u> | | | | |
| Deltawrx | Public Safety Systems | 541,347 | 432,794 | 108,553 |
| Federal Technology Solutions | Wireless Station Network | 57,023 | - | 57,023 |
| <u>Vehicle Replacement:</u> | | | | |
| Central States | | | | |
| Fire Apparatus | (3) Type 1 Pumpers | 1,390,000 | - | 1,390,000 |
| KME Fire Apparatus | (2) Type 3 Wildland Pumpers | 786,678 | - | 786,678 |
| Villa Ford | (2) F450 Trucks | 125,815 | - | 125,815 |
| Cozad Trailer Sales, Inc. | (1) Dozer Transport Trailer | 75,440 | - | 75,440 |

(10) Fund Balance of Governmental Funds

(a) Nonspendable Fund Balance

Nonspendable fund balance, which pertains entirely to prepaid items, consists of the following as of June 30, 2012:

| | FY 2012/13 Retirement | | | |
|--------------------------------------|-----------------------|-------------------|------------------|---------------------|
| | <u>Contributions</u> | <u>Warranties</u> | <u>Other</u> | <u>Total</u> |
| General Fund | \$22,300,403 | \$ 58,971 | \$397,335 | \$22,756,709 |
| Communications & Information Systems | - | 43,672 | 46,493 | 90,165 |
| Vehicle Replacement | - | 262,893 | 52,194 | 315,087 |
| Facilities Replacement | - | - | 563 | 563 |
| Total | <u>\$22,300,403</u> | <u>\$365,536</u> | <u>\$496,585</u> | <u>\$23,162,524</u> |

In January 2012, OCFA prepaid a portion of its Fiscal Year 2012/13 retirement contributions totaling \$22,300,403 to the Orange County Employees Retirement System (OCERS), which will produce savings of over \$1.7 million in the next fiscal year. Other prepaid items as of June 30, 2012, included various equipment warranties on mobile data computers, laptops, desktop computers, and defibrillators, and other miscellaneous amounts such as annual maintenance fees and professional memberships.

(b) Restricted Fund Balance

Restricted fund balance consists of the following as of June 30, 2012:

| <u>Restricted For</u> | <u>General Fund</u> | <u>Facilities Replacement</u> | <u>Total</u> |
|--|-------------------------|-----------------------------------|------------------------|
| Capital Improvement Program: | | | |
| Station 56 (Ortega Valley) | \$ - | \$1,019,950 | \$1,019,950 |
| CALFIRE station(s) | - | <u>533,232</u> | <u>533,232</u> |
| | - | <u>1,553,182</u> | <u>1,553,182</u> |
| Executive Management: | | | |
| Community relations and education | 48,800 | - | 48,800 |
| Fire F.R.I.E.N.D.S. | 11,324 | - | 11,324 |
| Smoke alarm program | <u>267</u> | - | <u>267</u> |
| | <u>60,391</u> | - | <u>60,391</u> |
| Operations Department: | | | |
| USAR grant program | 104,835 | - | 104,835 |
| Other | <u>8,221</u> | - | <u>8,221</u> |
| | <u>113,056</u> | - | <u>113,056</u> |
| Fire Prevention Department: | | | |
| Fire prevention and safety grant | <u>24,628</u> | - | <u>24,628</u> |
| | <u>24,628</u> | - | <u>24,628</u> |
| Business Services Department: | | | |
| Self-contained breathing apparatus grant | <u>1,501,712</u> | - | <u>1,501,712</u> |
| | <u>1,501,712</u> | - | <u>1,501,712</u> |
| Total | <u>\$1,699,787</u> | <u>\$1,553,182</u> | <u>\$3,252,969</u> |

Restricted fund balance in the General Fund includes donations for specific programs (\$66,257) and grant-funded or other restricted, unexpended encumbrances outstanding at year-end (\$1,633,530). Restricted fund balance in the Facilities Replacement fund includes developer contributions and CALFIRE contract revenues that are legally restricted for new fire station development or improvements to existing fire stations.

(c) Committed Fund Balance

In July 1999, the Board of Directors authorized that \$4,405,086 be set aside to fund OCFA-related service or resource enhancement projects in certain structural fire fund cities. In January 2012, the Board of Directors authorized an additional \$622,106 to be set aside for the same purpose. As of June 30, 2012, the remaining unspent amount totaling \$1,372,789 was reported as a fund balance commitment in the General Fund. The funds are committed for projects in the cities of Aliso Viejo (\$28,823), Dana Point (\$67,004), Irvine (\$1,071,991), Laguna Niguel (\$52,267), Rancho Santa Margarita (\$17,469), San Juan Capistrano (\$8,921), Villa Park (\$50,513), and the County of Orange (\$75,801).

(d) Assigned Fund Balance

Assigned fund balance pertaining to unexpended encumbrances outstanding as of June 30, 2012 is summarized below:

| <u>Assigned To</u> | <u>General Fund</u> | <u>Facilities Maintenance & Improvements</u> | <u>Communications & Information Systems</u> | <u>Vehicle Replacement</u> | <u>Facilities Replacement</u> | <u>Total</u> |
|--------------------------------------|-------------------------|--|---|----------------------------|-------------------------------|---------------------------|
| <u>Executive Management:</u> | | | | | | |
| Risk management | \$ 25,000 | \$ - | \$ - | \$ - | \$ - | \$ 25,000 |
| Other | 20,140 | - | - | - | - | 20,140 |
| | <u>45,140</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>45,140</u> |
| <u>Operations Department:</u> | | | | | | |
| Helicopter program | 58,941 | - | - | - | - | 58,941 |
| EMS | 37,520 | - | - | - | - | 37,520 |
| Hazardous materials team | 17,812 | - | - | - | - | 17,812 |
| Other | 19,954 | - | - | - | - | 19,954 |
| | <u>134,227</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>134,227</u> |
| <u>Fire Prevention Department:</u> | | | | | | |
| Community education | 25,000 | - | - | - | - | 25,000 |
| Other | 24,224 | - | - | - | - | 24,224 |
| | <u>49,224</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>49,224</u> |
| <u>Business Services Department:</u> | | | | | | |
| Santa Ana start-up costs | 151,624 | - | - | - | - | 151,624 |
| Service center inventory | 80,711 | - | - | - | - | 80,711 |
| | <u>232,335</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>232,335</u> |
| <u>Support Services Department:</u> | | | | | | |
| Information technology | 87,811 | - | - | - | - | 87,811 |
| Other | 6,327 | - | - | - | - | 6,327 |
| | <u>94,138</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>94,138</u> |
| <u>Capital Improvements:</u> | | | | | | |
| Facilities projects | 14,065 | 28,768 | - | - | - | 42,833 |
| Communications/IT projects | - | - | 173,997 | - | - | 173,997 |
| Fire apparatus/vehicles | - | - | - | 2,377,933 | - | 2,377,933 |
| Station 17 (Cypress) | - | - | - | - | 10,912 | 10,912 |
| | <u>14,065</u> | <u>28,768</u> | <u>173,997</u> | <u>2,377,933</u> | <u>10,912</u> | <u>2,605,675</u> |
| Total | <u>\$569,129</u> | <u>\$28,768</u> | <u>\$173,997</u> | <u>\$2,377,933</u> | <u>\$10,912</u> | <u>\$3,160,739</u> |

In addition, the Board of Directors established a *Fund Balance Assignment Policy* during Fiscal Year 2010/11, authorizing the assignment of fund balance to self-insured workers' compensation claims and the Capital Improvement Program.

- The assignment to the Capital Improvement Program reflects cumulative amounts transferred from the General Fund to the OCFA's capital projects funds, net of actual cumulative project expenditures and other revenue sources accounted for in those funds. The assignment may not exceed the net cost of future identifiable projects. Fund balance assigned for the Capital Improvement Program totaled \$71,446,027 as of June 30, 2012 and is reported in the Facilities Maintenance & Improvements Fund (\$3,250,953), Communications & Information Systems Fund (\$21,943,025), Vehicle Replacement Fund (\$31,680,102) and Facilities Replacement Fund (\$14,571,947).
- The assignment to workers' compensation reflects the cumulative difference between actual workers' compensation expenditures incurred and budgeted costs, which are based on an annual actuarial valuation prepared by an external actuary and a confidence level set by the Board of Directors. The assignment for workers' compensation is reported in the General Fund and totaled \$34,146,268 as of June 30, 2012.

(e) Unassigned Fund Balance

Unassigned fund balance in the General Fund consists of the following as of June 30, 2012:

| | |
|--|---------------------|
| 10% Operating Contingency | \$22,443,528 |
| All other residual amounts available for any purpose | <u>3,307,600</u> |
| Total | <u>\$25,751,128</u> |

(11) Operating Leases

(a) Operating Lease Revenue

On March 24, 2011, the OCFA entered into a Wireless Communications Facilities Site Lease with Vista Towers, LLC (Vista), to provide space at the OCFA-owned Regional Fire Operations and Training Center to install and operate a digital mobile radio communications site consisting of up to two wireless communication towers, equipment shelters and cabinets, for up to six cell phone carriers. Vista is responsible for the installation, construction, maintenance, repairs, replacement and operations of the towers and, if applicable, the removal of the towers upon termination of the lease.

The lease term commences on the earlier of the pulling of all permits necessary for construction, or September 24, 2012, and continues for five years from that date. The lease may be renewed for up to four consecutive five-year increments, for a total of twenty-five years. Rent is due the first of each month and is determined based on the number of carriers being occupied by each of the towers. Vista will pay \$1,250 for each month in which there is one or no carrier on one of the towers, and \$1,000 per month for each additional carrier occupied on each tower beyond the first carrier. Base rent automatically increases by 3% annually. OCFA began collecting base rent in July 2012.

Future minimum rental revenue is as follows, assuming the first month's rent commences July 15, 2012, for Carrier 1 and October 1, 2012, for all other carriers:

| <u>Fiscal Year(s)</u> | <u>Carrier 1</u> | <u>Carrier 2</u> | <u>Carrier 3</u> | <u>Carrier 4</u> | <u>Carrier 5</u> | <u>Carrier 6</u> | <u>Total</u> |
|-----------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| 2012/13 | \$ 14,375 | \$ 9,000 | \$ 9,000 | \$ 9,000 | \$ 9,000 | \$ 9,000 | \$ 59,375 |
| 2013/14 | 15,456 | 12,360 | 12,360 | 12,360 | 12,360 | 12,360 | 77,256 |
| 2014/15 | 15,924 | 12,732 | 12,732 | 12,732 | 12,732 | 12,732 | 79,584 |
| 2015/16 | 16,404 | 13,116 | 13,116 | 13,116 | 13,116 | 13,116 | 81,984 |
| 2016/17 | 16,896 | 13,512 | 13,512 | 13,512 | 13,512 | 13,512 | 84,456 |
| 2017/18 - 2021/22 | 92,412 | 73,920 | 73,920 | 73,920 | 73,920 | 73,920 | 462,012 |
| 2022/23 - 2026/27 | 107,148 | 85,692 | 85,692 | 85,692 | 85,692 | 85,692 | 535,608 |
| 2027/28 - 2031/32 | 124,248 | 99,336 | 99,336 | 99,336 | 99,336 | 99,336 | 620,928 |
| 2032/33 - 2036/37 | 144,060 | 115,188 | 115,188 | 115,188 | 115,188 | 115,188 | 720,000 |
| | <u>\$546,923</u> | <u>\$434,856</u> | <u>\$434,856</u> | <u>\$434,856</u> | <u>\$434,856</u> | <u>\$434,856</u> | <u>\$2,721,203</u> |

(b) Operating Lease Obligations

The OCFA is obligated under operating lease agreements for the rental of various fire stations, including a land lease at Fullerton Municipal Airport:

- Twenty-seven city-owned stations are leased for \$1 per year through June 30, 2030.
- On June 14, 2010, the OCFA entered into a land lease agreement with the City of Fullerton for a new space at Fullerton Municipal Airport. Monthly lease payments of \$4,956 for the eastern half of the building commenced January 2011. An additional monthly lease payment of \$2,886 for the western half of the building is expected to commence by January 2013. Total monthly rent will increase annually by an amount equal to the change in CPI, from a minimum of 3% to a maximum of 5%. The term of the agreement extends forty years through July 2050, with a fifteen year extension option through July 2065.
- On August 25, 2011, the OCFA Executive Committee approved the execution of a Lease Agreement with FW Aviation, LLC for a training tower at Fire Station No. 41 Air Operations and Maintenance Facility at Fullerton Airport, which includes a helicopter training prop, an additional restroom, and approximately 600 square feet of classroom/storage area. The lease term is for ten years commencing September 2011, with an optional ten-year extension. Initial monthly rent of \$1,575 will increase by \$18 each year.
- OCFA leases a radio tower site from the Laguna Beach County Water District for \$2,400 per year. The current lease term expires August 13, 2016.

Future minimum lease payments for the OCFA's operating lease obligations are as follows:

| <u>Fiscal Year(s)</u> | <u>City-Owned Stations</u> | <u>Land Lease</u> | <u>Training Tower</u> | <u>Radio Tower</u> | <u>Total</u> |
|-----------------------|--------------------------------|--------------------|---------------------------|------------------------|--------------------|
| 2012/13 | \$ 27 | \$ 81,468 | \$ 19,080 | \$ 2,400 | \$ 102,975 |
| 2013/14 | 27 | 102,840 | 19,296 | 2,400 | 124,563 |
| 2014/15 | 27 | 105,924 | 19,512 | 2,400 | 127,863 |
| 2015/16 | 27 | 109,104 | 19,728 | 2,400 | 131,259 |
| 2016/17 | 27 | 112,380 | 19,944 | 400 | 132,751 |
| 2017/18 – 2021/22 | 135 | 614,520 | 85,410 | - | 700,065 |
| 2022/23 – 2026/27 | 135 | 712,404 | - | - | 712,539 |
| 2027/28 – 2031/32 | 81 | 825,960 | - | - | 826,041 |
| 2032/33 – 2036/37 | - | 957,540 | - | - | 957,540 |
| 2037/38 – 2041/42 | - | 1,110,024 | - | - | 1,110,024 |
| 2042/43 – 2046/47 | - | 1,286,808 | - | - | 1,286,808 |
| 2047/48 – 2050/51 | - | 1,021,992 | - | - | 1,021,992 |
| | <u>\$486</u> | <u>\$7,040,964</u> | <u>\$182,970</u> | <u>\$10,000</u> | <u>\$7,234,420</u> |

(12) Insurance

(a) Coverage Limits

The OCFA has purchased commercial insurance coverage for general, auto, property, aviation and pollution liabilities; public official and auto verifier bonds; and excess coverage for the self-insured workers compensation. Coverage limits include the following:

| <u>Type of Coverage</u> | <u>Limit</u> |
|--|---|
| General Liability: | |
| Each Occurrence or Wrongful Act | \$1,000,000 each occurrence |
| General Annual Aggregate | \$2,000,000 |
| Management Liability | \$1,000,000 each wrongful act |
| Auto Liability – Combined Single Limit | \$1,000,000 |
| Umbrella Liability | \$10,000,000 each occurrence |
| Property Liability: | |
| Buildings and Contents | Scheduled Replacement Cost |
| Crime – Employee Dishonesty / Forgery or Alteration / Faithful Performance of Duty | \$500,000 each |
| Crime – Computer Fraud | \$100,000 each |
| Aircraft Hull and Liability | \$50,000,000 (hull coverage applicable only to 2008 aircraft) |
| Pollution Liability | \$1,000,000 |
| Public Official Bonds | \$1,000,000 each |
| Auto Verifier Bonds | \$5,000 each |
| Excess Workers Compensation | Statutory Limits |

At June 30, 2012, the OCFA had no outstanding claims which exceed insurance coverage. There have been no significant changes in insurance coverage as compared to last year, and settlements have not exceeded coverage in each of the past three fiscal years.

(b) Self-Insurance

The OCFA transitioned its program for workers' compensation insurance from Guaranteed Cost to Self-Insurance effective March 1, 2002. The OCFA's self-insurance program covers workers' compensation claims up to \$50,000,000, subject to a \$2,000,000 self-insured retention (SIR) per incident. Workers' compensation claims in excess of the self-insured level are insured by the California State Association of Counties Excess Insurance Authority (CSAC-EIA) at statutory limits. The OCFA utilizes the services of a third-party claims administrator for administration of workers' compensation claims.

As of June 30, 2012, accrued claims and judgments for workers' compensation totaled \$35,798,565 and were recorded as a long-term liability in the government-wide financial statements. This liability reflects the present value of estimated outstanding losses at the 50% confidence level, as determined by an actuarial valuation dated December 31, 2011, and includes claims that have been incurred but not yet reported (IBNR's). A confidence level is the statistical certainty that an actuary believes funding will be sufficient. For example, a 50% confidence level means that the actuary believes funding will be sufficient in five years out of ten. On May 27, 2010, Board of Directors authorized to change the OCFA's confidence level from 80% to 50%.

Following is a summary of changes in workers' compensation claims payable for the years ended June 30, 2012 and 2011, including the current and long-term portions at year-end.

| | <u>Fiscal Year Ended June 30,</u> | |
|---|-----------------------------------|---------------------|
| | <u>2012</u> | <u>2011</u> |
| Unpaid claims at beginning of fiscal year | \$29,753,616 | \$27,224,600 |
| Incurred claims (including IBNR's) | 12,288,305 | 8,011,264 |
| Claim payments | <u>(6,243,356)</u> | <u>(5,482,248)</u> |
| Unpaid claims at end of fiscal year | <u>\$35,798,565</u> | <u>\$29,753,616</u> |
| Current portion | \$ 7,511,799 | \$ 5,991,519 |
| Long-term portion | <u>28,286,766</u> | <u>23,762,097</u> |
| Unpaid claims at end of fiscal year | <u>\$35,798,565</u> | <u>\$29,753,616</u> |
| Confidence level at end of fiscal year | 50% | 50% |

Because of the long-term nature of this liability, it is excluded from the OCFA's governmental fund financial statements under the modified accrual basis of accounting. However, the OCFA has established a fund balance assignment for workers' compensation in the General Fund in the amount of \$34,146,268. This assignment reflects the cumulative difference for multiple years between actual expenditures and budgeted costs, which are based on the annual actuarial valuation. Actual expenditures for workers' compensation cases often occur over multiple years, attributing to the cumulative difference between budgeted costs and expenditures.

(13) Jointly Governed Organization

In 1990, the OCFA entered into a joint powers agreement with the cities of Anaheim, Santa Ana, Huntington Beach and Newport Beach to form the City Hazardous Materials Emergency Response Authority (OCCHMERA). The agreement was amended in November 2000 and the City of Newport Beach is no longer a participant. The purpose of OCCHMERA is to enable public entities to receive hazardous materials emergency responses and related services without incurring the direct costs required to establish and maintain response teams. OCCHMERA's governing board consists of one representative from each participating member (Orange County Fire Authority, City of Anaheim, City of Santa Ana and City of Huntington Beach) and three representatives from among any other public entities that have signed a subscription agreement to receive hazardous materials emergency response services.

Each of the provider agencies is responsible for its percentage of interest contribution of OCCHMERA's annual budget by making in-kind contributions to the OCFA in the form of a response team. The percentage of interest contribution is calculated based on the estimated number of subscribing agencies. On a quarterly basis and upon dissolution, all surplus money is and will be distributed to each of the provider members in accordance with the percentages stated in the agreement. Separate financial statements can be obtained from the City of Anaheim, 201 South Anaheim Boulevard, Suite 300, Anaheim, California 92805.

The following is summarized financial information of OCCHMERA for the year ended June 30, 2012:

| | |
|-----------------------------------|------------------|
| Members equity, beginning of year | \$ 14,174 |
| Total revenues | 130,422 |
| Total expenditures | <u>(124,034)</u> |
| Members equity, end of year | <u>\$ 20,562</u> |
| | |
| Total assets | \$63,484 |
| Total liabilities | <u>(42,922)</u> |
| Members equity, end of year | <u>\$ 20,562</u> |

(14) Retirement Plan for Full-Time Employees

(a) Plan Description

The OCFA participates in the Orange County Employees' Retirement System (OCERS), a cost-sharing multiple-employer, defined benefit pension plan covering substantially all employees of the County of Orange (County) and the following agencies: City of San Juan Capistrano; Orange County Cemetery District; Orange County Children and Families Commission; Orange County Department of Education; Orange County Employees Retirement System; Orange County Fire Authority (OCFA); Orange County In-Home Supportive Services Public Authority; Orange County Local Agency Formation Commission; Orange County Public Law Library; Orange County Sanitation District; Orange County Superior Court; Orange County Transportation Authority; Transportation Corridor Agencies; University of California, Irvine Medical Center and Campus. The participating entities share proportionally in all risks and costs, including benefit costs.

OCERS was established in 1945 under the provisions of the County Employees Retirement Law of 1937, and provides employee members with retirement benefits. The Retirement Board consists of ten trustees. Four members of the Board of Retirement are appointed by the County Board of Supervisors; four members (including the alternate) are elected by active employee members of the system; one member is elected by the retirees; and the County Treasurer is an ex-officio member. Employee members of OCERS employed prior to September 21, 1979, without any break in service, are designated as Tier I members. Employee members of OCERS employed on or after September 21, 1979, are designated as Tier II members.

OCERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost-sharing plans that are administered by OCERS. The report can be obtained from OCERS at 2223 Wellington Avenue, Santa Ana, California 92701.

(b) Funding Policy

All OCFA regular, full-time and part-time employees (over 20 hours per week) become members of OCERS upon employment, and participating agencies make periodic contributions to OCERS as part of the funding process. The contributions submitted to OCERS are divided into employer and employee contributions. The combination of these contributions and investment income from OCERS' investments are structured to fund the employees' retirement benefits by the time the employees retire.

The OCFA contributes toward two employee categories identified as Safety Members and General Members. Safety Members are defined as those employees actively involved in fire suppression work and General Members are employees not actively involved in fire suppression work. Within the two categories of Safety and General Members, there are retirement plans which separate Tier I and Tier II members.

Safety Member Category

In the Safety Member category, Tier I employees are grouped in Plan E and Tier II employees hired prior to July 1, 2012, are grouped in Plan F. These two plans share the benefit formula of 3% at 50. They differ in that the final retirement allowance for an employee in Tier I is calculated using the employee's single highest year of compensation, while the final retirement allowance for an employee in Tier II is calculated using the employee's average three highest years of compensation. Employees hired on or after July 1, 2012, will be included in a new Tier II plan with a benefit formula of 3% at 55 (Plan R). The three Safety Member plans are summarized below:

| <u>Plan</u> | <u>Tier</u> | <u>Benefit Formula</u> |
|-------------|-------------|------------------------|
| Plan E | Tier I | 3.0% at 50 |
| Plan F | Tier II | 3.0% at 50 |
| Plan R | Tier II | 3.0% at 55 |

The employees under the Safety Member category are represented by the Orange County Professional Firefighters Association, IAFF-Local 3631, and the Orange County Fire Authority Chief Officers Association. This category also includes employees of Executive Management occupying suppression positions.

As a result of the collective bargaining process, the OCFA assumes the contribution cost for both the employer and employee, which is memorialized in the respective Memorandums of Understanding and Personnel and Salary Resolution. However, employees in the Firefighter Unit agreed to contribute toward their retirement costs, and employees in the Fire Management Unit agreed to reimburse the OCFA a portion of the employee retirement contribution costs, beginning October 2010 and January 2011, respectively. This was accomplished through the collective bargaining process and majority consensus of each unit's membership. The retirement contribution or reimbursement is deducted from the employee's compensation earnable and continues throughout the employee's entire term of employment with the OCFA, as memorialized in the respective Memorandums of Understanding. Employees hired on or after January 1, 2011, contribute or reimburse 9% upon commencement of employment. For employees hired prior to January 1, 2011, the contribution or reimbursement will be phased in, as summarized in the following table.

Retirement Contribution/Reimbursement for Employees Hired Prior to January 1, 2011

| <u>Firefighter Unit</u> | | <u>Fire Management Unit</u> | |
|-------------------------|-----------------------|-----------------------------|------------------------|
| <u>Effective Date</u> | <u>Contribution %</u> | <u>Effective Date</u> | <u>Reimbursement %</u> |
| October 2010 | 2.50% | January 2011 | 2.75% |
| October 2011 | 5.00% | January 2012 | 5.50% |
| October 2012 | 7.00%* | January 2013 | 8.25% |
| October 2013 | 9.00%** | February 2014 | 9.00% |

* Contribution consists of a 5.0% employee payroll deduction and a 2.0% Healthcare Converted Retirement Contribution credit for savings obtained as a result of modifications to the OCPFA Health Plan Agreement.

** Contribution consists of a 7.0% employee payroll deduction and a 2.0% Healthcare Converted Retirement Contribution credit for savings obtained as a result of modifications to the OCPFA Health Plan Agreement.

General Member Category

The General Member category is also divided into three plans. Tier I employees are grouped in Plan I and Tier II employees hired prior to July 1, 2011, are grouped in Plan J. These two plans share the benefit formula of 2.7% at 55. They differ in that the final retirement allowance for an employee in Tier I is calculated using the employee's single highest year of compensation, while the final retirement allowance for an employee in Tier II is calculated using the employee's average three highest years of compensation. Employees in the General and Supervisory Management Units hired on or after July 1, 2011, are included in a Tier II plan with a benefit formula of 2% at 55 (Plan N). The three General Member plans are summarized below:

| <u>Plan</u> | <u>Tier</u> | <u>Benefit Formula</u> |
|-------------|-------------|------------------------|
| Plan I | Tier I | 2.7% at 55 |
| Plan J | Tier II | 2.7% at 55 |
| Plan N | Tier II | 2.0% at 55 |

The employees under the General Member category are represented by the Orange County Employees Association (OCEA). Non-represented employees identified as Administrative Management and members of Executive Management occupying non-suppression positions are also included in this category.

Although the OCFA assumes the retirement contribution cost for both the employer and employee, employees in this category have agreed, through the collective bargaining process and majority consensus, to reimburse the OCFA a portion of the employee retirement contribution costs. This reimbursement continues throughout an employee’s entire term of employment with the OCFA, and is memorialized in the respective Memorandum of Understanding and Personnel and Salary Resolution. Employees in the General Member category have reimbursed 6% of their compensation earnable to the OCFA since July 2004.

Effective January 2011, members of the General and Supervisory Management Units agreed, through the collective bargaining process, to phase in increases to their reimbursement rate from 6% to 9%. Employees hired on or after July 1, 2011, reimburse 9% upon commencement of employment. Employees hired prior to July 1, 2011, will phase in these additional contributions as summarized in the following table:

Retirement Reimbursement for Employees Hired Prior to July 1, 2011
General and Supervisory Management Units

| <u>Effective Date</u> | <u>Reimbursement %</u> |
|-----------------------|------------------------|
| January 2011 | 7.25% |
| July 2011 | 8.50% |
| February 2012 | 9.00% |

(c) Benefits

OCFA plan members who retire at or after age 50 (Safety Members – Plans E and F) or 55 (General Members and Safety Members – Plan R) with 10 or more years of service are entitled to an annual retirement allowance. In general, the amount of the member’s retirement allowance is calculated using the member’s age at retirement, the member’s “final compensation” as defined in Section 31462 of the Retirement Law of 1937, the total years of service under OCERS and the member’s status as a Tier I or Tier II employee. Benefits fully vest on reaching five years of service. OCERS also provides for death and disability benefits associated with the retirement program.

(d) Contributions

Agency members are required to contribute a percentage of their distributed annual compensation to OCERS. Each year, an actuarial valuation is performed for OCERS within each rate group and contribution rates are established for the agency member within their assigned rate group. The table below summarizes the OCFA’s required contribution rates for employees (paid by the OCFA) and for the employer for the current and preceding two fiscal years.

| FYE June 30 | Employee Contribution Rates (Paid by the OCFA) | | | | Employer Contribution Rates | |
|----------------|--|--------------|-------------|-------------|-----------------------------|---------|
| | Safety | | General | | Safety | General |
| | Tier I | Tier II | Tier I | Tier II | | |
| 2010 | 7.83-13.02% | 10.79-18.74% | 8.01-14.59% | 7.67-14.59% | 38.24% | 23.01% |
| 2011 | 7.83-13.03% | 10.79-18.74% | 8.11-14.77% | 7.77-14.77% | 43.10% | 24.62% |
| 2012 | n/a * | 10.78-18.73% | 8.11-14.76% | 7.76-14.76% | 48.53% | 26.53% |

* All Tier I safety employees have more than 30 years of service; thus, no additional employee contributions were required for Fiscal Year 2011/12.

The table below summarizes the OCFA's payroll and contribution information for the current and preceding two fiscal years. For all three years, the OCFA's actual contributions were equal to 100% of the required contributions.

| FYE June 30 | OCFA Payroll | | OCFA's Required and Actual Contributions | | | |
|----------------|---------------|---------------------|--|-------------|--------------|----------------------------|
| | Total | Covered by OCERS | Safety | General | Total | % of Covered Payroll |
| 2010 | \$125,947,835 | \$106,718,627 | \$38,461,339 | \$3,791,007 | \$42,252,346 | 39.6% |
| 2011 | \$129,135,389 | \$107,268,263 | \$41,676,672 | \$3,877,060 | \$45,553,732 | 42.5% |
| 2012 | \$137,346,503 | \$107,364,722 | \$46,268,131 | \$3,808,623 | \$50,076,754 | 46.6% |

(15) Retirement Plan for Part-Time Employees

(a) Plan Description

The OCFA provides a single-employer post-employment Defined Benefit Retirement Plan (Plan) for its less than half-time and extra help employees. The Plan, which was established on January 1, 1997, provides retirement benefits in the form of a lifetime annuity. The Board establishes and amends all Plan provisions. A separate, audited pension plan report is not available.

(b) Funding Policy

All eligible half-time and extra help employees hired on or after January 1, 1997, are eligible to participate in the Plan and are required to contribute a percentage of their earnings. The Plan's activity is accounted for in the Extra Help Retirement Fund, a pension trust fund of the OCFA that is reported using the *accrual basis of accounting*. The Plan earns interest at an annual rate of 5%, which is applied to participant balances each December 31 and June 30.

(c) Benefits

Annual retirement benefits are calculated at the rate of 2% of career earnings. Upon retirement, participants are eligible to receive their benefit either as a lump sum payment or as a monthly payment. As of June 30, 2012, there were no participants eligible to collect these retirement benefits.

If employment with the OCFA is terminated prior to retirement and the value of the employee's contributions with interest is \$3,500 or less, the employee may receive an immediate lump sum

distribution in lieu of any future benefits payable under the Plan. If the value of the terminated employee's contributions with interest exceeds \$3,500, the employee may elect to receive a lump sum distribution or leave the contributions on deposit until he or she reaches retirement age. Currently, three of the Plan's active participants have balances that exceed \$3,500.

The Plan has 55 active participants as of June 30, 2012. Currently, there are no active participants eligible to collect Plan retirement benefits. Past participants who have terminated employment with OCFA and received lump sum distributions are not entitled to receive any additional future Plan retirement benefits. Following is a summary of benefits for the current and the five preceding years:

| <u>Fiscal Year</u> <u>Ended June 30</u> | <u>Retirement</u> <u>Benefits</u> | <u>Lump Sum Distributions to</u> <u>Terminated Employees</u> | |
|--|--------------------------------------|---|--------------------------------------|
| | | <u>Amount</u> | <u>Number of</u> <u>Employees</u> |
| 2007 | \$ - | \$ 7,194 | 27 |
| 2008 | \$ - | \$25,394 | 35 |
| 2009 | \$ - | \$41,742 | 57 |
| 2010 | \$ - | \$18,099 | 23 |
| 2011 | \$ - | \$12,840 | 12 |
| 2012 | \$ - | \$ 7,196 | 16 |

(d) Contributions

Employee required contribution rates, which range from 2.5% to 7.5%, are determined by a formula based on the age of the employee. The employee contribution requirement for the year ended June 30, 2012, totaled \$10,268. OCFA does not make any employer contributions to the Plan. The table below, *presented as required supplementary information*, summarizes contribution information for the current and the preceding five fiscal years. For all five years, the actual contributions were equal to 100% of the required contributions.

| <u>Fiscal Year</u> <u>Ended June 30</u> | <u>Required and Actual</u> <u>Employee Contributions</u> |
|--|---|
| 2007 | \$27,208 |
| 2008 | \$35,737 |
| 2009 | \$29,650 |
| 2010 | \$12,522 |
| 2011 | \$ 8,694 |
| 2012 | \$10,268 |

(e) Funded Status and Funding Progress

The majority of the Plan's participants are employed on a temporary or limited term basis and receive lump-sum payouts upon termination, prior to reaching retirement age. For this reason, an actuarial valuation of the Plan is not prepared on an annual basis. OCFA considers any potential, future liability for future retirement benefits to be insignificant to these financial statements. As such, a schedule of funding progress has not been presented within these financial statements. The following schedule, which presents Plan assets for the current and preceding five fiscal years, shows

whether the Plan assets are increasing or decreasing over time.

| <u>Fiscal Year Ended June 30</u> | <u>Plan Assets (Cash and Investments)</u> | <u>Number of Participants As of June 30</u> |
|--------------------------------------|---|---|
| 2007 | \$47,603 | 101 |
| 2008 | \$60,115 | 98 |
| 2009 | \$50,337 | 66 |
| 2010 | \$46,816 | 49 |
| 2011 | \$44,614 | 45 |
| 2012 | \$49,842 | 55 |

(e) Concentration of Plan Investments

All Plan assets are pooled with OCFA funds and are invested in the Local Agency Investment Fund, which is reported at fair value of the pool shares.

(16) Defined Benefit Retiree Medical Plan – Other Post-Employment Benefits (OPEB)

(a) Plan Description

The OCFA provides a post-employment Retiree Medical Plan (Plan), a single-employer defined benefit plan, for its full-time employees hired prior to January 1, 2007. The Plan, which was established on January 1, 1997, and amended on September 28, 2006, provides a monthly grant toward the cost of retirees' health insurance coverage. The Board establishes and amends all Plan provisions through negotiations with labor bargaining units.

The Plan's assets are held in an irrevocable trust for the exclusive benefit of Plan participants and are administered by the Orange County Employees' Retirement System (OCERS). Funds are held in trust accounts established pursuant to Sections 115 and 401(h) of the Internal Revenue Code and are held separate from the assets of the OCERS retirement system, except for investment purposes. A publicly available financial report can be obtained from OCERS at 2223 Wellington Avenue, Santa Ana, California 92701.

Prior to the amendment on September 28, 2006, all Plan activity was accounted for in the OCFA's Retiree Medical Fund. Thereafter, plan assets were remitted to OCERS and are no longer reported in the OCFA's financial statements.

(b) Funding Policy

All retirees and full-time employees hired prior to January 1, 2007, are eligible to participate in the Plan. Current, active employees are required to contribute 4% of their pay through payroll deductions to the OCFA. (Prior to September 28, 2006, the required contribution rate was 1% of pay.) The OCFA periodically remits Plan contributions to the trust administered by OCERS in amounts authorized to be contributed by the Board of Directors.

(c) Benefits

Participating employees who are credited with at least one year of service are eligible to receive Plan benefits upon retirement. A participating employee who terminates employment with the OCFA for reasons other than retirement is eligible to begin receiving Plan benefits at age 55. Participants must be covered under a qualified health plan, Medicare or a recognized health insurance plan.

The amount of the monthly grant is based on years of credited service and is applied as a credit towards the cost of the retiree's monthly medical insurance premium. For the year ended June 30, 2012, there were 459 eligible retirees who received monthly benefits aggregating to an annual total of \$2,766,654. In addition, there were three deferred retirees who received monthly benefits directly from the OCFA totaling \$4,681.

(d) Annual OPEB Cost and Net OPEB Obligation/Asset

The OCFA's Annual OPEB Cost is equal to the annual required contribution to the Plan, plus an adjustment for the cumulative difference between the Annual OPEB Cost and the OCFA's actual contributions for the year. The cumulative difference is called the Net OPEB Obligation (NOPEBO) (or a Net OPEB Asset if annual required contributions are over-funded). For the year ended June 30, 2012, the OCFA's annual OPEB cost was \$13,141,576, as determined by an actuarial valuation with a measurement date as of July 1, 2010, and was calculated as follows:

| | |
|--|---------------------|
| Annual Required Contribution (ARC) | \$13,520,048 |
| Interest on the Net OPEB Obligation (NOPEBO) | 1,144,170 |
| Actuary's adjustment on the ARC | <u>(1,522,642)</u> |
| Annual OPEB Cost | <u>\$13,141,576</u> |

During the year ended June 30, 2012, the OCFA's actual contributions totaled \$4,557,554 resulting in an increase to the NOPEBO of \$8,584,022 (the difference between the Annual OPEB Cost and actual contributions). The outstanding balance of the NOPEBO as of June 30, 2012, was \$29,387,117. Following is a schedule of employer contributions, *presented as required supplementary information*, as well as a calculation of the OCFA's Net OPEB Asset (Obligation) for the current and previous two fiscal years.

| | (a) | (b) | (b/a) | (b-a) | |
|----------------|------------------|----------------------|--------------------|---------------------|--------------------------|
| FYE | Annual | Actual | % of Annual | Net Increase to | Cumulative Net |
| <u>June 30</u> | <u>OPEB Cost</u> | <u>Contributions</u> | <u>OPEB Cost</u> | <u>Net OPEB</u> | <u>OPEB (Obligation)</u> |
| | | | <u>Contributed</u> | <u>(Obligation)</u> | <u>at June 30</u> |
| 2010 | \$ 8,794,983 | \$4,475,727 | 50.9% | \$(4,319,256) | \$(11,886,320) |
| 2011 | \$13,303,800 | \$4,387,025 | 33.0% | \$(8,916,775) | \$(20,803,095) |
| 2012 | \$13,141,576 | \$4,557,554 | 34.7% | \$(8,584,022) | \$(29,387,117) |

The Annual OPEB Cost includes an implicit subsidy for safety members under the age of 65. Accordingly, the Actual Contributions also include implicit insurance premiums paid on behalf of these retirees. Actual contributions were calculated as follows for the current and previous two fiscal years:

| | | | |
|---|--------------------|--------------------|--------------------|
| | <u>2012</u> | <u>2011</u> | <u>2010</u> |
| Amounts irrevocably transferred to OCERS trust | \$3,670,501 | \$3,605,946 | \$3,641,699 |
| Implicit insurance premiums paid on behalf of retirees | 882,372 | 776,859 | 831,477 |
| Amounts paid directly to retirees | <u>4,681</u> | <u>4,220</u> | <u>2,551</u> |
| Total actual contributions | <u>\$4,557,554</u> | <u>\$4,387,025</u> | <u>\$4,475,727</u> |

(e) Funded Status and Funding Progress

The following schedule of funding progress, *presented as required supplementary information*, shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

| | (a) | (b) | (b-a) | (a/b) | (c) | (b-a)/c |
|---------------|---------------|------------------------|---------------|--------|--------------|----------------|
| | Actuarial | Entry Age Actuarial | Unfunded | Funded | Covered | UAAL as |
| As of | Value of | Accrued | AAL | Ratio | Payroll | a % of |
| <u>July 1</u> | <u>Assets</u> | <u>Liability (AAL)</u> | <u>(UAAL)</u> | | | <u>Covered</u> |
| | | | | | | <u>Payroll</u> |
| 2006 | \$ 7,435,632 | \$ 60,807,597 | \$ 53,371,965 | 12.23% | \$95,608,358 | 55.82% |
| 2008 | \$21,525,051 | \$ 94,124,900 | \$ 72,599,849 | 22.87% | \$80,624,028 | 90.05% |
| 2010 | \$21,549,574 | \$147,709,326 | \$126,159,752 | 14.59% | \$81,391,495 | 155.00% |

(f) Actuarial Methods and Assumptions

Actuarial calculations reflect a long-term perspective. Calculations are based on the benefits provided under the terms of the Plan in effect at the time of each valuation and on the pattern of sharing of costs between the OCFA and plan members to that point. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The funded status of the Plan and the annual required contributions of the OCFA are subject to revision as actual results are compared with past expectations and new estimates are made about the future.

The annual required contribution for the year ended June 30, 2012, was determined by an actuarial valuation of the Plan dated July 1, 2010. Unfunded liabilities are amortized over a closed period ending June 30, 2036. The principle assumptions and methods used to determine the annual required contribution were as follows:

| | |
|---|---|
| • Valuation date | July 1, 2010 |
| • Actuarial cost method | Entry age normal |
| • Amortization method | 30 years beginning July 1, 2006, closed, level dollar |
| • Remaining amortization period | 26 years as of July 1, 2010 |
| • Asset valuation method | Market value |
| • Actuarial assumptions: | |
| Investment rate of return/discount rate | 5.50% |
| Projected salary increases | N/A |
| Inflation | N/A |
| Increase in retiree medical grant | 5.0% |
| • Plan membership: | |
| Current retirees and surviving spouses | 388 |
| Current active members | 896 |
| Terminated participants entitled but not yet eligible | 5 |

(17) Retiree Defined Contribution Healthcare Expense Reimbursement Plan

On September 28, 2006, the OCFA created the Orange County Fire Authority Retiree Defined Contribution Healthcare Expense Reimbursement Plan (Plan), an employer-sponsored defined contribution benefit plan. The Plan, which became effective January 1, 2007, provides for the reimbursement of medical, dental and other healthcare expenses of retirees. The Board establishes and amends all Plan provisions in conjunction with its negotiated labor contracts and is subject to all applicable requirements of the Myers-Milias-Brown Act and any other applicable law. Plan assets are held in trust in a VantageCare Retirement Health Savings Plan that is administered by the International City Management Association Retirement Corporation (ICMA-RC).

All active, full-time employees who became employed by the OCFA on or after January 1, 2007, are required to contribute 4% of their gross pay through payroll deductions to the OCFA. All contributions, investment income, realized and unrealized gains and losses are credited to individual recordkeeping accounts maintained in the name of each Plan participant. Account assets are invested as directed by the participant from among investment funds selected by the OCFA. Participants are eligible to receive Plan benefits upon reaching retirement age, including those who terminate employment with the OCFA for reasons other than retirement. Required and actual OCFA contributions totaled \$684,844 for the year ended June 30, 2012.

(18) Contingency – Fire Prevention Fee Study

OCFA is currently conducting a comprehensive fee study for its fee-related fire prevention activities, including plan reviews and inspections for initial construction; issuance of operating and special event permits as required by the fire code; and hazardous material inventory disclosures and accidental release plans. Although the new fees have not yet been adopted, it is believed that future annual revenues for fire prevention activities may decrease by approximately \$900,000. In addition, some refunds may be issued to hazardous materials services businesses that were billed an annual verification fee but may not have had the verification performed.

Supplementary Schedules



Station 78



Station 79

Major Governmental Funds

Capital Projects Funds

Facilities Maintenance & Improvements

This fund is used to account for significant capital projects that provide for either the maintenance or improvement of OCFA's facilities.

Communications & Information Systems

This fund is used to account for the replacement of specialized fire communications equipment and information systems equipment.

Vehicle Replacement

This fund is used to account for the planned replacement of fire apparatus and vehicles.

Facilities Replacement

This fund is used to account for the replacement of sub-standard fire stations and the construction of new fire stations.

ORANGE COUNTY FIRE AUTHORITY
Facilities Maintenance & Improvements
Budgetary Comparison Schedule
Year ended June 30, 2012
(With Comparative Data for Prior Year)

| | 2012 | | | 2011 | |
|---|---------------------|---------------------|---------------------|-------------------------------|---------------------|
| | Budget Amounts | | Actual Amounts | Variance with Final Budget | Actual Amounts |
| | Original | Final | | Positive (Negative) | |
| Budgetary fund balance, July 1 | \$ 4,123,851 | \$ 4,123,851 | \$ 4,123,851 | \$ - | \$ 4,775,745 |
| Resources (inflows): | | | | | |
| Charges for services | 93,309 | 237,328 | 237,328 | - | 112,213 |
| Use of money and property | 23,732 | 11,323 | 16,016 | 4,693 | 25,676 |
| Miscellaneous | - | 3,332 | 3,332 | - | 3,067 |
| Total resources (inflows) | 117,041 | 251,983 | 256,676 | 4,693 | 140,956 |
| Amounts available for appropriations | 4,240,892 | 4,375,834 | 4,380,527 | 4,693 | 4,916,701 |
| Charges to appropriation (outflows): | | | | | |
| Services and supplies | 1,110,013 | 1,193,818 | 1,084,611 | 109,207 | 609,649 |
| Capital outlay | 1,925 | 18,120 | 16,195 | 1,925 | 183,201 |
| Total charges to appropriations | 1,111,938 | 1,211,938 | 1,100,806 | 111,132 | 792,850 |
| Budgetary fund balance, June 30 | \$ 3,128,954 | \$ 3,163,896 | \$ 3,279,721 | \$ 115,825 | \$ 4,123,851 |

ORANGE COUNTY FIRE AUTHORITY
Communications & Information Systems
Budgetary Comparison Schedule
Year ended June 30, 2012
(With Comparative Data for Prior Year)

| | 2012 | | | 2011 | |
|---|----------------------|----------------------|----------------------|-------------------------------|----------------------|
| | Budget Amounts | | Actual Amounts | Variance with Final Budget | Actual Amounts |
| | Original | Final | | Positive (Negative) | |
| Budgetary fund balance, July 1 | \$ 23,726,192 | \$ 23,726,192 | \$ 23,726,192 | \$ - | \$ 26,331,716 |
| Resources (inflows): | | | | | |
| Intergovernmental | 640,000 | - | - | - | 261,294 |
| Use of money and property | 89,685 | 66,632 | 92,985 | 26,353 | 126,203 |
| Miscellaneous | 46,452 | 216,949 | 216,949 | - | 228,567 |
| Total resources (inflows) | 776,137 | 283,581 | 309,934 | 26,353 | 616,064 |
| Amounts available for appropriations | 24,502,329 | 24,009,773 | 24,036,126 | 26,353 | 26,947,780 |
| Charges to appropriation (outflows): | | | | | |
| Services and supplies | 2,208,596 | 3,362,638 | 1,773,082 | 1,589,556 | 3,095,352 |
| Capital outlay | 10,462,000 | 1,293,397 | 55,857 | 1,237,540 | 126,236 |
| Total charges to appropriations | 12,670,596 | 4,656,035 | 1,828,939 | 2,827,096 | 3,221,588 |
| Budgetary fund balance, June 30 | \$ 11,831,733 | \$ 19,353,738 | \$ 22,207,187 | \$ 2,853,449 | \$ 23,726,192 |

ORANGE COUNTY FIRE AUTHORITY
Vehicle Replacement
Budgetary Comparison Schedule
Year ended June 30, 2012
(With Comparative Data for Prior Year)

| | 2012 | | | Variance with Final Budget Positive (Negative) | 2011 |
|---|----------------------|----------------------|----------------------|---|----------------------|
| | Budget Amounts | | Actual Amounts | | Actual Amounts |
| | Original | Final | | | |
| Budgetary fund balance, July 1 | \$ 35,940,563 | \$ 35,940,563 | \$ 35,940,563 | \$ - | \$ 41,139,950 |
| Resources (inflows): | | | | | |
| Charges for services | 893,833 | 987,525 | 987,525 | - | 818,808 |
| Use of money and property | 163,194 | 106,374 | 145,870 | 39,496 | 178,777 |
| Miscellaneous | - | 104,507 | 104,507 | - | 96,193 |
| Issuance of capital lease | - | - | 16,756,078 | 16,756,078 | - |
| Total resources (inflows) | 1,057,027 | 1,198,406 | 17,993,980 | 16,795,574 | 1,093,778 |
| Amounts available for appropriations | 36,997,590 | 37,138,969 | 53,934,543 | 16,795,574 | 42,233,728 |
| Charges to appropriation (outflows): | | | | | |
| Services and supplies | - | 99,247 | 99,244 | 3 | 90,458 |
| Capital outlay | 5,553,797 | 3,501,912 | 159,459 | 3,342,453 | 3,611,322 |
| Principal retirement | 1,984,837 | 2,139,694 | 2,139,694 | - | 1,911,912 |
| Interest and fiscal charges | 606,548 | 499,332 | 499,332 | - | 679,473 |
| Issuance costs | - | 286,599 | 286,599 | - | - |
| Refinanced debt | - | - | 16,377,093 | (16,377,093) | - |
| Total charges to appropriations | 8,145,182 | 6,526,784 | 19,561,421 | (13,034,637) | 6,293,165 |
| Budgetary fund balance, June 30 | \$ 28,852,408 | \$ 30,612,185 | \$ 34,373,122 | \$ 3,760,937 | \$ 35,940,563 |

ORANGE COUNTY FIRE AUTHORITY
Facilities Replacement
Budgetary Comparison Schedule
Year ended June 30, 2012
(With Comparative Data for Prior Year)

| | 2012 | | Actual Amounts | Variance with Final Budget Positive (Negative) | 2011 | |
|---|----------------------|----------------------|----------------------|---|----------------------|-------------------|
| | Budget Amounts | | | | Actual Amounts | Actual Amounts |
| | Original | Final | | | | |
| Budgetary fund balance, July 1 | \$ 16,226,306 | \$ 16,226,306 | \$ 16,226,306 | \$ - | \$ 17,549,126 | |
| Resources (inflows): | | | | | | |
| Intergovernmental | 22,816 | 37,929 | 37,929 | - | 62,980 | |
| Use of money and property | 60,697 | 50,545 | 61,120 | 10,575 | 64,356 | |
| Miscellaneous | - | 101,953 | 101,953 | - | 99,518 | |
| Developer contributions | - | - | 10,140 | 10,140 | 43,200 | |
| Transfers in | - | - | - | - | 4,137,811 | |
| Total resources (inflows) | 83,513 | 190,427 | 211,142 | 20,715 | 4,407,865 | |
| Amounts available for appropriations | 16,309,819 | 16,416,733 | 16,437,448 | 20,715 | 21,956,991 | |
| Charges to appropriation (outflows): | | | | | | |
| Salaries and benefits | - | - | - | - | 2,468 | |
| Services and supplies | - | 14,300 | 18,976 | (4,676) | 23,898 | |
| Capital outlay | 942,071 | 1,297,680 | 281,868 | 1,015,812 | 5,704,319 | |
| Total charges to appropriations | 942,071 | 1,311,980 | 300,844 | 1,011,136 | 5,730,685 | |
| Budgetary fund balance, June 30 | \$ 15,367,748 | \$ 15,104,753 | \$ 16,136,604 | \$ 1,031,851 | \$ 16,226,306 | |

ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Balance Sheet
June 30, 2012
(With Comparative Data for Prior Year)

| | <u>General Operating Fund</u> | <u>Structural Fire Entitlement</u> | <u>Self Insurance</u> |
|---|---------------------------------------|--|---------------------------|
| <u>Assets</u> | | | |
| Cash and investments | \$ 32,637,671 | \$ 1,396,867 | \$ 34,242,717 |
| Receivables: | | | |
| Accounts, net | 1,803,896 | - | - |
| Accrued interest | 76,707 | - | - |
| Prepaid costs | 22,756,709 | - | - |
| Due from other governments, net | 8,529,530 | - | - |
| Total assets | \$ 65,804,513 | \$ 1,396,867 | \$ 34,242,717 |
| <u>Liabilities and Fund Balances</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ 2,469,886 | \$ 24,078 | \$ 96,449 |
| Accrued liabilities | 10,915,134 | - | - |
| Deferred revenues | 1,642,740 | - | - |
| Total liabilities | 15,027,760 | 24,078 | 96,449 |
| Fund balances: | | | |
| Nonspendable - Prepaid costs | 22,756,709 | - | - |
| Restricted for: | | | |
| Executive Management | 60,391 | - | - |
| Operations Department | 113,056 | - | - |
| Fire Prevention Department | 24,628 | - | - |
| Business Services Department | 1,501,712 | - | - |
| Committed to - SFF cities enhancements | - | 1,372,789 | - |
| Assigned to: | | | |
| Workers' compensation | - | - | 34,146,268 |
| Executive Management | 45,140 | - | - |
| Operations Department | 134,227 | - | - |
| Fire Prevention Department | 49,224 | - | - |
| Business Services Department | 232,335 | - | - |
| Support Services Department | 94,138 | - | - |
| Facilities projects | 14,065 | - | - |
| Unassigned | 25,751,128 | - | - |
| Total fund balances | 50,776,753 | 1,372,789 | 34,146,268 |
| Total liabilities and fund balances | \$ 65,804,513 | \$ 1,396,867 | \$ 34,242,717 |

| Eliminations | Total General Fund | |
|--------------|-----------------------|----------------------|
| | 2012 | 2011 |
| \$ - | \$ 68,277,255 | \$ 63,031,566 |
| - | 1,803,896 | 1,914,898 |
| - | 76,707 | 74,898 |
| - | 22,756,709 | 23,186,680 |
| - | 8,529,530 | 7,279,150 |
| \$ - | \$ 101,444,097 | \$ 95,487,192 |
| | | |
| \$ - | \$ 2,590,413 | \$ 1,727,631 |
| - | 10,915,134 | 8,507,382 |
| - | 1,642,740 | 12,064 |
| - | 15,148,287 | 10,247,077 |
| | | |
| - | 22,756,709 | 23,186,680 |
| - | 60,391 | 79,125 |
| - | 113,056 | 29,655 |
| - | 24,628 | 3,200 |
| - | 1,501,712 | - |
| - | 1,372,789 | 797,935 |
| - | 34,146,268 | 35,134,351 |
| - | 45,140 | 34,031 |
| - | 134,227 | 83,553 |
| - | 49,224 | 68,180 |
| - | 232,335 | 139,647 |
| - | 94,138 | 91,227 |
| - | 14,065 | - |
| - | 25,751,128 | 25,592,531 |
| - | 86,295,810 | 85,240,115 |
| \$ - | \$ 101,444,097 | \$ 95,487,192 |

ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2012
(With Comparative Data for Prior Year)

| | General Operating Fund | Structural Fire Entitlement | Self Insurance |
|--|---------------------------------------|--|---------------------------|
| Revenues: | | | |
| Taxes | \$ 177,728,290 | \$ - | \$ - |
| Intergovernmental | 12,856,953 | - | - |
| Charges for services | 64,332,052 | - | 5,119,252 |
| Use of money and property | 204,701 | 3,908 | 136,021 |
| Miscellaneous | 2,326,680 | - | - |
| Total revenues | 257,448,676 | 3,908 | 5,255,273 |
| Expenditures: | | | |
| Current - public safety: | | | |
| Salaries and benefits | 233,571,262 | - | - |
| Services and supplies | 21,467,122 | 51,160 | 6,243,356 |
| Capital outlay | 418,655 | - | - |
| Debt service: | | | |
| Interest and fiscal charges | 136,019 | - | - |
| Total expenditures | 255,593,058 | 51,160 | 6,243,356 |
| Excess (deficiency) of revenues over (under) expenditures | 1,855,618 | (47,252) | (988,083) |
| Other financing sources (uses): | | | |
| Transfers in | - | 622,106 | - |
| Transfers out | (622,106) | - | - |
| Sale of capital and other assets | 146,317 | - | - |
| Insurance recoveries | 89,095 | - | - |
| Total other financing sources (uses) | (386,694) | 622,106 | - |
| Net change in fund balances | 1,468,924 | 574,854 | (988,083) |
| Fund balances, beginning of year | 49,307,829 | 797,935 | 35,134,351 |
| Fund balances, end of year | \$ 50,776,753 | \$ 1,372,789 | \$ 34,146,268 |

| Eliminations | Total General Fund | |
|--------------------|----------------------|----------------------|
| | 2012 | 2011 |
| \$ - | \$ 177,728,290 | \$ 177,181,086 |
| - | 12,856,953 | 10,756,345 |
| (5,119,252) | 64,332,052 | 55,651,846 |
| - | 344,630 | 426,990 |
| - | 2,326,680 | 893,511 |
| (5,119,252) | 257,588,605 | 244,909,778 |
| (5,119,252) | 228,452,010 | 211,799,421 |
| - | 27,761,638 | 24,387,661 |
| - | 418,655 | 274,901 |
| - | 136,019 | 210,594 |
| (5,119,252) | 256,768,322 | 236,672,577 |
| - | 820,283 | 8,237,201 |
| (622,106) | - | - |
| 622,106 | - | (4,137,811) |
| - | 146,317 | 434,914 |
| - | 89,095 | 8,405 |
| - | 235,412 | (3,694,492) |
| - | 1,055,695 | 4,542,709 |
| - | 85,240,115 | 80,697,406 |
| \$ - | \$ 86,295,810 | \$ 85,240,115 |

ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Original Budget
Year ended June 30, 2012

| | General Operating Fund | Structural Fire Entitlement | Self Insurance | Eliminations | Total General Fund 2012 |
|---|---------------------------------------|--|---------------------------|---------------------|--|
| Budgetary fund balance, July 1 | \$ 49,307,829 | \$ 797,935 | \$ 35,134,351 | \$ - | \$ 85,240,115 |
| Resources (inflows): | | | | | |
| Taxes | 178,620,900 | - | - | - | 178,620,900 |
| Intergovernmental | 8,555,396 | - | - | - | 8,555,396 |
| Charges for services | 59,160,564 | - | 4,958,762 | (4,958,762) | 59,160,564 |
| Use of money and property | 329,425 | 1,760 | 185,507 | - | 516,692 |
| Miscellaneous | 1,469,243 | - | - | - | 1,469,243 |
| Sale of capital and other assets | 50,000 | - | - | - | 50,000 |
| Total resources (inflows) | 248,185,528 | 1,760 | 5,144,269 | (4,958,762) | 248,372,795 |
| Amounts available for appropriations | 297,493,357 | 799,695 | 40,278,620 | (4,958,762) | 333,612,910 |
| Charges to appropriation (outflows): | | | | | |
| Salaries and benefits | 228,151,732 | - | - | (4,958,762) | 223,192,970 |
| Services and supplies | 19,662,439 | 563,615 | 5,891,812 | - | 26,117,866 |
| Capital outlay | 142,827 | - | - | - | 142,827 |
| Interest and fiscal charges | 193,125 | - | - | - | 193,125 |
| Total charges to appropriations | 248,150,123 | 563,615 | 5,891,812 | (4,958,762) | 249,646,788 |
| Budgetary fund balance, June 30 | \$ 49,343,234 | \$ 236,080 | \$ 34,386,808 | \$ - | \$ 83,966,122 |

ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Final Budget
Year ended June 30, 2012

| | General Operating Fund | Structural Fire Entitlement | Self Insurance | Eliminations | Total General Fund 2012 |
|---|---------------------------------------|--|---------------------------|---------------------|--|
| Budgetary fund balance, July 1 | \$ 49,307,829 | \$ 797,935 | \$35,134,351 | \$ - | \$85,240,115 |
| Resources (inflows): | | | | | |
| Taxes | 177,247,357 | - | - | - | 177,247,357 |
| Intergovernmental | 13,687,589 | - | - | - | 13,687,589 |
| Charges for services | 64,404,255 | - | 5,119,252 | (5,119,252) | 64,404,255 |
| Use of money and property | 199,488 | 2,541 | 132,779 | - | 334,808 |
| Miscellaneous | 2,131,928 | - | - | - | 2,131,928 |
| Transfers in | - | 622,106 | - | (622,106) | - |
| Sale of capital and other assets | 126,100 | - | - | - | 126,100 |
| Insurance recoveries | 23,179 | - | - | - | 23,179 |
| Total resources (inflows) | 257,819,896 | 624,647 | 5,252,031 | (5,741,358) | 257,955,216 |
| Amounts available for appropriations | 307,127,725 | 1,422,582 | 40,386,382 | (5,741,358) | 343,195,331 |
| Charges to appropriation (outflows): | | | | | |
| Salaries and benefits | 237,023,527 | - | - | (5,119,252) | 231,904,275 |
| Services and supplies | 24,412,224 | 592,889 | 7,791,812 | - | 32,796,925 |
| Capital outlay | 559,856 | - | - | - | 559,856 |
| Interest and fiscal charges | 193,125 | - | - | - | 193,125 |
| Transfers out | 622,106 | - | - | (622,106) | - |
| Total charges to appropriations | 262,810,838 | 592,889 | 7,791,812 | (5,741,358) | 265,454,181 |
| Budgetary fund balance, June 30 | \$ 44,316,887 | \$ 829,693 | \$32,594,570 | \$ - | \$77,741,150 |



Orange County Fire Authority Safety Message

Mobile Home Fire Safety

Studies show that the number one cause of accidental mobile home fires is inadequate maintenance of the home's mechanical system. Carelessness and accidents are other frequent causes. Taking a few simple precautions can greatly reduce the risk of fire in your mobile home.

- Be sure your mobile home has a working smoke alarm. Test the batteries once a month, and change them twice a year.
- Never leave cooking unattended. Keep cooking areas clear of combustibles, and wear short or tight-fitting sleeves while cooking
- Keep a three foot clearance around space heaters. Never leave them on when you leave your home or go to bed.
- Don't overload electrical outlets. Mobile home fires are caused by problems in the electrical system twice as often as in traditional homes.
- Never smoke in bed or when you are drowsy. Use large, deep ashtrays and put water on cigarette or cigar butts before discarding them.
- Remove fallen leaves, pine needles and dead vegetation around the outside of your home. Maintain a clear space of 10 feet around liquid propane gas tanks.

Statistical Section



ORANGE COUNTY FIRE AUTHORITY

Overview of the Statistical Section

The Statistical Section provides a context for understanding information in the financial statements, note disclosures and required supplementary information and how that information relates to the OCFA's overall financial health. The detailed schedules presented in the Statistical Section are grouped into five sections pertaining to financial trends, revenue capacity, debt capacity, demographic and economic information and operating information.

Financial Trends Information – These schedules contain trend information to assist the reader in understanding how the OCFA's financial performance and well-being have changed over time.

Revenue Capacity Information – These schedules contain information to assist the reader in assessing property taxes, the OCFA's most significant local revenue source.

Debt Capacity Information – These schedules present information to assist the reader in assessing the affordability of the OCFA's current levels of outstanding debt and its ability to issue additional debt in the future.

Demographic and Economic Information – These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the OCFA's financial activities take place.

Operating Information – These schedules contain data to assist the reader in understanding how the information in the financial report relates to the services provided by and the activities performed by the OCFA.



Orange County Fire Authority Safety Message

Children Act Fast...So Does Poison!
Most Dangerous Poisons

- **Medicines** – Including iron pills.
- **Cleaning Products** – Including those that can cause burns such as drain openers, toilet bowl cleaners, oven cleaner, rust remover, bleach, and pool supplies.
- **Antifreeze**
- **Windshield Washer Fluid**
- **Hydrocarbons** – Including furniture polish, lighter fluid, lamp oil, kerosene, turpentine, and paint thinner.
- **Carbon Monoxide**
- **Pesticides and Fertilizers**
- **Mushrooms**
- **Houseplants** – Including philodendron, lily, and berries from mistletoe and holly.

ORANGE COUNTY FIRE AUTHORITY

Financial Trends Information

Net Assets by Component – Presents net assets of the OCFA’s governmental activities by the three individual components of net assets for each of the last ten fiscal years.

Changes in Net Assets – Presents the changes in net assets of governmental activities for each of the last ten fiscal years.

Fund Balances of Governmental Funds – Presents information on the fund balances of the General Fund and the aggregate of all other governmental funds for each of the last ten fiscal years.

Changes in Fund Balances of Governmental Funds – Presents information on the changes in fund balances for total governmental funds for each of the last ten fiscal years, including the ratio of debt service expenditures to noncapital expenditures.

ORANGE COUNTY FIRE AUTHORITY
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year ended June 30 | | | |
|---|---------------------------|-----------------------|-----------------------|-----------------------|
| | 2003 | 2004 | 2005 | 2006 |
| Governmental activities: | | | | |
| Invested in capital assets, net of related debt | \$ 84,577,088 | \$ 106,274,212 | \$ 112,367,478 | \$ 122,819,640 |
| Restricted | 2,806,000 | 6,040,722 | 21,697,161 | 18,673,581 |
| Unrestricted | 91,237,276 | 71,360,573 | 59,545,780 | 74,568,019 |
| Total governmental activities net assets | <u>\$ 178,620,364</u> | <u>\$ 183,675,507</u> | <u>\$ 193,610,419</u> | <u>\$ 216,061,240</u> |

SOURCE: OCFA Comprehensive Annual Financial Reports

NOTES:

- (1) Restricted net assets as of June 30, 2009, pertained to requirements of the revenue bonds issued to construct the Regional Fire Operations and Training Center. Those revenue bonds were issued in Fiscal Year 2001/02 and repaid in full during Fiscal Year 2009/10.
- (2) Restricted net assets as of June 30, 2012, included a one-time, \$1.5 million unperformed purchase order for self-contained breathing apparatus that was funded by a federal grant.

| <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 138,152,825 | \$ 163,340,815 | \$ 172,293,178 | \$ 183,717,406 | \$ 186,297,543 | \$ 183,584,385 |
| 15,179,905 | 11,331,122 | 7,394,371 | 1,623,121 | 1,627,233 | 3,252,969 |
| <u>93,182,195</u> | <u>120,539,628</u> | <u>129,119,689</u> | <u>115,965,726</u> | <u>99,704,595</u> | <u>81,707,797</u> |
| <u>\$ 246,514,925</u> | <u>\$ 295,211,565</u> | <u>\$ 308,807,238</u> | <u>\$ 301,306,253</u> | <u>\$ 287,629,371</u> | <u>\$ 268,545,151</u> |
| | | (1) | | | (2) |

ORANGE COUNTY FIRE AUTHORITY

Changes in Net Assets

Last Ten Fiscal Years

(accrual basis of accounting)

| Governmental Activities | Fiscal Year ended June 30 | | | |
|---------------------------------------|---------------------------|----------------------|----------------------|----------------------|
| | 2003 | 2004 | 2005 | 2006 |
| Expenses - public safety: | | | | |
| Salaries and benefits | \$ 130,211,731 | \$ 143,977,399 | \$ 154,532,819 | \$ 166,930,470 |
| Services and supplies | 18,525,319 | 26,654,071 | 26,911,103 | 25,905,315 |
| Depreciation and amortization | 4,920,857 | 5,614,203 | 7,280,693 | 7,277,623 |
| Interest on long-term debt | 1,829,447 | 1,611,919 | 1,539,394 | 1,522,705 |
| Total program expenses | <u>155,487,354</u> | <u>177,857,592</u> | <u>190,264,009</u> | <u>201,636,113</u> |
| Program revenues - public safety: | | | | |
| Charges for services | 45,543,494 | 50,000,805 | 52,968,895 | 56,509,909 |
| Operating grants and contributions | 3,114,024 | 3,821,571 | 4,208,541 | 6,650,839 |
| Capital grants and contributions | 2,910,680 | 2,002,455 | 1,445,246 | 2,730,652 |
| Total program revenues | <u>51,568,198</u> | <u>55,824,831</u> | <u>58,622,682</u> | <u>65,891,400</u> |
| Net program revenues (expenses) | <u>(103,919,156)</u> | <u>(122,032,761)</u> | <u>(131,641,327)</u> | <u>(135,744,713)</u> |
| General revenues: | | | | |
| Property taxes | 113,593,644 | 122,930,589 | 138,076,307 | 152,747,044 |
| Investment income | 3,254,776 | 1,716,086 | 2,891,248 | 4,875,101 |
| Gain on disposal of capital assets | - | 1,903,942 | - | - |
| Miscellaneous | 639,350 | 537,287 | 608,684 | 573,389 |
| Total general revenues | <u>117,487,770</u> | <u>127,087,904</u> | <u>141,576,239</u> | <u>158,195,534</u> |
| Changes in net assets | <u>\$ 13,568,614</u> | <u>\$ 5,055,143</u> | <u>\$ 9,934,912</u> | <u>\$ 22,450,821</u> |

SOURCE: OCFA Comprehensive Annual Financial Reports

NOTE:

(1) During Fiscal Year 2007/08, three fire stations valued at \$17.9 million were contributed to OCFA by The Irvine Company and recognized as revenue (capital grants and contributions).

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|----------------------|----------------------|----------------------|----------------------|------------------------|------------------------|
| \$ 187,129,443 | \$ 199,095,873 | \$ 209,092,693 | \$ 211,729,989 | \$ 221,031,439 | \$ 237,689,753 |
| 27,139,113 | 31,669,603 | 31,425,592 | 24,318,065 | 30,736,034 | 36,812,148 |
| 7,000,915 | 7,399,902 | 7,923,947 | 8,432,793 | 8,970,508 | 9,300,853 |
| 1,871,983 | 1,410,673 | 1,718,137 | 855,577 | 677,910 | 494,014 |
| <u>223,141,454</u> | <u>239,576,051</u> | <u>250,160,369</u> | <u>245,336,424</u> | <u>261,415,891</u> | <u>284,296,768</u> |
| 61,130,982 | 69,187,051 | 67,305,621 | 63,743,942 | 61,975,963 | 73,952,272 |
| 5,537,722 | 6,835,746 | 5,981,800 | 5,784,969 | 5,963,648 | 6,580,681 |
| 4,172,358 | 22,092,218 | 140,903 | 1,415,618 | 395,180 | 3,926,275 |
| <u>70,841,062</u> | <u>98,115,015</u> | <u>73,428,324</u> | <u>70,944,529</u> | <u>68,334,791</u> | <u>84,459,228</u> |
| <u>(152,300,392)</u> | <u>(141,461,036)</u> | <u>(176,732,045)</u> | <u>(174,391,895)</u> | <u>(193,081,100)</u> | <u>(199,837,540)</u> |
| 166,639,162 | 182,536,717 | 184,696,756 | 179,001,919 | 177,181,086 | 177,728,290 |
| 7,912,428 | 6,295,464 | 3,704,964 | 1,006,128 | 611,408 | 524,602 |
| - | - | - | - | 39,803 | 79,705 |
| 903,992 | 730,733 | 1,925,998 | 890,127 | 835,021 | 2,420,723 |
| <u>175,455,582</u> | <u>189,562,914</u> | <u>190,327,718</u> | <u>180,898,174</u> | <u>178,667,318</u> | <u>180,753,320</u> |
| <u>\$ 23,155,190</u> | <u>\$ 48,101,878</u> | <u>\$ 13,595,673</u> | <u>\$ 6,506,279</u> | <u>\$ (14,413,782)</u> | <u>\$ (19,084,220)</u> |

(1)

ORANGE COUNTY FIRE AUTHORITY
Fund Balances of Governmental Funds
Last Ten Fiscal Years
 (modified accrual basis of accounting)

| | Fiscal Year ended June 30 | | | |
|---|---------------------------|----------------------|----------------------|----------------------|
| | 2003 | 2004 | 2005 | 2006 |
| General Fund: | | | | |
| Reserved | \$ 1,333,839 | \$ 1,908,821 | \$ 1,610,025 | \$ 2,392,327 |
| Unreserved | 30,058,531 | 39,531,599 | 36,571,082 | 48,163,349 |
| Nonspendable | - | - | - | - |
| Restricted | - | - | - | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total General Fund | \$ 31,392,370 | \$ 41,440,420 | \$ 38,181,107 | \$ 50,555,676 |
| | | | | |
| All other governmental funds: | | | | |
| Reserved | \$ 19,865,856 | \$ 7,716,407 | \$ 13,822,050 | \$ 12,162,589 |
| Unreserved, reported in: | | | | |
| Special revenue funds | 15,764,897 | 16,849,322 | 17,029,091 | 32,488,801 |
| Capital projects funds | 23,850,671 | 21,153,461 | 9,257,299 | 8,875,958 |
| Debt service funds | 3,593,444 | 3,678,564 | 19,267,740 | 16,204,380 |
| Nonspendable | - | - | - | - |
| Restricted | - | - | - | - |
| Assigned | - | - | - | - |
| Total all other governmental funds | \$ 63,074,868 | \$ 49,397,754 | \$ 59,376,180 | \$ 69,731,728 |

SOURCE: OCFA Comprehensive Annual Financial Reports

NOTES:

- (1) The OCFA implemented GASB Statement No. 54 during the fiscal year ended June 30, 2011. This statement eliminated the previous fund balance categories (reserved and unreserved), and replaced them with five new categories (nonspendable, restricted, committed, assigned, unassigned). Fund balance amounts as of June 30, 2010 and thereafter reflect the new categories; however, all previous fiscal years are presented using the old categories.

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|
| \$ 1,476,790 | \$ 1,519,961 | \$ 1,417,069 | \$ - | \$ - | \$ - |
| 54,391,252 | 60,436,769 | 67,926,629 | - | - | - |
| - | - | - | 117,473 | 23,186,680 | 22,756,709 |
| - | - | - | 111,305 | 111,980 | 1,699,787 |
| - | - | - | 861,116 | 797,935 | 1,372,789 |
| - | - | - | 37,621,864 | 35,550,989 | 34,715,397 |
| - | - | - | 41,985,648 | 25,592,531 | 25,751,128 |
| <u>\$ 55,868,042</u> | <u>\$ 61,956,730</u> | <u>\$ 69,343,698</u> | <u>\$ 80,697,406</u> | <u>\$ 85,240,115</u> | <u>\$ 86,295,810</u> |
| | | | | | |
| \$ 14,066,095 | \$ 8,446,422 | \$ 14,752,366 | \$ - | \$ - | \$ - |
| 46,998,762 | 62,633,870 | 75,515,265 | - | - | - |
| 5,602,562 | 16,718,235 | 13,344,809 | - | - | - |
| 12,648,661 | 8,738,484 | 4,752,258 | - | - | - |
| - | - | - | 567,349 | 478,449 | 405,815 |
| - | - | - | 1,015,700 | 1,515,253 | 1,553,182 |
| - | - | - | 87,476,588 | 78,023,210 | 74,037,637 |
| <u>\$ 79,316,080</u> | <u>\$ 96,537,011</u> | <u>\$ 108,364,698</u> | <u>\$ 89,059,637</u> | <u>\$ 80,016,912</u> | <u>\$ 75,996,634</u> |

(1)

ORANGE COUNTY FIRE AUTHORITY
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year ended June 30 | | | |
|--|---------------------------|-----------------------|---------------------|----------------------|
| | 2003 | 2004 | 2005 | 2006 |
| Revenues: | | | | |
| Taxes | \$ 113,593,644 | \$ 122,930,589 | \$ 138,076,307 | \$ 152,747,044 |
| Intergovernmental | 7,723,204 | 10,222,840 | 9,279,498 | 12,737,022 |
| Charges for services | 40,933,656 | 43,568,603 | 47,912,985 | 50,431,293 |
| Use of money and property | 3,254,776 | 1,716,086 | 2,891,248 | 5,284,539 |
| Miscellaneous | 650,151 | 537,287 | 608,684 | 581,708 |
| Developer contributions | 2,910,680 | 642,455 | 1,445,246 | 2,730,652 |
| Total revenues | 169,066,111 | 179,617,860 | 200,213,968 | 224,512,258 |
| Expenditures: | | | | |
| Current - public safety: | | | | |
| Salaries and benefits | 129,815,086 | 143,515,244 | 151,938,290 | 166,670,733 |
| Services and supplies | 46,231,678 | 33,541,649 | 27,100,196 | 23,188,784 |
| Capital outlay | 8,697,468 | 11,424,732 | 8,013,300 | 10,838,654 |
| Debt service: | | | | |
| Principal retirement | 3,772,207 | 7,410,710 | 4,889,349 | 5,033,119 |
| Interest and fiscal charges | 1,889,607 | 1,605,649 | 1,620,267 | 1,985,533 |
| Issuance costs | - | - | - | - |
| Total expenditures | 190,406,046 | 197,497,984 | 193,561,402 | 207,716,823 |
| Excess (deficiency) of revenues over (under) expenditures | (21,339,935) | (17,880,124) | 6,652,566 | 16,795,435 |
| Other financing sources (uses): | | | | |
| Transfers in | 16,103,994 | 6,361,095 | 24,457,025 | 18,435,635 |
| Transfers out | (16,103,994) | (6,361,095) | (24,457,025) | (18,435,635) |
| Issuance of long-term debt | - | 9,147,260 | - | 5,841,858 |
| Refinanced long-term debt | - | - | - | - |
| Sale of capital and other assets | - | 3,842,821 | 66,547 | 92,824 |
| Insurance recoveries | - | - | - | - |
| Total other financing sources (uses) | - | 12,990,081 | 66,547 | 5,934,682 |
| Net change in fund balances | \$ (21,339,935) | \$ (4,890,043) | \$ 6,719,113 | \$ 22,730,117 |
| Debt service as a percentage of noncapital expenditures | 3.1% | 4.8% | 3.5% | 3.6% |

SOURCE: OCFA Comprehensive Annual Financial Reports

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| \$ 166,639,162 | \$ 182,536,717 | \$ 184,696,756 | \$ 179,001,919 | \$ 177,181,086 | \$ 177,728,290 |
| 15,643,174 | 24,168,953 | 18,898,459 | 14,202,209 | 11,080,619 | 12,894,882 |
| 53,191,997 | 53,510,278 | 54,125,964 | 55,325,007 | 56,582,867 | 65,556,905 |
| 8,379,245 | 7,336,664 | 4,148,889 | 1,341,991 | 822,002 | 660,621 |
| 428,475 | 982,487 | 2,517,891 | 1,333,170 | 1,320,856 | 2,753,421 |
| 1,096,262 | 1,744,392 | - | 551,365 | 43,200 | 10,140 |
| <u>245,378,315</u> | <u>270,279,491</u> | <u>264,387,959</u> | <u>251,755,661</u> | <u>247,030,630</u> | <u>259,604,259</u> |
| 186,074,623 | 195,481,030 | 203,790,256 | 206,942,045 | 211,801,889 | 228,452,010 |
| 27,146,936 | 31,386,487 | 28,561,308 | 28,521,125 | 28,207,018 | 30,737,551 |
| 9,714,765 | 13,323,621 | 32,624,294 | 9,647,853 | 9,899,979 | 932,034 |
| 5,186,766 | 4,867,453 | 5,933,911 | 13,370,586 | 1,911,912 | 2,139,694 |
| 2,414,453 | 2,526,877 | 2,119,347 | 1,459,383 | 890,067 | 635,351 |
| - | - | - | - | - | 286,599 |
| <u>230,537,543</u> | <u>247,585,468</u> | <u>273,029,116</u> | <u>259,940,992</u> | <u>252,710,865</u> | <u>263,183,239</u> |
| <u>14,840,772</u> | <u>22,694,023</u> | <u>(8,641,157)</u> | <u>(8,185,331)</u> | <u>(5,680,235)</u> | <u>(3,578,980)</u> |
| 24,350,337 | 29,914,910 | 30,257,506 | 10,608,277 | 4,137,811 | - |
| (24,350,337) | (29,914,910) | (30,257,506) | (10,608,277) | (4,137,811) | - |
| - | - | 21,515,238 | - | - | 16,756,078 |
| - | - | - | - | - | (16,377,093) |
| 55,946 | 93,807 | 93,480 | 162,533 | 434,914 | 146,317 |
| - | - | 81,576 | 71,445 | 8,405 | 89,095 |
| <u>55,946</u> | <u>93,807</u> | <u>21,690,294</u> | <u>233,978</u> | <u>443,319</u> | <u>614,397</u> |
| <u>\$ 14,896,718</u> | <u>\$ 22,787,830</u> | <u>\$ 13,049,137</u> | <u>\$ (7,951,353)</u> | <u>\$ (5,236,916)</u> | <u>\$ (2,964,583)</u> |
| 3.4% | 3.2% | 3.3% | 5.9% | 1.2% | 1.2% |



Orange County Fire Authority Safety Message

Children Act Fast...So Does Poison!
What to do if Poisoning Occurs

- Stay calm and call poison control at 1-800-222-1222.
- Have the following ready:
 - ✓ Child's condition, age and weight
 - ✓ Product bottles or containers
 - ✓ Time of poisoning
 - ✓ Your name and telephone number
- Follow instructions from poison control center.

ORANGE COUNTY FIRE AUTHORITY

Revenue Capacity Information

Assessed Value and Estimated Actual Value of Taxable Property – Presents information on the assessed property values of each city and the unincorporated area within the OCFA’s jurisdiction for each of the last ten fiscal years.

Property Tax Rates of Direct and Overlapping Governments – Presents the County of Orange’s direct property tax rate, as well as the rates of any overlapping governments that are applied to the same revenue base.

Principal Property Tax Payers – Presents information about the OCFA’s ten largest property tax payers for the current fiscal year, as compared to nine fiscal years ago.

Property Tax Levies and Collections – Presents information on the levy and subsequent collection of OCFA’s property taxes for each of the last ten fiscal years.

ORANGE COUNTY FIRE AUTHORITY
Assessed Value (1) and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(dollars in thousands)

| Jurisdiction | FY 2002/03 | FY 2003/04 | FY 2004/05 | FY 2005/06 |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Buena Park | \$ 4,992,390 | \$ 5,241,607 | \$ 5,651,721 | \$ 6,112,028 |
| Placentia | 3,261,068 | 3,499,257 | 3,792,066 | 4,189,586 |
| San Clemente | 6,831,696 | 7,738,680 | 8,748,299 | 9,999,404 |
| Santa Ana (4) | n/a | n/a | n/a | n/a |
| Seal Beach | 2,561,374 | 2,761,755 | 2,968,854 | 3,189,870 |
| Stanton | 1,332,874 | 1,456,875 | 1,590,290 | 1,774,670 |
| Tustin | 5,521,942 | 5,901,337 | 6,507,163 | 7,046,325 |
| Westminster | 4,439,818 | 4,802,251 | 5,188,197 | 5,589,577 |
| Total cash contract cities (3) | <u>28,941,162</u> | <u>31,401,762</u> | <u>34,446,590</u> | <u>37,901,460</u> |
| Aliso Viejo | 4,645,701 | 5,223,553 | 5,673,714 | 6,176,940 |
| Cypress | 3,736,602 | 4,038,709 | 4,380,633 | 4,704,566 |
| Dana Point | 5,516,436 | 5,941,465 | 6,250,662 | 6,998,388 |
| Irvine | 24,858,632 | 26,799,741 | 29,634,708 | 33,764,042 |
| Laguna Hills | 3,967,515 | 4,197,860 | 4,508,804 | 4,909,424 |
| Laguna Niguel | 8,142,068 | 8,774,412 | 9,496,924 | 10,355,469 |
| Laguna Woods | 1,608,653 | 1,714,358 | 1,793,619 | 1,963,825 |
| Lake Forest | 7,429,330 | 8,035,481 | 8,567,664 | 9,258,757 |
| La Palma | 1,155,782 | 1,222,653 | 1,304,664 | 1,397,213 |
| Los Alamitos | 1,055,691 | 1,126,237 | 1,221,543 | 1,333,656 |
| Mission Viejo | 9,330,631 | 9,882,639 | 10,514,195 | 11,473,222 |
| Rancho Santa Margarita | 4,718,088 | 5,051,504 | 5,502,550 | 5,989,888 |
| San Juan Capistrano | 3,824,457 | 4,060,793 | 4,424,780 | 4,780,297 |
| Villa Park | 933,233 | 990,409 | 1,069,950 | 1,148,109 |
| Yorba Linda | 6,587,989 | 7,252,943 | 7,938,555 | 8,865,186 |
| Unincorporated | 13,236,995 | 14,178,447 | 15,890,882 | 17,991,705 |
| Total SFF jurisdictions (2) | <u>100,747,803</u> | <u>108,491,204</u> | <u>118,173,847</u> | <u>131,110,687</u> |
| Percentage change from prior year | 4.82% | 7.69% | 8.92% | 10.95% |
| Total assessed valuation | <u>\$ 129,688,965</u> | <u>\$ 139,892,966</u> | <u>\$ 152,620,437</u> | <u>\$ 169,012,147</u> |
| Total direct tax rate | 0.11% | 0.11% | 0.12% | 0.12% |

SOURCE: County of Orange, Auditor-Controller, Assessed Valuations by Fiscal Year
(http://acapps.ocgov.com/txfdr_eGov/av/default_egov.asp)

NOTES:

- (1) Assessed value is stated at taxable full cash value. These values may include an increased value over the base year for that portion of the city or district which lies within a redevelopment agency.
- (2) Assessed value for these cities is part of the Structural Fire Fund (SFF).
- (3) These cities pay for services on a cash contract basis. Assessed value is shown for comparison only.
- (4) Santa Ana joined OCFA on April 20, 2012.

| <u>FY 2006/07</u> | <u>FY 2007/08</u> | <u>FY 2008/09</u> | <u>FY 2009/10</u> | <u>FY 2010/11</u> | <u>FY 2011/12</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 6,750,905 | \$ 7,351,653 | \$ 7,611,793 | \$ 7,438,787 | \$ 7,478,553 | \$ 7,484,717 |
| 4,628,986 | 4,991,175 | 5,070,123 | 4,967,651 | 4,969,023 | 5,007,558 |
| 11,366,168 | 12,486,976 | 12,855,038 | 12,631,337 | 12,431,717 | 12,356,019 |
| n/a | n/a | n/a | n/a | n/a | 20,100,864 |
| 3,585,301 | 3,875,902 | 4,256,884 | 4,241,221 | 4,282,032 | 4,434,345 |
| 1,972,744 | 2,184,177 | 2,195,788 | 2,070,815 | 2,042,112 | 2,063,293 |
| 8,170,655 | 9,070,627 | 9,958,561 | 9,501,069 | 9,419,294 | 9,378,899 |
| 6,215,306 | 6,640,057 | 6,775,451 | 6,698,153 | 6,779,972 | 6,935,762 |
| <u>42,690,065</u> | <u>46,600,567</u> | <u>48,723,638</u> | <u>47,549,033</u> | <u>47,402,703</u> | <u>67,761,457</u> |
| 6,968,167 | 7,499,861 | 7,792,144 | 7,553,177 | 7,459,562 | 7,511,408 |
| 5,085,127 | 5,421,886 | 5,604,677 | 5,529,005 | 5,514,794 | 5,560,190 |
| 7,693,012 | 8,532,709 | 8,879,909 | 8,763,402 | 8,687,748 | 8,735,352 |
| 39,280,256 | 44,382,983 | 47,257,608 | 47,212,001 | 46,538,576 | 47,136,231 |
| 5,313,973 | 5,736,525 | 5,692,646 | 5,589,417 | 5,460,470 | 5,463,649 |
| 11,347,524 | 12,073,542 | 12,227,117 | 11,883,056 | 11,892,951 | 11,991,939 |
| 2,118,937 | 2,262,295 | 2,295,254 | 2,273,717 | 2,214,363 | 2,186,990 |
| 10,165,487 | 10,896,488 | 11,189,197 | 10,915,562 | 10,744,518 | 10,721,083 |
| 1,509,520 | 1,636,875 | 1,685,812 | 1,695,126 | 1,698,469 | 1,698,169 |
| 1,416,837 | 1,515,499 | 1,582,738 | 1,589,309 | 1,616,120 | 1,603,255 |
| 12,449,764 | 13,246,125 | 13,357,566 | 13,104,698 | 13,157,979 | 13,226,115 |
| 6,575,282 | 6,977,082 | 6,921,865 | 6,617,903 | 6,605,397 | 6,623,819 |
| 5,260,585 | 5,794,133 | 5,961,050 | 5,835,957 | 5,817,501 | 5,799,444 |
| 1,234,034 | 1,311,588 | 1,355,557 | 1,359,734 | 1,353,409 | 1,372,687 |
| 9,969,593 | 10,909,311 | 11,165,576 | 10,897,981 | 10,936,312 | 11,262,427 |
| 19,843,722 | 21,846,485 | 22,212,379 | 21,447,511 | 21,485,307 | 21,509,471 |
| <u>146,231,820</u> | <u>160,043,387</u> | <u>165,181,095</u> | <u>162,267,556</u> | <u>161,183,476</u> | <u>162,402,229</u> |
| 11.53% | 9.44% | 3.21% | -1.76% | -0.67% | 0.76% |
| <u>\$ 188,921,885</u> | <u>\$ 206,643,954</u> | <u>\$ 213,904,733</u> | <u>\$ 209,816,589</u> | <u>\$ 208,586,179</u> | <u>\$ 230,163,686</u> |
| 0.11% | 0.11% | 0.11% | 0.11% | 0.11% | 0.11% |

(5) In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1 % based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

**ORANGE COUNTY FIRE AUTHORITY
Property Tax Rates of Direct and Overlapping Governments
Last Ten Fiscal Years**

| Fiscal Year ended June 30 | Tax Rates Per \$100 of Assessed/Full Cash Value | | |
|------------------------------|---|---|---------|
| | Overlapping County-wide Basic Levy - Operating | Direct Orange County - Debt Service | Total |
| 2003 | 1.00000 | 0.00000 | 1.00000 |
| 2004 | 1.00000 | 0.00000 | 1.00000 |
| 2005 | 1.00000 | 0.00000 | 1.00000 |
| 2006 | 1.00000 | 0.00000 | 1.00000 |
| 2007 | 1.00000 | 0.00000 | 1.00000 |
| 2008 | 1.00000 | 0.00000 | 1.00000 |
| 2009 | 1.00000 | 0.00000 | 1.00000 |
| 2010 | 1.00000 | 0.00000 | 1.00000 |
| 2011 | 1.00000 | 0.00000 | 1.00000 |
| 2012 | 1.00000 | 0.00000 | 1.00000 |

SOURCE:

County of Orange, Auditor-Controller, Tax Rate Books by Fiscal Year
http://acapps.ocgov.com/txfdr_eGov/tr/index_egov.asp

NOTE:

This schedule presents data for the entire County of Orange and is not limited to the cities/unincorporated areas served by the Orange County Fire Authority.

ORANGE COUNTY FIRE AUTHORITY
Principal Property Tax Payers
Current and Nine Years Ago
(Dollars in Thousands)

| Property Tax Payer | Fiscal Year 2002/03 | | | Fiscal Year 2011/12 | | |
|--------------------------------|---------------------|------------|-------------|---------------------|------------|-------------|
| | Actual | Percent of | | Actual | Percent of | |
| | Taxes | Rank | Total Taxes | Taxes | Rank | Total Taxes |
| | Levied | | Levied | Levied | | Levied |
| The Irvine Company (2) | \$ 60,511 | 1 | 2.13% | \$ 99,471 | 1 | 2.06% |
| Walt Disney World Co. | \$ 35,146 | 2 | 1.24% | \$ 48,343 | 2 | 1.00% |
| So Cal Edison Co. | \$ 11,991 | 4 | 0.42% | \$ 28,028 | 3 | 0.58% |
| Irvine Apartment Communities | | | | \$ 9,744 | 4 | 0.20% |
| Pacific Bell Telephone Co. | \$ 12,147 | 3 | 0.43% | \$ 9,001 | 5 | 0.19% |
| Heritage Fields El Toro LLC | | | | \$ 7,012 | 6 | 0.14% |
| Irvine Community Development | | | | \$ 6,856 | 7 | 0.14% |
| United Laguna Hills | \$ 5,069 | 6 | 0.18% | \$ 6,706 | 8 | 0.14% |
| Bella Terra Associates LLC | | | | \$ 4,590 | 9 | 0.09% |
| Kaiser Foundation | | | | \$ 4,567 | 10 | 0.09% |
| Rockwell Semiconductor Systems | \$ 6,098 | 5 | 0.22% | | | |
| Irvine Company of W VA | \$ 4,902 | 7 | 0.17% | | | |
| McDonnell Douglas Corp. | \$ 4,360 | 8 | 0.15% | | | |
| United Airlines | \$ 3,792 | 9 | 0.13% | | | |
| Boeing | \$ 3,394 | 10 | 0.12% | | | |

SOURCES:

OCFA Comprehensive Annual Financial Report for Fiscal Year 2002/03

County of Orange, Treasurer-Tax Collector, Tax Collector Top 20 Taxpayer List (<http://egov.ocgov.com>)

NOTE:

- (1) This schedule presents data for the entire County of Orange and is not limited to the cities/unincorporated areas served by the Orange County Fire Authority.
- (2) The Irvine Company totals include data for Irvine Co., Irvine Company LLC, The Irvine Company LLC, Irvine Company, and Irvine Land Company LLC.

ORANGE COUNTY FIRE AUTHORITY
Property Tax Levies and Collections
Last Ten Fiscal Years
(dollars in thousands)

| Fiscal Year ended June 30 | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of | | Collection of Prior Year | | Collection of | | Total Collection to | | Collection of Property Tax Increment |
|---------------------------|----------------------------------|-------------------------------------|-----------|--------------------------|-------------------------|------------------------|------------------------|-------------------------|-----------|--------------------------------------|
| | | Levy | % of Levy | Levies | Teeter Plan | Penalties and Interest | Penalties and Interest | Date | (4) | |
| | | Amount | % of Levy | Teeter Plan | Delinquencies and Other | Delinquency Penalties | Interest | Total Amounts Collected | % of Levy | AB1484 RDA Pass-Through |
| 2003 | \$113,649 | \$112,428 | 98.9% | (1) | \$ 256 | (2) | (1) | \$ 112,684 | 99.2% | \$ - |
| 2004 | \$123,841 | \$121,578 | 98.2% | (1) | \$ 251 | (2) | (1) | \$ 121,829 | 98.4% | \$ - |
| 2005 | \$138,864 | \$136,787 | 98.5% | (1) | \$ 250 | (2) | (1) | \$ 137,037 | 98.7% | \$ - |
| 2006 | \$154,294 | \$149,252 | 96.7% | \$ 2,104 | \$ 290 | \$ 42 | \$ 101 | \$ 151,789 | 98.4% | \$ - |
| 2007 | \$168,777 | \$160,990 | 95.4% | \$ 4,023 | \$ 506 | \$ 74 | \$ 974 | \$ 166,567 | 98.7% | \$ - |
| 2008 | \$182,400 | \$174,208 | 95.5% | \$ 6,157 | \$ 812 | \$ 125 | \$ 471 | \$ 181,773 | 99.7% | \$ - |
| 2009 | \$184,776 | \$176,080 | 95.3% | \$ 5,985 | \$ 878 | \$ 157 | \$ 226 | \$ 183,326 | 99.2% | \$ - |
| 2010 | \$179,914 | \$158,509 | 88.1% | \$ 3,683 | \$ 493 | \$ 110 | \$ 100 | \$ 162,895 | 90.5% (3) | \$ - |
| 2011 | \$178,812 | \$172,543 | 96.5% | \$ 2,510 | \$ 246 | \$ 79 | \$ 58 | \$ 175,436 | 98.1% | \$ - |
| 2012 | \$179,564 | \$173,169 | 96.4% | \$ 2,324 | \$ 262 | \$ 79 | \$ 46 | \$ 175,880 | 97.9% | \$ 3,468 |

SOURCE: County of Orange, Auditor-Controller, Tax Ledger Detail by Fiscal Year
http://www.ttc.ocgov.com/acledger/choice_eGov.asp

NOTES:

- (1) The Teeter Plan apportions delinquencies on a current year basis for Secured Property Taxes. Prior to Fiscal Year 2005/06, both interest earnings and the apportionment from the Teeter Plan were combined on this schedule with the amount collected within the fiscal year of levy.
- (2) Prior to Fiscal Year 2005/06, collection of delinquent amounts and related penalties were combined for presentation on this schedule.
- (3) Due to a Proposition 1A borrowing by the State, the property tax apportionment in Fiscal Year 2009/10 was reduced by \$14,648,105. These funds were restored by a securitization mechanism and, had they been included in the tax ledger, collections would have been \$177,543,386 (96.2% of levy collected within the fiscal year and 98.7% of levy collected to date).
- (4) Upon dissolution of California redevelopment agencies during Fiscal Year 2011/12, property tax increment formerly remitted to OCFA by its member city redevelopment agencies was instead deposited into the newly formed Redevelopment Property Tax Trust Fund (RPTTF) from which the Auditor/Controller made disbursements on behalf of the successor agencies. There is no tax levy associated with these collections; thus, they have been excluded from the "% of levy collected" calculations.

ORANGE COUNTY FIRE AUTHORITY

Debt Capacity Information

Ratios of Outstanding Debt by Type – Presents information on the OCFA’s total outstanding debt for each of the last ten fiscal years, including the ratio of outstanding debt to median family income and the calculation of outstanding debt per capita.

Ratios of General Bonded Debt Outstanding – Presents information on net bonded debt that will be repaid by general OCFA resources for each of the last ten fiscal years, including the ratio of outstanding debt to total assessed property value and the calculation of net bonded debt per capita.

Computation of Direct and Overlapping Bonded Debt – Presents information about the OCFA’s direct bonded debt and its relationship to overlapping debt of other governments.

The following schedules are not included in the OCFA’s CAFR:

Computation of Legal Debt Margin – The OCFA is not subject to a legal debt margin.

Pledged Revenue Coverage – Debt of the OCFA is not secured by a pledged revenue stream.

ORANGE COUNTY FIRE AUTHORITY
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands)

| Fiscal Year ended June 30 | Governmental Activities (A) | | | (B) | Debt as a Percentage of Household Income | (C) | |
|---------------------------|-----------------------------|-----------------------------------|------------------------|--|--|-------------------------------------|-----------------|
| | Revenue Bonds | Capital Lease Purchase Agreements | Total Outstanding Debt | County of Orange Median Household Income | | Population (OCFA Jurisdiction Only) | Debt per Capita |
| 2003 | \$ 25,350 | \$ 3,616 | \$ 28,966 | \$70 | 41380.0% | 1,290 | \$22 |
| 2004 | \$ 22,555 | \$ 8,147 | \$ 30,702 | \$74 | 41489.2% | 1,310 | \$23 |
| 2005 | \$ 19,665 | \$ 6,148 | \$ 25,813 | \$76 | 33964.5% | 1,331 | \$19 |
| 2006 | \$ 16,670 | \$ 9,952 | \$ 26,622 | \$78 | 34130.8% | 1,346 | \$20 |
| 2007 | \$ 13,570 | \$ 7,865 | \$ 21,435 | \$79 | 27132.9% | 1,359 | \$16 |
| 2008 | \$ 10,365 | \$ 6,203 | \$ 16,568 | \$84 | 19723.8% | 1,376 | \$12 |
| 2009 | \$ 7,040 | \$ 25,109 | \$ 32,149 | \$86 | 37382.6% | 1,387 | \$23 |
| 2010 | \$ - | \$ 18,778 | \$ 18,778 | \$87 | 21583.9% | 1,403 | \$13 |
| 2011 | \$ - | \$ 16,866 | \$ 16,866 | \$84 | 20078.6% | 1,355 | \$12 |
| 2012 | \$ - | \$ 15,106 | \$ 15,106 | \$85 | 17771.8% | 1,694 | \$9 |

(1)

SOURCES:

- (A) Details regarding OCFA's outstanding debt can be found in the notes to the financial statements.
- (B) U.S. Department of Housing and Urban Development, Median Family Income Documentation System by Fiscal Year (estimate) (<http://www.huduser.org/portal/datasets/il.html>)
- (C) California Department of Finance, Population and Housing Estimates as of January 1 (<http://www.dof.ca.gov/research/demographic/reports/estimates>)

NOTES:

- (1) The population data presented in this schedule includes only the cities and unincorporated county areas served by the OCFA. Since the City of Santa Ana became a member of the OCFA in April 2012, its population data is not included with population totals prior to Fiscal Year 2011/12. The Fiscal Year 2011/12 population total includes 327,731 for the City of Santa Ana.

ORANGE COUNTY FIRE AUTHORITY
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts in thousands)

| Fiscal Year ended June 30 | (A) Population (OCFA Jurisdiction Only) | (B) Assessed Value | (C) Gross Bonded Debt | (D) Amounts Available in Debt Service Fund | Net Bonded Debt | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt per Capita |
|---------------------------|--|-----------------------|--------------------------|---|-----------------|--|----------------------------|
| 2003 | 1,290 | \$ 129,688,965 | \$ 25,350 | \$ (2,806) | \$ 22,544 | 0.02% | \$ 17 |
| 2004 | 1,310 | \$ 139,892,966 | \$ 22,555 | \$ (2,806) | \$ 19,749 | 0.01% | \$ 15 |
| 2005 | 1,331 | \$ 152,620,437 | \$ 19,665 | \$ (2,806) | \$ 16,859 | 0.01% | \$ 13 |
| 2006 | 1,346 | \$ 169,012,147 | \$ 16,670 | \$ (2,806) | \$ 13,864 | 0.01% | \$ 10 |
| 2007 | 1,359 | \$ 188,921,885 | \$ 13,570 | \$ (2,806) | \$ 10,764 | 0.01% | \$ 8 |
| 2008 | 1,376 | \$ 206,643,954 | \$ 10,365 | \$ (2,806) | \$ 7,559 | 0.00% | \$ 5 |
| 2009 | 1,387 | \$ 213,904,733 | \$ 7,040 | \$ (2,806) | \$ 4,234 | 0.00% | \$ 3 |
| 2010 | 1,403 | \$ 209,816,589 | \$ - | \$ - | \$ - | 0.00% | \$ - (1) |
| 2011 | 1,355 | \$ 208,586,179 | \$ - | \$ - | \$ - | 0.00% | \$ - |
| 2012 | 1,694 | \$ 230,163,686 | \$ - | \$ - | \$ - | 0.00% | \$ - |

SOURCES:

- (A) California Department of Finance, Population and Housing Estimates as of January 1
<http://www.dof.ca.gov/research/demographic/reports/estimates>
- (B) County of Orange, Auditor-Controller, Assessed Valuations by Fiscal Year
http://acapps.ocgov.com/txfdr_eGov/av/default_egov.asp
- (C) Orange County Fire Authority, Finance Division, Accounting Section
- (D) Minimum reserve requirement per bond documents

NOTE:

- (1) OCFA's revenue bonds were repaid during Fiscal Year 2009/10.

ORANGE COUNTY FIRE AUTHORITY
Computation of Direct and Overlapping Bonded Debt
June 30, 2012

| | |
|-------------------------------------|--------------------------|
| 2011-12 Assessed Valuation | \$210,062,823,290 |
| Redevelopment Incremental Valuation | (17,800,593,094) |
| Adjusted Assessed Valuation | <u>\$192,262,230,196</u> |

| | Total Debt 6/30/12 | % | Authority's Share of Debt 6/30/12 |
|---|-----------------------|----------------|--------------------------------------|
| | | Applicable (1) | |
| OVERLAPPING TAX AND ASSESSMENT DEBT: | | | |
| Metropolitan Water District | \$ 196,545,000 | 10.652% | \$ 20,935,973 |
| Coast Community College District | 317,803,867 | 7.586 | 24,108,601 |
| North Orange County Joint Community College District | 206,464,001 | 39.614 | 81,788,649 |
| Rancho Santiago Community College District | 302,555,660 | 18.705 | 56,593,036 |
| Capistrano Unified School District School Facilities Improvement District No. 1 | 45,509,930 | 99.990 | 45,505,379 |
| Placentia-Yorba Linda Unified School District | 268,181,187 | 82.973 | 222,517,976 |
| Saddleback Valley Unified School District | 131,925,000 | 100.000 | 131,925,000 |
| Santa Ana Unified School District | 302,027,117 | 32.703 | 98,771,928 |
| Anaheim Union High School District | 110,073,955 | 27.756 | 30,552,127 |
| Other School Districts | 1,210,950,245 | Various | 304,413,717 |
| City of San Juan Capistrano | 31,815,000 | 100.000 | 31,815,000 |
| Irvine Ranch Water District Improvement Districts | 513,160,450 | Various | 499,099,393 |
| Moulton-Niguel Water District Improvement Districts | 32,755,000 | 100.000 | 32,755,000 |
| Santa Margarita Water District Improvement Districts | 169,215,000 | 100.000 | 169,215,000 |
| South Coast Water District | 2,965,000 | 62.200 | 1,844,230 |
| County Community Facilities Districts | 448,505,670 | 100.000 | 448,505,670 |
| School Community Facilities Districts | 983,433,324 | Various | 983,354,158 |
| City and Special District Community Facilities Districts | 293,327,000 | 100.000 | 293,327,000 |
| 1915 Act Special Tax Bonds | 825,377,210 | 100.000 | <u>825,377,210</u> |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT | | | <u>\$4,302,405,047</u> |

| | | | |
|--|---------------|----------------|-----------------------------|
| DIRECT AND OVERLAPPING GENERAL FUND DEBT: | | | |
| Orange County General Fund Obligations | \$233,751,000 | 51.028% | \$119,278,460 |
| Orange County Pension Obligations | 214,405,353 | 51.028 | 109,406,764 |
| Orange County Board of Education Certificates of Participation | 16,000,000 | 51.028 | 8,164,480 |
| Orange County Fire Authority (TOTAL DIRECT DEBT) | 0 | 100.000 | 0 |
| Municipal Water District of Orange County Water Facilities Corporation | 12,145,000 | 60.285 | 7,321,613 |
| Coast Community College District General Fund Obligations | 20,240,000 | 7.586 | 1,535,406 |
| Unified School District Certificates of Participation | 403,367,748 | Various | 197,554,669 |
| Union High School Districts Certificates of Participation | 119,409,185 | Various | 18,367,354 |
| School District General Fund Obligations | 47,420,000 | Various | 12,389,683 |
| City General Fund Obligations | 135,635,010 | 100.000 | 135,635,010 |
| Irvine Ranch Water District Certificates of Participation | 77,190,000 | 85.177 | 65,748,126 |
| Moulton-Niguel Water District Certificates of Participation | 85,215,000 | 100.000 | 85,215,000 |
| Other Special District General Fund Obligations | 8,965,000 | Various | <u>8,870,778</u> |
| TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT | | | \$769,487,343 |
| Less: MWDOC Water Facilities Corporation Certificates of Participation | | | (7,321,613) |
| City Obligations (supported from incremental tax and sales tax revenues) | | | <u>(36,696,786)</u> |
| TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT | | | <u>\$725,468,944</u> |

| | |
|---|------------------------|
| TOTAL GROSS OVERLAPPING DEBT / GROSS COMBINED TOTAL DEBT (2) | \$5,071,892,390 |
| TOTAL NET OVERLAPPING DEBT / NET COMBINED TOTAL DEBT | \$5,027,873,991 |

- (1) Percentage of overlapping agency's assessed valuation located within the boundaries of the district.
(2) Excludes tax & revenue anticipation notes; enterprise revenue, mortgage revenue & tax allocation bonds; non-bonded capital lease obligations.

Ratios to 2011-12 Assessed Valuation:
Total Overlapping Tax and Assessment Debt.....2.05%

Ratios to Adjusted Assessed Valuation:
Total Direct Debt **0.00%**
Gross Combined Total Debt 2.64%
Net Combined Total Debt..... 2.62%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/12: \$0

SOURCE: California Municipal Statistics, Inc.

ORANGE COUNTY FIRE AUTHORITY

Demographic and Economic Information

Demographic and Economic Indicators – Presents information regarding population, personal income, per capita income and the unemployment rate for the County of Orange for each of the last ten fiscal years.

Population and Housing Statistics – Presents information on population and housing units of each city and the unincorporated area within the OCFA's jurisdiction for the current fiscal year, as compared to nine fiscal years ago.

Principal Employers – Presents information about the ten largest employers within the OCFA's jurisdiction for the current fiscal year, as compared to nine fiscal years ago.

**ORANGE COUNTY FIRE AUTHORITY
Demographic and Economic Indicators
Last Ten Fiscal Years
(amounts in thousands)**

| Calendar Year | (A) | (B) | | (C) |
|------------------|-------------------------------|--------------------------|-------------------|----------------------|
| | Population (Orange County) | Total Personal Income | Per Capita Income | Unemployment Rate |
| 2003 | 2,980 | \$ 117,722,500 | \$ 39,504 | 6.4 |
| 2004 | 3,016 | \$ 125,670,100 | \$ 41,668 | 6.0 |
| 2005 | 3,044 | \$ 133,031,800 | \$ 43,703 | 5.0 |
| 2006 | 3,062 | \$ 141,169,400 | \$ 46,104 | 4.4 |
| 2007 | 3,078 | \$ 153,446,600 | \$ 49,853 | 4.8 |
| 2008 | 3,104 | \$ 155,068,400 | \$ 49,958 | 6.9 |
| 2009 | 3,135 | \$ 148,372,600 | \$ 47,328 | 10.9 |
| 2010 | 3,166 | \$ 153,098,600 | \$ 48,357 | 11.8 |
| 2011 | 3,030 | \$ 158,959,400 | \$ 52,462 | 11.4 |
| 2012 | 3,056 | \$ 166,487,400 | \$ 54,479 | 10.3 |

SOURCES:

- (A) California Department of Finance, Population and Housing Estimates as of January <http://www.dof.ca.gov/research/demographic/reports/estimates>
- (B) Chapman University Economic & Business Review, Annual History and Forecasts June 2003 (2002 data); June 2007 (2003-2006 data); June 2011 (2007-2011 data) Most recent year is an estimate.
- (C) Bureau of Labor Statistics (www.bls.gov/lau), Local Area Unemployment Statistics, Los Angeles-Long Beach-Santa Ana, CA Metropolitan Statistical Area (The 2003-2011 figures reflect revised inputs, reestimation, and new statewide control. The 2012 figure is for a partial year January - June.)

NOTE:

Data presented on this schedule is for the County of Orange and is not limited to the cities/county unincorporated areas served by the OCFA.

ORANGE COUNTY FIRE AUTHORITY
Population and Housing Statistics
Current Year and Nine Years Ago

| Jurisdiction | Population | | | Housing Units | | |
|------------------------|------------|-----------|----------------|---------------|-----------|----------------|
| | 2003 | 2012 | Percent Change | 2003 | 2012 | Percent Change |
| Aliso Viejo | 43,923 | 48,988 | 11.5% | 17,676 | 19,161 | 8.4% |
| Buena Park | 80,290 | 81,460 | 1.5% | 23,850 | 24,691 | 3.5% |
| Cypress | 47,918 | 48,273 | 0.7% | 16,271 | 16,085 | -1.1% |
| Dana Point | 36,246 | 33,667 | -7.1% | 15,824 | 15,949 | 0.8% |
| Irvine | 164,917 | 223,729 | 35.7% | 60,627 | 83,792 | 38.2% |
| Laguna Hills | 32,830 | 30,618 | -6.7% | 11,095 | 11,049 | -0.4% |
| Laguna Niguel | 65,089 | 63,691 | -2.1% | 24,553 | 25,374 | 3.3% |
| Laguna Woods | 18,206 | 16,334 | -10.3% | 13,629 | 13,016 | -4.5% |
| Lake Forest | 77,330 | 78,036 | 0.9% | 26,385 | 27,120 | 2.8% |
| La Palma | 15,954 | 15,700 | -1.6% | 5,126 | 5,222 | 1.9% |
| Los Alamitos | 11,817 | 11,557 | -2.2% | 4,337 | 4,358 | 0.5% |
| Mission Viejo | 98,938 | 94,196 | -4.8% | 34,277 | 34,254 | -0.1% |
| Placentia | 49,094 | 51,084 | 4.1% | 15,822 | 16,907 | 6.9% |
| Rancho Santa Margarita | 48,809 | 48,278 | -1.1% | 16,684 | 17,260 | 3.5% |
| San Clemente | 60,698 | 64,208 | 5.8% | 24,558 | 26,017 | 5.9% |
| San Juan Capistrano | 35,214 | 35,022 | -0.5% | 11,522 | 11,982 | 4.0% |
| Santa Ana (A) | - | 327,731 | n/a | - | 76,944 | n/a |
| Seal Beach | 25,093 | 24,354 | -2.9% | 14,370 | 14,545 | 1.2% |
| Stanton | 38,410 | 38,498 | 0.2% | 11,054 | 11,276 | 2.0% |
| Tustin | 69,753 | 76,567 | 9.8% | 25,745 | 26,602 | 3.3% |
| Villa Park | 6,158 | 5,867 | -4.7% | 2,014 | 2,017 | 0.1% |
| Westminster | 90,640 | 90,677 | 0.0% | 27,057 | 27,707 | 2.4% |
| Yorba Linda | 62,677 | 65,777 | 4.9% | 20,344 | 22,641 | 11.3% |
| Unincorporated | 109,849 | 119,698 | 9.0% | 37,072 | 39,319 | 6.1% |
| Total OCFA | 1,289,853 | 1,694,010 | 31.3% | 459,892 | 573,288 | 24.7% |
| Total non-OCFA | 1,690,136 | 1,361,782 | -19.4% | 534,740 | 479,073 | -10.4% |
| Total Orange County | 2,979,989 | 3,055,792 | 2.5% | 994,632 | 1,052,361 | 5.8% |

SOURCE:

California Department of Finance, Population and Housing Estimates as of January 1
<http://www.dof.ca.gov/research/demographic/reports/estimates>

NOTE (A): The City of Santa Ana became a member of the OCFA in 2012. Prior to 2012, the city's data is included within the "non-OCFA" total.

**ORANGE COUNTY FIRE AUTHORITY
Principal Employers
Current and Nine Years Ago**

| Employer | Fiscal Year 2002/03 | | | Fiscal Year 2011/12 | | |
|----------------------------------|------------------------|------|-----------------------------------|------------------------|------|-----------------------------------|
| | (A) | (B) | | (C) | (D) | |
| | Number of Employees | Rank | Percent of Total Employment | Number of Employees | Rank | Percent of Total Employment |
| Walt Disney Co. | 21,275 | 1 | 1.52% | 22,000 | 1 | 1.61% |
| University of California, Irvine | 14,981 | 3 | 1.07% | 21,291 | 2 | 1.55% |
| County of Orange | 17,741 | 2 | 1.26% | 17,321 | 3 | 1.26% |
| St. Joseph Health System | 9,435 | 6 | 0.67% | 12,048 | 4 | 0.88% |
| Boeing Co. | 11,179 | 4 | 0.80% | 7,700 | 5 | 0.56% |
| Bank of America Corp. | 4,813 | 10 | 0.34% | 6,300 | 6 | 0.46% |
| Yum Brands Inc. | | | | 6,300 | 6 | 0.46% |
| Kaiser Permanente | | | | 5,968 | 8 | 0.44% |
| Target Corp. | 4,878 | 9 | 0.35% | 5,527 | 9 | 0.40% |
| Cedar Fair LP | | | | 5,200 | 10 | 0.38% |
| Albertsons, Inc. | 9,500 | 5 | 0.68% | | | |
| Tenet Healthcare Corp. | 8,389 | 7 | 0.60% | | | |
| SBC Communications, Inc. | 7,100 | 8 | 0.51% | | | |

SOURCES:

- (A) County of Orange, 2002 Facts & Figures Booklet
O.C. Business Journal, Book of Lists (2002)
- (B) Chapman University Economic & Business Review, Annual History and Forecasts,
June 2003 Book, Based on total payroll employment as of December 31, 2002
- (C) County of Orange, 2012 Facts & Figures Booklet
O.C. Business Journal, Book of Lists (2012)
- (D) Chapman University Economic & Business Review, Annual History and Forecasts,
June 2012 Book, Based on total payroll employment as of December 31, 2011

NOTE:

Data presented on this schedule is for the County of Orange and is not limited to the cities/county unincorporated areas served by the OCFA.

ORANGE COUNTY FIRE AUTHORITY

Operating Information

Full-time and Part-time Employees by Function/Fund/Department – Presents the number of funded and authorized positions by function/fund/department for each of the last ten fiscal years.

Authorized Positions by Unit – Presents the number of authorized positions by unit for each of the last ten fiscal years.

Jurisdiction Information – Presents information on the OCFA's member agencies, square mile area served, population served, and number of fire stations for each of the last ten fiscal years.

Incidents by Major Category Definitions – Provides OCFA's definitions for categories of major incidents.

Incidents by Type – Presents the number of OCFA major incidents by category for each of the last ten fiscal years.

Incidents by Member Agency – Presents the number of OCFA major incidents by member agency for each of the last ten fiscal years.

Capital Equipment by Category – Presents the historical cost and quantity of capital equipment by category for each of the last four fiscal years.

Capital Vehicles by Category – Presents the historical cost and quantity of capital vehicles by category for each of the last four fiscal years.

List of Stations by Member Agency – Presents a list of OCFA fire stations and street addresses by member agency.

Map of Division/Battalion Boundaries and Station Locations – This Orange county map identifies the areas included within OCFA's jurisdiction, the boundaries of its divisions/battalions, and the locations of all OCFA fire stations.

Description of the Organization, Programs and Service Delivery – Provides an overview of the activities and responsibilities carried out by each of the OCFA's five departments (Executive Management, Operations, Fire Prevention, Business Services and Support Services).

**ORANGE COUNTY FIRE AUTHORITY
Authorized Positions by Function/Fund/Department
Last Ten Fiscal Years**

| Public Safety Fund/Department | Funded and Authorized Positions as of June 30 | | | | | | | | | | Notes |
|-----------------------------------|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | |
| Funded positions: | | | | | | | | | | | |
| Executive Management | 44 | 44 | 43 | 44 | 44 | 45 | 45 | 45 | 35 | 33 | |
| Operations Department | 834 | 840 | 852 | 857 | 877 | 892 | 902 | 878 | 881 | 1,001 | (A) |
| Fire Prevention Department | 76 | 75 | 76 | 76 | 74 | 76 | 72 | 65 | 67 | 76 | |
| Business Services Department | 76 | 68 | 67 | 74 | 77 | 77 | 77 | 73 | 48 | 47 | (A) |
| Support Services Department | 32 | 33 | 33 | 33 | 35 | 35 | 35 | 34 | 55 | 88 | (A) |
| General Operating Fund | 1,062 | 1,060 | 1,071 | 1,084 | 1,107 | 1,125 | 1,131 | 1,095 | 1,086 | 1,245 | |
| Facilities Replacement | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 | - | - | |
| RFOTC | 2 | 2 | 1 | - | - | - | - | - | - | - | |
| Structural Fire Entitlement | 2 | 2 | 2 | 2 | 2 | - | - | - | - | - | |
| Total funded positions | 1,066 | 1,065 | 1,075 | 1,087 | 1,110 | 1,126 | 1,132 | 1,096 | 1,086 | 1,245 | (B) |
| Unfunded positions: | | | | | | | | | | | |
| Limited term positions | - | - | - | - | - | - | - | - | - | - | 1 |
| Frozen positions | 12 | 15 | 15 | 4 | 1 | 1 | 50 | 86 | 95 | 93 | |
| Total unfunded positions | 12 | 15 | 15 | 4 | 1 | 1 | 50 | 86 | 95 | 94 | |
| Total authorized positions | 1,078 | 1,080 | 1,090 | 1,091 | 1,111 | 1,127 | 1,182 | 1,182 | 1,181 | 1,339 | |

SOURCE: Orange County Fire Authority, Treasury & Financial Planning, Budget Section

NOTE:

(A) The Information Technology Division (formerly part of the Business Services Department) and the Emergency Command Center (formerly part of the Operations Department) were transferred to the Support Services Department in Fiscal Year 2010/11 and Fiscal Year 2011/12, respectively.

(B) The net increase of total funded employees during Fiscal Year 2011/12 included 163 authorized/funded positions for employees transitioning from the City of Santa Ana (151 Operations Department, 9 Fire Prevention Department, 3 Support Services Department).

**ORANGE COUNTY FIRE AUTHORITY
Authorized Positions by Unit
Last Ten Fiscal Years**

| Unit | Authorized Positions as of June 30 | | | | | | | | | |
|-----------------------------------|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Firefighter Unit | 764 | 764 | 774 | 778 | 792 | 808 | 863 | 863 | 863 | 1,010 |
| Fire Management Unit | 40 | 40 | 40 | 40 | 41 | 41 | 41 | 41 | 41 | 45 |
| General Unit | 197 | 198 | 197 | 192 | 198 | 197 | 197 | 197 | 196 | 203 |
| Supervisory Management Unit | 26 | 26 | 27 | 27 | 27 | 28 | 28 | 28 | 28 | 28 |
| Supported Employment Unit | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Personnel & Salary Resolution | 47 | 48 | 48 | 50 | 49 | 49 | 49 | 49 | 49 | 49 |
| Total authorized positions | 1,078 | 1,080 | 1,090 | 1,091 | 1,111 | 1,127 | 1,182 | 1,182 | 1,181 | 1,339 |

(A)

SOURCE: OCFA Treasury & Financial Planning Division, Budget Section

(A) The net increase of total authorized positions during Fiscal Year 2011/12 included 163 authorized positions for employees transitioning from the City of Santa Ana (147 Firefighter Unit, 4 Fire Management Unit, 11 General Unit, and 1 Supervisory Management Unit).

**ORANGE COUNTY FIRE AUTHORITY
Jurisdiction Information
Last Ten Fiscal Years**

| Fiscal Year Ended June 30 | (A) Number of Member Agencies | (B) Square Mile Area Served | (C) Population Served | (A) Total Number of Stations (Including Specialty Stations) | |
|---------------------------------|--|-----------------------------------|-----------------------------|--|-----|
| 2003 | 23 | 553 | 1,289,853 | 60 | (1) |
| 2004 | 23 | 553 | 1,309,858 | 60 | |
| 2005 | 23 | 551 | 1,331,008 | 60 | (2) |
| 2006 | 23 | 551 | 1,346,413 | 61 | (3) |
| 2007 | 23 | 551 | 1,358,595 | 60 | (4) |
| 2008 | 23 | 550 | 1,375,509 | 61 | (5) |
| 2009 | 23 | 550 | 1,387,171 | 62 | (6) |
| 2010 | 23 | 550 | 1,403,072 | 62 | |
| 2011 | 23 | 548 | 1,355,090 | 61 | (7) |
| 2012 | 24 | 576 | 1,694,010 | 71 | (8) |

SOURCES:

- (A) Orange County Fire Authority, Clerk of the Authority
- (B) Orange County Fire Authority, Treasury & Financial Planning
- (C) California Department of Finance, Population and Housing Estimates as of January
<http://www.dof.ca.gov/research/demographic/reports/estimates>

NOTES:

- (1) New Specialty Station 52 (Crews & Equipment)
- (2) New Station 55 (Irvine/Orchard Hills), Closed Station 20 (County/Heritage Fields)
- (3) New Station 47 (Irvine/Shady Canyon)
- (4) Closed Specialty Station 52 (Crews & Equipment)
- (5) New Station 27 (Irvine/Portola Springs)
- (6) New Station 20 (Irvine/Great Park)
- (7) Closed Station 3 (County/Sunset Beach)
- (8) New Stations 70 through 79 (Santa Ana)

ORANGE COUNTY FIRE AUTHORITY
Incidents by Major Category Definitions

Fire, Explosion: This category includes fire responses, even if the fire has been extinguished upon arrival. This category also includes combustion explosions with no resulting fire. Examples of this category include structure fires, rubbish fires, dumpster fires and vehicle fires.

Over-Pressure Rupture: This category includes vessels or containers that suffer failure or near failure due to extreme pressure from either an outside source, such as direct heating, or internally due to a cooling system failure or over-filling, such as a propane tank. Examples of this category also include explosions from bombs, dynamite or similar explosives.

Rescue/EMS Call: This category includes all medical aids, illness and heart attacks, as well as traffic accidents and missing persons.

Hazardous Condition Standby: This category includes Hazardous Materials incidents; electrical wire arcing; suspected drug labs; or situations where there is a perceived problem that may prove to be a potential emergency.

Service Call: This category includes incidents for persons in distress, such as a lock-in or lock-out of a vehicle or dwelling creating an emergency situation or critical need, and smoke or odor problems. This category would also include moving units from one station to another to provide area coverage.

Good Intent Call: This category includes incidents that are cleared prior to arrival, such as a medical aid where the injured party has left the scene, or the initial information indicated that there were injuries and upon arrival no persons were injured. This category may also include calls where the informant has mistaken steam for smoke.

False Alarm: Some examples of the incidents in this category are malicious mischief calls, system malfunctions and the accidental tripping of an interior alarm sensor or device.

Natural Disaster: This category includes incidents that are not normal occurrences, such as earthquakes, lightening strikes, hurricanes and other weather or natural events.

Other: This includes citizen complaints and reports of fire code or ordinance violations.

SOURCE: Orange County Fire Authority, Operations Department

ORANGE COUNTY FIRE AUTHORITY
Incidents by Type
Last Ten Fiscal Years

| Fiscal Year ended June | Fire/ Explosion | Ruptures | Rescue/ EMS | Hazmat | Service Call | Good Intent | False Alarm | Natural Disaster | Other | Total |
|---------------------------|--------------------|----------|----------------|--------|-----------------|----------------|----------------|---------------------|-------|------------|
| 30 (1) | | | | | | | | | | |
| 2003 | 2,158 | 160 | 48,604 | 1,805 | 4,891 | 10,919 | 4,831 | 5 | 118 | 73,491 |
| 2004 | 2,136 | 177 | 52,000 | 1,665 | 4,918 | 10,938 | 4,455 | 2 | 105 | 76,396 |
| 2005 | 1,923 | 169 | 52,348 | 1,559 | 5,246 | 10,990 | 4,434 | 47 | 552 | 77,268 |
| 2006 | 1,972 | 179 | 54,461 | 1,402 | 5,271 | 11,413 | 4,543 | 4 | 417 | 79,662 |
| 2007 | 2,155 | 179 | 55,863 | 1,465 | 5,475 | 10,636 | 4,734 | 5 | 209 | 80,721 |
| 2008 | 1,946 | 178 | 57,871 | 1,353 | 5,257 | 10,933 | 4,835 | 10 | 547 | 82,930 |
| 2009 | 1,795 | 169 | 58,358 | 1,080 | 5,508 | 10,839 | 4,503 | 3 | 294 | 82,549 |
| 2010 | 1,464 | 164 | 59,408 | 1,049 | 5,703 | 10,979 | 4,300 | 25 | 349 | 83,441 |
| 2011 | 1,541 | 158 | 61,870 | 1,011 | 6,157 | 12,897 | 4,293 | 51 | 249 | 88,227 (2) |
| 2012 | 1,635 | 157 | 66,383 | 965 | 6,457 | 12,802 | 4,065 | 4 | 192 | 92,660 (3) |

SOURCE: Orange County Fire Authority, Risk Analysis & Mitigation Evaluation

NOTES:

- (1) Response statistics are normally reported on a calendar year basis in other reports. These statistics have been reported on the fiscal year basis, July through June.
- (2) Beginning in Fiscal Year 2010/11, totals were revised to include incidents outside of OCFA jurisdiction that involved OCFA units and personnel (Auto/Mutual Aid Given).
- (3) The City of Santa Ana joined the OCFA effective April 20, 2012. Fiscal Year 2011/12 data includes the portion of the fiscal year during which the city was a member of OCFA.

ORANGE COUNTY FIRE AUTHORITY
Incidents by Member Agency
Last Ten Fiscal Years

| Member Agency | Fiscal Year ended June 30 (1) | | | | | | | | | |
|---------------------------|-------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Aliso Viejo | 1,813 | 1,924 | 1,802 | 1,993 | 1,939 | 2,060 | 1,998 | 2,005 | 2,094 | 2,071 |
| Buena Park | 5,439 | 5,346 | 5,530 | 5,368 | 5,431 | 5,528 | 5,668 | 5,676 | 5,652 | 5,836 |
| Cypress | 2,322 | 2,240 | 2,359 | 2,489 | 2,518 | 2,552 | 2,504 | 2,600 | 2,490 | 2,556 |
| Dana Point | 2,398 | 2,529 | 2,441 | 2,490 | 2,660 | 2,700 | 2,650 | 2,787 | 2,870 | 2,772 |
| Irvine | 8,833 | 9,293 | 10,341 | 10,797 | 11,216 | 11,632 | 11,385 | 11,981 | 12,214 | 11,969 |
| La Palma | 648 | 736 | 761 | 772 | 798 | 760 | 760 | 754 | 778 | 750 |
| Laguna Hills | 2,238 | 2,512 | 2,211 | 2,373 | 2,494 | 2,434 | 2,421 | 2,558 | 2,614 | 2,542 |
| Laguna Niguel | 2,818 | 2,871 | 2,866 | 2,944 | 3,017 | 3,101 | 3,079 | 3,094 | 3,255 | 3,358 |
| Laguna Woods | 3,670 | 3,949 | 3,955 | 4,300 | 4,275 | 4,349 | 4,350 | 4,399 | 4,560 | 4,717 |
| Lake Forest | 3,922 | 4,092 | 4,171 | 4,103 | 4,289 | 4,170 | 4,272 | 4,320 | 4,334 | 4,230 |
| Los Alamitos | 984 | 930 | 971 | 1,012 | 1,033 | 1,032 | 1,083 | 1,080 | 1,055 | 1,101 |
| Mission Viejo | 5,573 | 5,845 | 5,577 | 5,809 | 5,794 | 6,139 | 6,424 | 6,363 | 6,379 | 6,355 |
| Placentia | 2,375 | 2,557 | 2,577 | 2,797 | 2,678 | 2,829 | 2,699 | 2,696 | 2,837 | 2,714 |
| Rancho Santa Margarita | 1,786 | 1,773 | 1,914 | 1,946 | 1,879 | 2,002 | 1,965 | 2,009 | 2,015 | 2,105 |
| San Clemente | 3,219 | 3,508 | 3,594 | 3,619 | 3,684 | 3,863 | 3,678 | 3,961 | 3,813 | 3,999 |
| San Juan Capistrano | 2,116 | 2,340 | 2,418 | 2,452 | 2,554 | 2,569 | 2,526 | 2,429 | 2,580 | 2,617 |
| Santa Ana (3) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 3,654 |
| Seal Beach | 2,720 | 2,967 | 3,049 | 3,257 | 3,283 | 3,453 | 3,388 | 3,503 | 3,375 | 3,617 |
| Stanton | 2,495 | 2,419 | 2,307 | 2,368 | 2,343 | 2,438 | 2,420 | 2,401 | 2,597 | 2,660 |
| Tustin | 3,644 | 3,668 | 3,645 | 3,608 | 3,845 | 3,865 | 3,761 | 3,744 | 4,055 | 4,196 |
| Villa Park | 274 | 271 | 292 | 309 | 319 | 324 | 329 | 336 | 388 | 363 |
| Westminster | 5,525 | 5,618 | 5,798 | 5,950 | 5,684 | 5,795 | 5,835 | 5,724 | 5,882 | 6,012 |
| Yorba Linda | 2,563 | 2,653 | 2,676 | 2,814 | 2,991 | 3,100 | 3,134 | 2,937 | 2,928 | 3,125 |
| Unincorporated | 6,116 | 6,355 | 6,013 | 6,092 | 5,997 | 6,235 | 6,220 | 6,084 | 6,087 | 5,991 |
| | <u>73,491</u> | <u>76,396</u> | <u>77,268</u> | <u>79,662</u> | <u>80,721</u> | <u>82,930</u> | <u>82,549</u> | <u>83,441</u> | <u>84,852</u> | <u>89,310</u> |
| Auto/Mutual Aid Given (2) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 3,375 | 3,350 |
| Total | <u><u>73,491</u></u> | <u><u>76,396</u></u> | <u><u>77,268</u></u> | <u><u>79,662</u></u> | <u><u>80,721</u></u> | <u><u>82,930</u></u> | <u><u>82,549</u></u> | <u><u>83,441</u></u> | <u><u>88,227</u></u> | <u><u>92,660</u></u> |

SOURCE: Orange County Fire Authority, Risk Analysis & Mitigation Evaluation

NOTES:

- (1) Response statistics are normally reported on a calendar year basis in other reports. These statistics have been reported on the fiscal year basis, July through June.
- (2) Beginning in Fiscal Year 2010/11, methodology was revised to include incidents outside of OCFA jurisdiction that involved OCFA units and personnel (Auto/Mutual Aid Given).
- (3) The City of Santa Ana joined the OCFA effective April 20, 2012. Fiscal Year 2011/12 data is reported only for the portion of the fiscal year during which the city was a member of OCFA.

**ORANGE COUNTY FIRE AUTHORITY
Capital Equipment by Category
Last Five Fiscal Years**

| Category | June 30, 2008 | | June 30, 2009 | |
|---|----------------------|------------|----------------------|------------|
| | Historical Cost | Quantity | Historical Cost | Quantity |
| Air fill station | \$ 53,179 | 2 | \$ 53,179 | 2 |
| Aboveground storage tank | 678,014 | 8 | 678,014 | 8 |
| Audio visual equipment | 784,559 | 25 | 784,559 | 25 |
| Boat | 36,504 | 4 | 36,504 | 4 |
| Camera, thermal imaging | 1,205,722 | 89 | 1,205,722 | 89 |
| Camera, other | 47,387 | 4 | 47,387 | 4 |
| Communications equipment | 1,456,590 | 37 | 1,456,590 | 37 |
| Computer | 85,459 | 5 | 91,328 | 6 |
| Defibrillator | 1,324,920 | 74 | 1,341,790 | 75 |
| Exercise equipment | 34,177 | 5 | 44,260 | 6 |
| Fleet equipment | 162,771 | 16 | 162,771 | 16 |
| Forklift | 114,243 | 4 | 114,243 | 4 |
| Generator | 564,051 | 25 | 553,049 | 24 |
| GPS equipment (AVL projects) | 1,391,000 | 2 | 1,391,000 | 2 |
| Hazmat equipment | 248,782 | 20 | 248,782 | 20 |
| Helicopter | 7,294,218 | 2 | 28,854,977 | 4 |
| Helicopter, rotor blades | - | - | 151,573 | 2 |
| Helicopter equipment | 414,798 | 15 | 663,759 | 36 |
| Kitchen equipment | 33,403 | 4 | 33,403 | 4 |
| Laptop | 53,782 | 9 | 53,782 | 9 |
| Manikin | 73,144 | 12 | 73,144 | 12 |
| Miscellaneous equipment | 367,581 | 25 | 430,428 | 27 |
| Mobile radio, (FY 2003/04 - FY 2004/05 project) | 2,424,594 | 1 | 2,424,594 | 1 |
| Mobile radio | 110,199 | 17 | 116,008 | 18 |
| Network equipment | 976,386 | 29 | 976,386 | 29 |
| Office equipment | 500,659 | 7 | 635,138 | 8 |
| Portable building | 179,863 | 9 | 219,564 | 12 |
| Portable radio | - | - | 25,640 | 5 |
| Printer | 99,499 | 9 | 99,499 | 9 |
| Projector | 34,565 | 5 | 34,565 | 5 |
| Router | 25,980 | 2 | 37,405 | 4 |
| Server | 1,224,377 | 72 | 1,090,643 | 80 |
| Software | 6,636,035 | 47 | 6,709,908 | 52 |
| Switch | 232,515 | 11 | 232,515 | 11 |
| Tent | 122,237 | 12 | 122,237 | 12 |
| Trailer | 419,725 | 16 | 433,283 | 17 |
| Search and rescue equipment | 303,153 | 33 | 311,826 | 34 |
| Workstation | 1,634,122 | 24 | 1,641,243 | 25 |
| | <u>\$ 31,348,193</u> | <u>681</u> | <u>\$ 53,580,698</u> | <u>738</u> |

SOURCE: Orange County Fire Authority, Finance Division, Accounting Section

NOTE: Previous CAFR's presented only the quantities of select front-line equipment. Beginning in the FY 2010/11 CAFR, the historical cost and quantities of all capital equipment are presented. Data is only available in this format beginning in Fiscal Year 2007/08, but additional years will be added as they become available in the future.

| June 30, 2010 | | June 30, 2011 | | June 30, 2012 | |
|----------------------|------------|----------------------|------------|----------------------|------------|
| Historical Cost | Quantity | Historical Cost | Quantity | Historical Cost | Quantity |
| \$ 53,179 | 2 | \$ 53,179 | 2 | \$ 53,179 | 2 |
| 678,014 | 8 | 678,014 | 8 | 678,014 | 8 |
| 768,132 | 23 | 754,726 | 23 | 716,800 | 18 |
| 23,412 | 2 | 23,412 | 2 | 31,515 | 4 |
| 1,205,722 | 89 | 1,223,802 | 91 | 1,251,757 | 104 |
| 41,577 | 3 | 41,577 | 3 | 11,171 | 1 |
| 1,456,590 | 37 | 1,479,539 | 40 | 1,479,539 | 40 |
| 82,126 | 5 | 82,126 | 5 | 82,126 | 5 |
| 1,149,858 | 90 | 1,149,858 | 90 | 1,528,398 | 105 |
| 35,622 | 5 | 35,622 | 5 | 35,622 | 5 |
| 162,771 | 16 | 170,441 | 16 | 172,042 | 16 |
| 114,243 | 4 | 99,347 | 3 | 104,426 | 4 |
| 553,049 | 24 | 510,078 | 23 | 504,562 | 22 |
| 1,391,000 | 2 | 1,391,000 | 2 | 1,391,000 | 2 |
| 248,782 | 20 | 248,782 | 20 | 337,453 | 24 |
| 28,854,977 | 4 | 28,854,977 | 4 | 28,854,977 | 4 |
| 319,149 | 4 | 319,149 | 4 | 319,149 | 4 |
| 741,048 | 39 | 763,268 | 41 | 772,068 | 41 |
| 33,403 | 4 | 33,403 | 4 | 33,403 | 4 |
| 53,782 | 9 | 47,682 | 8 | 35,158 | 6 |
| 73,144 | 12 | 67,452 | 11 | 67,452 | 11 |
| 478,473 | 29 | 542,100 | 33 | 579,706 | 38 |
| 2,424,594 | 1 | 2,424,594 | 1 | 2,424,594 | 1 |
| 116,008 | 18 | 116,008 | 18 | 107,671 | 17 |
| 967,465 | 28 | 967,465 | 28 | 804,981 | 27 |
| 648,440 | 8 | 648,440 | 8 | 648,440 | 8 |
| 226,348 | 13 | 226,348 | 13 | 226,348 | 13 |
| 25,640 | 5 | 25,640 | 5 | 25,640 | 5 |
| 77,218 | 7 | 77,218 | 7 | 72,039 | 7 |
| 25,838 | 4 | 25,838 | 4 | 10,372 | 2 |
| 37,405 | 4 | 37,405 | 4 | 37,405 | 4 |
| 1,148,057 | 88 | 1,049,533 | 82 | 1,027,950 | 81 |
| 7,068,488 | 55 | 7,068,488 | 55 | 7,074,050 | 55 |
| 264,893 | 14 | 282,393 | 16 | 282,393 | 16 |
| 122,237 | 12 | 122,237 | 12 | 122,237 | 12 |
| 423,376 | 16 | 423,376 | 16 | 437,742 | 16 |
| 339,765 | 37 | 429,877 | 49 | 587,340 | 71 |
| 1,641,243 | 25 | 1,641,243 | 25 | 1,641,243 | 25 |
| <u>\$ 54,075,068</u> | <u>766</u> | <u>\$ 54,135,637</u> | <u>781</u> | <u>\$ 54,569,962</u> | <u>828</u> |

ORANGE COUNTY FIRE AUTHORITY
Capital Vehicles by Category
Last Five Fiscal Years

| Category | June 30, 2008 | | June 30, 2009 | |
|---|----------------------|------------|----------------------|------------|
| | Historical Cost | Quantity | Historical Cost | Quantity |
| Air Utility | \$ 629,011 | 3 | \$ 629,011 | 3 |
| Ambulance | 464,082 | 5 | 464,082 | 5 |
| Battalion Chief Vehicle | 1,203,251 | 25 | 1,300,458 | 26 |
| Brush Chipper | 34,289 | 2 | 34,289 | 2 |
| Crew Cab | 176,403 | 4 | 176,403 | 4 |
| Crew-Carrying Vehicle | 297,336 | 4 | 297,336 | 4 |
| Dump Truck | 66,366 | 1 | 66,366 | 1 |
| Fire Command | 402,755 | 2 | 402,755 | 2 |
| Fire Dozer | 445,205 | 4 | 723,403 | 4 |
| Foam Tender | 152,245 | 1 | 152,245 | 1 |
| Fuel Tender | 226,392 | 2 | 226,392 | 2 |
| Hazmat Unit | 674,962 | 2 | 674,962 | 2 |
| Heavy Rescue Unit | - | - | 649,343 | 1 |
| Hose Tender | 103,189 | 1 | 103,189 | 1 |
| Lift Truck | - | - | - | - |
| Paramedic Van | 1,449,569 | 22 | 1,449,569 | 22 |
| Parade Engine | 35,000 | 2 | 35,000 | 2 |
| Patrol | 1,539,901 | 19 | 1,539,901 | 19 |
| Patrol, Compressed Air Foam System (CAFS) | - | - | 488,603 | 7 |
| Pickup Truck | 1,352,388 | 42 | 1,562,434 | 41 |
| Road Grader | 102,396 | 1 | 102,396 | 1 |
| Sedan | 123,991 | 7 | 123,991 | 7 |
| Squad | 578,998 | 7 | 578,998 | 7 |
| Stakeside | 34,289 | 1 | 34,289 | 1 |
| Sport Utility Vehicle (SUV) | 2,849,285 | 104 | 2,809,830 | 103 |
| Telesquirt | 2,617,035 | 8 | 2,617,035 | 8 |
| Transport Tractor | 399,409 | 5 | 506,673 | 5 |
| Truck, 90', 100' and 110' Tractor Drawn Aerials | 1,737,166 | 3 | 4,428,314 | 5 |
| Truck, 75' Quint | 2,717,185 | 6 | 2,717,185 | 6 |
| Truck, 90' Quint | 4,827,476 | 10 | 4,429,851 | 9 |
| Truck, 100' Quint | - | - | - | - |
| Truck, Other | 427,613 | 5 | 427,613 | 5 |
| Type 1 Engine | 22,538,064 | 87 | 21,865,361 | 82 |
| Type 1 Wildland Urban Interface Engine | - | - | - | - |
| Type 2 Engine | 1,862,087 | 13 | 1,752,417 | 12 |
| Type 3 Engine | 914,455 | 8 | 4,673,626 | 18 |
| Utility | 176,422 | 5 | 176,422 | 5 |
| Van | 681,041 | 29 | 648,591 | 27 |
| Water Tender | 753,535 | 5 | 753,535 | 5 |
| | <u>\$ 52,592,791</u> | <u>445</u> | <u>\$ 59,621,868</u> | <u>455</u> |

SOURCE: Orange County Fire Authority, Finance Division, General Accounting Unit

NOTE: Previous CAFR's presented only the quantities of select front-line vehicles. Beginning in the FY 2010/11 CAFR, the historical cost and quantities of all capital vehicles are presented. Data is only available in this format beginning in Fiscal Year 2007/08, but additional years will be added as they become available in the future.

| June 30, 2010 | | June 30, 2011 | | June 30, 2012 | |
|----------------------|------------|----------------------|------------|----------------------|------------|
| Historical Cost | Quantity | Historical Cost | Quantity | Historical Cost | Quantity |
| \$ 629,011 | 3 | \$ 629,011 | 3 | \$ 820,733 | 4 |
| 935,731 | 8 | 776,283 | 6 | 776,283 | 6 |
| 1,300,458 | 26 | 1,488,518 | 28 | 1,518,914 | 29 |
| 34,289 | 2 | 34,289 | 2 | 34,289 | 2 |
| 139,057 | 3 | 139,057 | 3 | 69,009 | 2 |
| 297,336 | 4 | 297,336 | 4 | 452,373 | 4 |
| 66,366 | 1 | 66,366 | 1 | 66,366 | 1 |
| 402,755 | 2 | 402,755 | 2 | 402,755 | 2 |
| 723,403 | 4 | 723,403 | 4 | 723,403 | 4 |
| 152,245 | 1 | 152,245 | 1 | 152,245 | 1 |
| 226,392 | 2 | 226,392 | 2 | 376,164 | 3 |
| 674,962 | 2 | 674,962 | 2 | 1,077,646 | 3 |
| 658,107 | 1 | 658,107 | 1 | 658,107 | 1 |
| 103,189 | 1 | 103,189 | 1 | 103,189 | 1 |
| 71,780 | 1 | 71,780 | 1 | 71,780 | 1 |
| 1,393,496 | 21 | 1,860,604 | 22 | 1,860,604 | 22 |
| 35,000 | 2 | 35,000 | 2 | - | - |
| 1,539,901 | 19 | 1,539,901 | 19 | 1,539,901 | 19 |
| 858,456 | 12 | 858,456 | 12 | 858,456 | 12 |
| 1,590,978 | 41 | 1,590,978 | 41 | 1,796,208 | 49 |
| 102,396 | 1 | 102,396 | 1 | 102,396 | 1 |
| 83,753 | 4 | 61,256 | 3 | 61,256 | 3 |
| 578,998 | 7 | 578,998 | 7 | 578,998 | 7 |
| 34,289 | 1 | 34,289 | 1 | 34,289 | 1 |
| 2,866,442 | 107 | 2,820,880 | 104 | 2,658,508 | 98 |
| 2,358,138 | 7 | 2,099,242 | 6 | 2,344,077 | 7 |
| 506,673 | 5 | 506,673 | 5 | 506,673 | 5 |
| 4,428,314 | 5 | 4,428,314 | 5 | 4,964,759 | 8 |
| 2,717,185 | 6 | 3,536,736 | 7 | 3,124,257 | 6 |
| 4,429,851 | 9 | 4,429,851 | 9 | 3,562,035 | 7 |
| - | - | - | - | 2,354,146 | 2 |
| 427,613 | 5 | 427,613 | 5 | 427,538 | 7 |
| 26,065,677 | 91 | 25,031,630 | 84 | 26,638,285 | 90 |
| 1,702,359 | 4 | 2,127,949 | 5 | 2,127,949 | 5 |
| 1,020,651 | 7 | 305,219 | 2 | 152,610 | 1 |
| 4,105,746 | 13 | 4,105,746 | 13 | 4,105,746 | 13 |
| 161,801 | 4 | 161,801 | 4 | 145,169 | 3 |
| 639,778 | 25 | 623,608 | 24 | 623,608 | 24 |
| 753,535 | 5 | 753,535 | 5 | 753,535 | 5 |
| \$ 64,816,111 | 462 | \$ 64,464,368 | 447 | \$ 68,624,259 | 459 |

ORANGE COUNTY FIRE AUTHORITY
List of Stations by Member Agency
June 30, 2012

City of Aliso Viejo

Station 57, 57 Journey, 92656

City of Buena Park

Station 61, 8081 Western Ave. 90620

Station 62, 7780 Artesia Blvd. 90621

Station 63, 9120 Holder St. 90620

City of Cypress

Station 17, 4991 Cerritos Ave. 90630

City of Dana Point

Station 29, 26111 Victoria Blvd. 92624

Station 30, 23831 Stonehill Dr. 92629

City of Irvine

Station 4, 2 California Ave. 92612

Station 6, 3180 Barranca Pkwy. 92606

Station 20, 6933 Trabuco Rd., 92618

Station 26, 4691 Walnut Ave. 92604

Station 27, 12400 Portola Springs 92618

Station 28, 17862 Gillette Ave. 92614

Station 36, 301 E. Yale Loop 92604

Station 38, 26 Parker 92618

Station 47, 47 Fossil 92603

Station 51, 18 Cushing 92618

Station 55, 4955 Portola Pkwy. 92620

Cities of Laguna Hills and Laguna Woods

Station 22, 24001 Paseo de Valencia, Laguna Hills 92653

City of Laguna Niguel

Station 5, 23600 Pacific Island Dr. 92677

Station 39, 24241 Avila Rd. 92677

Station 49, 31461 St. of the Golden Lantern 92677

City of Lake Forest

Station 19, 23022 El Toro Rd. 92630

Station 42, 19150 Ridgeline Rd., 92679

Station 54, 19811 Pauling Ave., 92610

City of La Palma

Station 13, 7822 Walker St. 90623

City of Los Alamitos

Station 2, 3642 Green Ave. 90720

City of Mission Viejo

Station 9, #9 Shops at Mission Viejo 92691

Station 24, 25862 Marguerite Pkwy. 92692

Station 31, 22426 Olympiad Rd. 92692

City of Placentia

Station 34, 1530 N. Valencia 92870

Station 35, 110 S. Bradford 92870

City of Rancho Santa Margarita

Station 45, 30131 Aventura 92688

City of San Clemente

Station 50, 670 Camino de Los Mares 92672

Station 59, 48 Avenida La Pata 92673

Station 60, 100 Avenida Victoria 92672

ORANGE COUNTY FIRE AUTHORITY
List of Stations by Member Agency
(Continued)

City of San Juan Capistrano

Station 7, 31865 Del Obispo 92675

City of Santa Ana

Station 70, 2301 Old Grand 92701

Station 71, 1029 West 17th St. 92706

Station 72, 1668 East 4th St. 92701

Station 73, 419 Franklin 92703

Station 74, 1427 South Broadway 92707

Station 75, 120 West Walnut 92701

Station 76, 950 West MacArthur 92707

Station 77, 2317 South Greenville 92704

Station 78, 501 North Newhope 92703

Station 79, 1320 East Warner 92705

City of Seal Beach

Station 44, 718 Central Ave. 90740

Station 48, 3131 N. Gate Rd. 90740

City of Stanton

Station 46, 7871 Pacific St. 90680

City of Tustin

Station 37, 14901 Red Hill Ave. 92780

Station 43, 11490 Pioneer Way 92782

City of Villa Park

Station 23, 5020 Santiago Canyon Rd. 92869

City of Westminster

Station 64, 7351 Westminster Blvd. 92683

Station 65, 6061 Hefley St. 92683

Station 66, 15061 Moran St. 92683

City of Yorba Linda

Station 10, 18422 E. Lemon Dr. 92886

Station 32, 20990 Yorba Linda Blvd. 92887

Station 53, 25415 La Palma Ave. 92887

Specialty Stations

Station 41, 3900 W. Artesia Ave., Fullerton 92633

(Helicopter Operations)

Station 33, 374 Paularino, Costa Mesa 92626

(Aircraft Rescue & Firefighting)

County of Orange, Unincorporated

Station 8, 10631 Skyline Dr., Santa Ana 92705

Station 11, 259 Emerald Bay, Laguna Beach 92651

Station 14, P.O. Box 12, Silverado 92676

Station 15, 27172 Silverado Canyon Rd., Silverado 92676

Station 16, 28891 Modjeska Canyon Rd., Silverado 92676

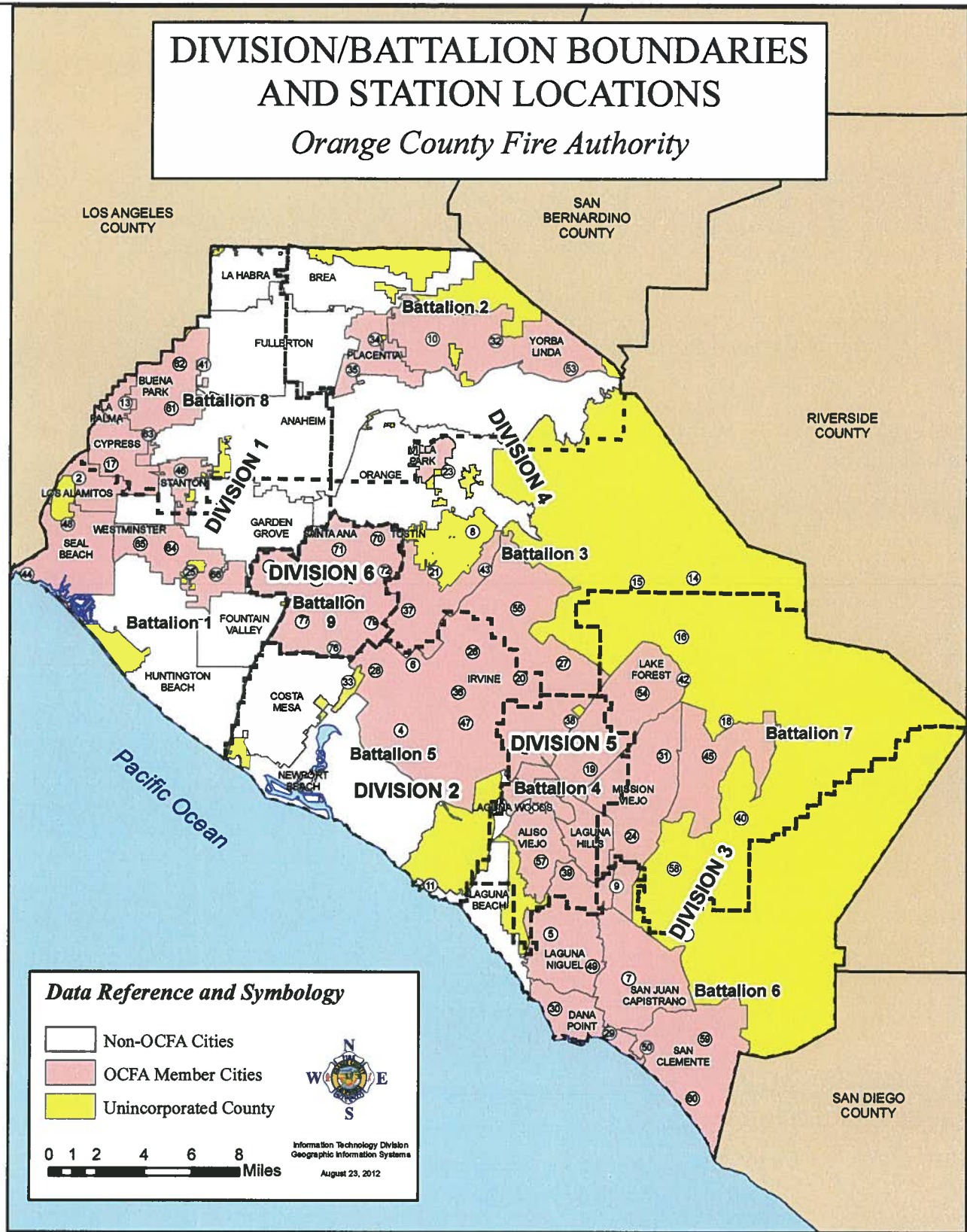
Station 18, 30942 Trabuco Cyn Rd., Trabuco Cyn 92679

Station 21, 1241 Irvine Blvd., Tustin 92780

Station 25, 8171 Bolsa Ave., Midway City 92655

Station 40, 25082 Vista del Verde, Coto de Caza 92679

Station 58, 58 Station Way, Ladera Ranch 92694



ORANGE COUNTY FIRE AUTHORITY
Description of the Organization, Programs and Service Delivery
June 30, 2012

EXECUTIVE MANAGEMENT

Executive Management is responsible for planning, organizing, evaluating fire and emergency services and providing direction to all departments within the organization. Executive Management also ensures that the types and levels of services provided are consistent with Board policy and the adopted budget.

The Orange County Fire Authority (OCFA) is managed by an appointed Fire Chief, a Deputy Fire Chief and four Assistant Chiefs. Service activities are organized into four departments – Operations, Fire Prevention, Business Services, and Support Services. The following divisions/sections report directly to the Fire Chief or Deputy Fire Chief and are not included in one of the four departments:

Clerk of the Authority – The Clerk of the Authority (COA) facilitates the Board’s policy-making process, records and validates the proceedings of the Board and Committees, and provides timely and thorough access to public records. The COA ensures the legislative process is open and public by publishing and posting notices as required by law. It administers the activities pertaining to Board legislation, processes Board/Committee-approved agenda items, manages public records requests, and researches and disseminates information concerning Board/Committee actions to both OCFA staff and the public. The COA is the Fair Practice Commission’s filing official for the OCFA. The office is responsible for processing all subpoenas for business records and witnesses.

Corporate Communications – Corporate Communications is responsible for a wide variety of programs, including liaison to member cities, media relations, community relations, and multi-media services. In addition, Corporate Communications provides support to the Fire Chief and Executive Management team in special projects designed to keep the general public and other governmental agencies informed about the programs and services offered by OCFA. The section is organized into three groups – the Public Information Office (PIO), Community Relations, and Multi-Media Services.

Human Resources Division – The Human Resources Division includes Employee Relations, Risk Management, and Employee Benefits and Services. These sections provide programs and services designed to support the OCFA and its employees in the achievement of its mission and objectives.

- Employee Relations oversees classification and compensation studies, recruitment and selection, labor negotiations, and Memorandum of Understanding (MOU) administration.
- Risk Management administers OCFA’s general liability insurance, workers’ compensation self-insurance program, and occupational safety and health programs.
- Employee Benefits is responsible for the administration of employee benefit programs, including health, accidental death and dismemberment, dental, vision, life, disability and optional benefit plans. This section is also responsible for administrative duties and services to employees covering most areas of the Human Resources Division.

General Counsel – The OCFA contracts with the firm of Woodruff, Spradlin, & Smart located in Costa Mesa, California for its legal services. General Counsel reports directly to the Board of Directors.

OPERATIONS DEPARTMENT

The Operations Department is responsible for providing command and control direction regarding daily operations and all fire suppression activities including resource utilization, deployment and staffing during major emergencies and disaster or extreme weather staffing conditions. Also included are other fire services such as community volunteer services, emergency medical, emergency planning and coordination, training and safety, and special operations (helicopter and hand crew/heavy equipment programs).

Divisions I, II, III, IV, V, and VI – There are six operational divisions, each under the command of a Division Chief, encompassing geographical areas throughout the OCFA's jurisdiction. Divisions I, III, and IV are divided into two battalions while Divisions II and V consist of one battalion and specialized emergency response capabilities and equipment (Airport Rescue Firefighting and the Hazardous Materials Response Team in Division II and Urban Search and Rescue in Division V). Division II is also responsible for administration and oversight of the Explorer Program. Division VI consists of one battalion for the City of Santa Ana. The battalions are under the command of Battalion Chiefs. Within these battalions are 69 fire stations that provide for regional emergency response to all structure fires, medical aids, rescues, hazardous materials incidents and wildland fires.

Operations Support Division – This division provides other fire services as described below:

Community Volunteer Services – The Community Volunteer Services section is responsible for the coordination of 206 Reserve Firefighters (RFF) who provide emergency medical aid, fire suppression and support services responding out of three stand-alone fire stations, five combination fire stations (both RFF and career personnel assigned), one RFF Fire Crew location and one RFF Helicopter Crew location. This section also administers and coordinates the OCFA Chaplain Program.

Emergency Medical Services (EMS) – The Emergency Medical Services (EMS) section provides management, oversight and direction for the delivery of emergency medical services by first responders and paramedics. This includes the implementation of the continuing quality improvement program; continuing education for all personnel and Emergency Medical Technician (EMT)-1 basic training for reserve personnel; EMS supply and equipment evaluation and purchasing; monitoring and tracking of paramedic licensure and EMT-1 certifications; oversight of compliance to Advanced Life Support (ALS) and medical supply fee requirements by the ambulance providers; issuance and evaluation of the ambulance Request for Proposal (RFP) in cooperation with the Finance Division; ambulance contract administration; serving as liaison to applicable regulatory agencies, hospitals, ambulance providers and other EMS groups; identification of paramedic staffing needs; recruitment, evaluation, selection, supervision and support of paramedic students; review of local, state and national legislation, statutes, regulations and policies that affect EMS; and participation in EMS workgroups, committees and advisory boards at various levels of government.

Emergency Planning and Coordination (EPAC) – The Emergency Planning and Coordination (EPAC) section coordinates OCFA's emergency planning with federal, state and local jurisdictions and agencies; manages the Department Operations Center (DOC) during major emergencies; serves as the OCFA liaison to any agency requiring information on emergency response or planning; and represents the OCFA on working task forces such as the State and Federal Terrorism Task Force, Orange County Intelligence Assessment Center, Nuclear Power Authority, and Marine Disaster. This section coordinates all United

States Forest Service (USFS), California Department of Forestry (CDF) and Fire Protection (CALFIRE) contract issues, contract counties review and automatic aid issues. This section also maintains and updates all city and county emergency plans, the Multi-Agency Mutual Aid Plan, California Emergency Management Agency (CALEMA) Mutual Aid Plan, Orange County Fire Service Operations Area Annex and Mutual Aid Plan, and the OCFA Supplement Response Guidebook.

Special Operations – The Special Operations section is responsible for coordination of the OCFA's specialty resources, which include helicopters, fire crews and heavy fire equipment. The OCFA currently maintains firefighting helicopters used for emergency responses throughout the year for wildland and wildland urban interface fires and special rescues such as swift and still water rescues, medical rescue support and disaster mitigation. The Crews and Equipment unit is responsible for coordinating firefighting hand crews, heavy fire equipment emergency responses, fire road maintenance and various construction and maintenance projects within the organization.

Operations Training and Safety – The Operations Training and Safety (Training) section delivers and facilitates all operations personnel training activities. This includes research, development and implementation of a variety of training courses, including basic and advanced firefighter techniques and administrative and supervisory training. Training coordinates and administers recruit and promotional training academies including reserve firefighters, firefighters, lateral paramedics, engineers and officer academies. This section also maintains a strong working relationship with Santa Ana College and the California Joint Apprentice Commission (CFFJAC) and is a leader in training research and development of the Orange County Training Officers Board locally, and the Training Resources and Data Exchange (TRADE) nationally. This section also serves in a lead capacity on issues of employee and incident safety, with training officers doubling as incident safety officers.

FIRE PREVENTION DEPARTMENT

The Fire Prevention Department contributes to community safety and prosperity through the systematic mitigation of risk. Staff work with the development community and partner agencies to help build safe communities; with community stakeholders and residents to maintain and enhance safety at the neighborhood level; and with other agencies and stakeholders to evaluate losses and improve mitigation through engineering, education and enforcement.

Investigation Services – The Investigation Services Division is responsible for investigating or reviewing fires to determine definitive causes for use in developing intervention strategies. After the initial origin and cause investigation is complete, follow-up investigations on criminal fires are conducted in cooperation with local, state and federal law enforcement agencies. Criminal cases are followed-up by filing with the District Attorney's Office, while juvenile-related fires may be handled through the Fire F.R.I.E.N.D.S. diversion program. The follow-up of non-criminal fire is conducted with the cooperation of local building officials and technical experts, with the intended result to reduce the reoccurrence of fires by accurately determining the root cause of all fires. Investigation Services also oversees the Post-Incident Inspection Program (PIIP) in which staff respond to fire scenes to evaluate the effectiveness of a wide array of fire and life safety features.

Planning and Development – The Planning and Development Division ensures that new developments meet state and local fire and life safety requirements. Plan Review and Front Counter staff work closely with the development community, as well as partner agency planning and building staff, to facilitate development and construction consistent with accepted safety practices and adopted standards. Staff review conceptual community design proposals, building fire protection systems, and specific hazardous processes to ensure that appropriate design features have been integrated into each project. Staff also facilitate the adoption and implementation of the latest fire code every three years and develop local amendments to address risks unique to Orange County. New Construction Inspections staff work with contractors to ensure that projects are constructed in a manner consistent with adopted fire and life safety standards. Fuel Modification staff assess hazards and work with developers to apply special vegetation treatments and building construction features designed to reduce wildfire risk in areas where vegetation poses a hazard to buildings and occupants.

Pre-Fire Management – The Pre-Fire Management Division focuses on the systematic reduction and mitigation of risk in the community. The Risk Analysis and Mitigation Evaluation (RAME) program identifies areas of risk-enabling mitigation strategies that will make the most significant impact on community fire losses. RAME uses data from emergency incident reports to identify fire and safety trends within the communities and collaborates internally and externally to develop best practice strategies to effectively minimize or eliminate those recurring issues. The **Ready, Set, Go!** program coordinates all efforts within OCFA specific to wildland fire prevention. The Community Education program develops and delivers fire and life safety presentations targeting OCFA's identified risks. Presentations include residential and workplace fire safety, disaster preparedness and drowning prevention.

Safety and Environmental Services (S&ES) – The Safety and Environmental Services Division assists stakeholders in maintaining and enhancing safe communities. Staff are responsible for conducting annual and triennial maintenance inspections, as well as issuing permits for hazardous processes and special activities. In addition, staff work with businesses storing and/or using large quantities of hazardous materials to ensure emergency responders and the public are aware of the chemicals on site. S&ES also oversees the Multifamily Risk Reduction Program, the Cooking Fires Program, and the Smoke Alarm Program.

BUSINESS SERVICES DEPARTMENT

The Business Services Department provides financial functions such as accounts receivable, accounting, accounts payable, payroll and timekeeping services; provides purchasing, receiving, shipping, warehousing and mail operations; and provides treasury and financial planning services such as banking, investments, issuance of long and short-term debt, budget development, fiscal monitoring, long-term financial planning, and administrative support.

Finance Division – The Finance Division provides financial and treasury support services. The Finance Division oversees the accounting, reporting, planning and auditing of all OCFA financial records. It is also responsible for developing policies and procedures designed to protect and safeguard OCFA’s financial assets. Specific functions and responsibilities include accounts receivable, general accounting (including financial reporting and the monitoring and inventorying of OCFA’s fixed and controlled assets), cost accounting (including grants and incident restitutions), accounts payable (including procurement cards and travel-related disbursements), and payroll (including staffing and timekeeping).

Purchasing and Materiel Management – The Purchasing Division administers the centralized procurement of all supplies, services, equipment and construction services through competitive solicitations. Through centralized procurement, OCFA achieves standardized bidding and evaluation procedures, economies of scale on agency purchases, and an open, fair and competitive procurement process. The Purchasing Division is also responsible for developing and administering procurement policies and procedures and the procurement card program.

- The Materiel Management (Service Center) section provides shipping, receiving and warehousing services for the OCFA; performs mail processing and delivery services; certifies and maintains breathing apparatus; provides repair and fabrication services on equipment, woodworking, safety garments, and tools; manages the acquisition and distribution of bulk supplies and equipment; provides logistical support for both minor and major emergencies; and administers surplus disposition.

Treasury and Financial Planning – The Treasury and Financial Planning Division is responsible for providing a variety of services, including cash management, budget development, and administrative support to the OCFA. Treasury services include monitoring cash balances, managing the investment portfolio in compliance with OCFA’s investment policy, issuing and administering long and short-term debt, providing oversight for the deferred compensation program, and providing analytical support for the Employee Benefits section. Financial planning services include preparation of the budget, monthly analysis and reporting of revenue and expenditure activities, annual reviews of OCFA’s financial health, financial forecasting, and special financial studies. Additional responsibilities include maintenance of lease-purchase agreements and various administrative support functions.

SUPPORT SERVICES DEPARTMENT

The Support Services Department provides support to all departments of the OCFA. Responsibilities include emergency command; preventative maintenance, repair, acquisition, outfitting and disposal of vehicles and apparatus; system development, acquisition, installation and repair of communication and information systems hardware and software; government liaison and legislative advocacy; facility design, construction, repair and maintenance; and long-range analysis of impacts on resources associated with future land use, development and increases in service demands.

Emergency Command Center – The Emergency Command Center (ECC) is responsible for the dispatching function, which includes receiving emergency calls via 911, radio and other telecommunication links; assigning and controlling appropriate emergency response resources; managing unassigned resources to ensure adequate coverage; and providing a communication link for ambulances, law enforcement and other response agencies to fire emergencies. The ECC also maintains the Fire Station Order File, an essential component for Computer Aided Dispatch (CAD) operations. The Emergency Command Center transitioned from the Operations Department to the Support Services Department during Fiscal Year 2011/12.

Fleet Services – The Fleet Services Division provides a full line of services to meet the needs of all vehicle and fire apparatus operated by the OCFA. Fleet Services is responsible for all scheduled preventative maintenance, major repairs on all vehicles and fire apparatus in the fleet, twenty-four hour field repair service and tire repair, renovations and upgrades needed to meet changing equipment outfitting needs, recommending apparatus rotations in the attempt to meet mileage and life goals, and testing/certifying specialty equipment. It also develops vehicle/apparatus specifications and oversees the procurement, safety, manufacturing, and quality assurance of all vehicles/apparatus. Fleet Services is responsible for all bulk fuel ordering and administration of the Voyager fuel card accounts.

Information Technology Division – The Information Technology Division is responsible for the development, operation, maintenance and security of OCFA's computers, network and overall technical infrastructure; the development and support of information systems applications and databases; maintenance of centralized enterprise Geographic Information System (GIS) and mapping capabilities; and the acquisition and maintenance of emergency communications equipment. Activities include development and monitoring of IT standards and guidelines; internal and external network development and coordination; and evaluation, selection and deployment for all computers, printers and automation software and hardware purchases, upgrades and replacements. Additional activities include the analysis, design, programming, implementation, maintenance and security for existing and future computer systems; oversight or the installation of radios and Mobile Data Computers (MDC's) in emergency apparatus; oversight for fire station alarm systems; and purchase and maintenance of pagers.

Legislative Services – The Legislative Services Division monitors legislation and regulations and advocates the OCFA's position before federal, state and local governing and regulating agencies. Responsibilities include seeking federal and state appropriations, providing analysis of proposed legislation for consideration by executive staff and the Board of Directors, and serving as liaison between the OCFA and elected officials at all levels. Beginning in 2010, Legislative Services serves as OCFA's grant coordinator responsible for applying for and tracking grants.

Property Management – The Property Management Division builds, manages and maintains the real property and durable infrastructure of the OCFA. Construction management responsibilities include design, planning and construction of stations built by OCFA, and planning assistance and construction consultation for developer and city built fire stations. Facilities management oversees preventative maintenance, repairs, alterations and improvements of the Regional Fire Operations and Training Center (RFOTC) and fire stations. Property Management also oversees utility usage, energy conservation and regulatory compliance.

Strategic Services – The Strategic Services Division is responsible for the coordination and management of advance and strategic planning efforts within the OCFA. Areas of responsibility include analyzing and monitoring impacts of development, annexation and incorporations; initiating agreements with developers for acquisition of new facilities; and researching demographic issues in order to determine appropriate service levels and benchmarks. Strategic Services also coordinates the OCFA Strategic Plan; responds to requests for parcel information, station location, Insurance Services Office (ISO) ratings and demographic information; and prepares proposals for fire services, accreditation and special reports as required.



Orange County Fire Authority Safety Message

Children Act Fast...So Does Poison!
Poison Prevention Tips

- Lock up all household products and medications out of children's sight and reach.
- Never leave potentially poisonous household products unattended.
- Use household products that are available in child-resistant packaging. Make sure to have safety packaging for prescription medicines.
- Be as careful with non-prescription medicines as you are with prescription medications. To avoid confusion, do not refer to medications as "candy" or take them in front of children.
- Read and follow labels when using any household product or medication.
- Lock and store chemicals and medications in their original containers with labels.
- Install carbon monoxide detectors in your home. Ensure that space heaters, furnaces, fireplaces, and wood-burning stoves are vented properly and inspected annually.
- Keep houseplants out of the reach of children and pets.
- Remove unnecessary household hazardous materials and medicines from the home by disposing of them safely and properly at a **household hazardous waste collection site** or by **calling (714) 834-6752**.