

Orange County Fire Authority

**Comprehensive Annual Financial Report
Year ended June 30, 2010**



Orange County, California

Business Services Department - Finance Division



Orange County Fire Authority Comprehensive Annual Financial Report Year ended June 30, 2010

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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

**ORANGE COUNTY FIRE AUTHORITY
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Introductory

Section





ORANGE COUNTY FIRE AUTHORITY
P. O. Box 57115, Irvine, CA 92619-7115 • 1 Fire Authority Rd., Irvine, CA 92602
Keith Richter, Fire Chief (714) 573-6000 www.ocfa.org

October 25, 2010

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, 2010.

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 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 Mayer Hoffman McCann, P.C., 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, 2010, 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 • Seal Beach • Stanton • Tustin • Villa Park • Westminster • Yorba Linda and Unincorporated Areas of Orange County

RESIDENTIAL SPRINKLERS AND SMOKE DETECTORS SAVE LIVES

The independent audit of the financial statements of the OCFA was part of a broader, federally-mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the OCFA's separately issued Single Audit Report.

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-two member cities and the unincorporated areas of Orange County, California. A twenty-four member Board of Directors governs the OCFA. This Board includes an elected official appointed to represent each of the twenty-two 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 1.4 million residents in a 550 square mile area of Orange County. The OCFA's authorized staffing level was 1,182 full-time positions for Fiscal Year 2009-10. A total of 990 authorized positions (83.8%) of personnel provide front-line services, including emergency response, dispatch and fire prevention. The remaining 192 authorized positions (16.2%) are for technical and administrative support. The OCFA's staffing levels also include 495 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, 2010, a total of 32,425 questionnaires were distributed and 10,004 (30.9%) were returned. The overall satisfaction rating of 97.3%, 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 is required to hold a public hearing on the proposed budget and 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 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 2009-10 economic, political and natural developments highlight some of the significant influences on the economy at the national, state and local levels¹:

- July 2009 – Fitch ratings downgraded California’s long-term bond rating from A- to BBB. Moody’s lowered the State’s rating from A2 to Baa1.
- July 2009 – The Case-Shiller index showed the first rise in U.S. housing prices in three years.
- October 2009 – The Dow Jones Industrial Average closed above 10,000, the first time in a year.
- November 2009 – Jobless benefits were extended. The homebuyer tax credit was extended and expanded.
- January 2010 – S&P lowered California’s bond rating from A to A-.
- January 2010 – A 7.0 magnitude earthquake occurred in Haiti.
- March 2010 – President Obama signed the health care overhaul bill.
- April 2010 – An offshore oil rig explosion caused a massive oil spill in the Gulf of Mexico.
- April 2010 – Ash clouds from an Icelandic volcano shut down airports across Europe.
- April 2010 – President Obama signed an extension of jobless benefits.
- May 2010 – Revised first quarter GDP increased at an annual rate of 3.0%.

National Economy: The National Bureau of Economic Research (NBER) announced in late 2008 that the U.S. had been in a recession since December 2007, brought on primarily by the housing downturn that started in 2006.² 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. Although the national recession most likely ended in late 2009, the NBER will require more time to determine when the recession ended and the recovery began.³

¹ *California Economic Indicators*, California Department of Finance – May/June 2010

² *It’s Official: Recession Since Dec. ’07*, Chris Isidore, CNNMoney.com – December 1, 2008

³ *Work’s Not Over, Even if Recession Is*, Robert Gavin, Boston Globe – April 13, 2010

As of mid-2010, the national economy appeared to continue its recovery, though the overall economic activity remained mixed and the recovery pace remained very gradual. Some positive developments included the stabilization of home prices in many regions, a modest rebound in vehicle sales, a surge in retail sales in early 2010, and strong growth in exports and imports. However, the recovery remains fragile⁴ and some economists believe that the economy may “double dip” into another recession if employment does not increase before the stimulus money created by the February 2009 “American Recovery and Reinvestment Act of 2009” is withdrawn from the economy.⁵

The nation gained 590,000 private sector jobs in the first six months of 2010, as compared to the 3.7 million lost in the first half of 2009. The national unemployment rate declined to 9.5% in June 2010. Although 125,000 jobs were lost in June 2010 due to the loss of temporary Census workers, the loss was offset by the creation of 83,000 private sector jobs. However, the economy needs to add 130,000 jobs each month to keep pace with new workers entering the market.⁶ State and local governments cut 10,000 jobs in June 2010, with an additional 400,000 layoffs projected for later in the year in an effort to close wide budget gaps. States face a cumulative \$140 billion budget gap for the fiscal year beginning July 1, 2010.⁷

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. The Fed began the fiscal year with a federal funds rate at between 0.0% and 0.25%, and indicated that the rate would remain at “exceptionally low levels” for an “extended period.” On June 23, 2010, the Federal Open Market Committee met and voted, as widely expected, to keep the federal funds rate unchanged at a target range of 0.0% to 0.25%. Due to the slow economic recovery pace and the volatility in the financial markets resulting from the European Union financial crisis, it is expected that the Fed will likely continue to keep rates at historically low levels well into next year.

Performance of the OCFA’s investment portfolio is directly impacted by changes in interest rates set by the Fed. The OCFA’s investment income decreased throughout Fiscal Year 2009-10 as its investments matured and were reinvested at lower rates. The portfolio’s effective rate of return began at 1.93% but declined to 0.65% by year-end. Investment income represented approximately 0.5% of the OCFA’s revenue during Fiscal Year 2009-10.

The OCFA also received approximately \$3.7 million in federal funding during Fiscal Year 2009-10, which accounted for approximately 1.5% of the OCFA’s total 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 outlook for the California economy mirrors the national outlook, with recovery from the recession likely to be moderate and prolonged. Since the recession began in December 2007, the number of unemployed Californians has grown by 1.3 million, with an unemployment rate of 12.6% as of March 2010. Although state home building permits actually increased in early 2010, the number

⁴ *California Economic Indicators*, California Department of Finance – May/June 2010

⁵ *Work’s Not Over, Even if Recession Is*, Robert Gavin, Boston Globe – April 13, 2010

⁶ *Recovery Slows with Weak Job Creation in June*, Michael Powell, The New York Times – July 2, 2010

⁷ *Expect Lots of Government Layoffs at State, Local Level*, Paul Davidson, USA Today – July 6, 2010

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

of permits was still 78% less than the peak reached in mid-2005. The median price of existing, single-family homes was up 21% to \$301,800 in March 2010, with housing prices and inventories stabilizing.⁹ Currently, California is facing an estimated \$19.1 billion deficit. The recession and unemployment have resulted in a significant drop in state revenue. There has also been a decline in stimulus funding being made available by the federal government. California is required to adopt a budget no later than June 30 each year. However, the state entered Fiscal Year 2010-11 without a budget in place, the nineteenth time in the last twenty-five years that has occurred.¹⁰ Lack of an approved budget prevents state agencies and departments from paying outstanding claims to their vendors and service providers, including the OCFA.

The direct influence of the state economy on the 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 the OCFA to provide fire suppression services to the State Responsibility Areas (SRA) that are within the OCFA's jurisdiction. Payment of amounts owed to the OCFA by various state agencies as of June 30, 2010, including reimbursement for the November 2009 Ortega and 241 Fires, has been significantly delayed.

County Economy: The most significant county economic factor impacting the OCFA is the housing market. Property taxes comprised 71.1% of the OCFA's total revenues in Fiscal Year 2009-10.

In July 2009, the Orange County Assessor Department reassessed 205,000 properties (rolling them back to the 2002 market level), in addition to the 147,000 properties previously reassessed during Fiscal Year 2008-09.¹¹ On November 30, 2009, the State Board of Equalization announced that, for the first time since the passage of Prop 13, property values across the state would be reduced by 0.237% in Fiscal Year 2010-11 as a result of a decline in the California Consumer Price Index. These property reassessments and an overall weakening housing market have had a negative impact on the OCFA's property tax revenues in Fiscal Year 2009-10 and projected revenues for future fiscal years.

Orange County's housing prices continued to decline in 2009, with the median sales price on single-family homes dropping 6.9% to \$500,210. The minimum household income needed to purchase a home in Orange County is approximately \$72,600 and, although affordability has improved, high prices still keep home ownership out of reach for many residents. Orange County's homeownership rates are comparable to its peer regions, but are still lower than the national rate by approximately 4.5%.¹²

Orange County's cost of living remains one of the highest in the nation among its peer regions, driven primarily by high housing costs. San Francisco and San Jose are the only markets currently more expensive than Orange County. 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.¹³

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 fourteen years, a firm of property tax consultants has been retained to assist

⁹ *California Economic Indicators*, California Department of Finance – May/June 2010

¹⁰ *California Budget Tardy Again, and Here's Why*, The Sacramento Bee – July 1, 2010

¹¹ *Will a Decline in Market Value Reduce My 2009 Property Taxes*, Orange County Assessor Department – July 2009

¹² *2010 Community Indicators Report – Housing Affordability*, Orange County Community Indicators Project – March 2010

¹³ *2010 Community Indicators Report – Cost of Living*, Orange County Community Indicators Project – March 2010

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.

Relevant Financial Policies

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

Financial Stability Budget Policy – This policy is intended to guide the OCFA budget actions toward maintaining long-term financial stability and to establish designated reserve fund 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 twelve 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, polices 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.

Major Initiatives for Fiscal Year 2009-10

New Agreements and Strategic Studies/Initiatives:

- **Joint Powers Authority (JPA) Agreement Renewal** – As of June 30, 2010, all twenty-three member agencies have renewed a twenty-year revised and amended JPA agreement, which provides strategic and financial stability to both the OCFA and its member agencies. The amended JPA agreement becomes effective on July 1, 2010.

- **Strategic Plan** – The OCFA’s Strategic Plan determines the organization’s long-term goals, identifies the best approach for achieving those goals and provides the roadmap for the OCFA’s success. The Strategic Plan was initially adopted in August 2001 and has been updated annually since Fiscal Year 2003-04. A new plan for 2010 – 2015 was adopted by the Board of Directors on June 24, 2010, representing a significant collaborative effort over the previous eighteen months. The updated Strategic Plan includes three new goals for service delivery, performance and accountability, and technology.
- **Focus on Financial Health** – The OCFA faces decreasing revenues and increasing costs, many of which are contractually driven. Significant steps were taken in the development of the Fiscal Year 2009-10 and Fiscal Year 2010-11 budgets to begin preparing for major financial challenges ahead. Additional work will be necessary to develop new strategies for reducing future costs and ensuring a stable financial future for the OCFA.
- **Helicopter Program** – The OCFA began a review of its helicopter program during Fiscal Year 2007-08. The process included a review of a new hangar and replacement helicopters, as well as the identification of future goals for the program. The purchase of two new helicopters was completed during Fiscal Year 2008-09. The process of purchasing a recently-constructed hangar to house the helicopter fleet and replace Specialty Fire Station No. 41 (Fullerton Airport) began in Fiscal Year 2009-10.
- **Changes to Reserve Firefighter Program** – Per direction provided by the Board of Directors in May 2009, a variety of program changes were pursued in Fiscal Year 2009-10 to enhance accountability, improve response times and provide overall enhancements to the operation of the Reserve Firefighter Program. Those changes were evaluated for the six-month period through June 2010 and a comprehensive report was provided to the Board of Directors on September 23, 2010. The Board approved a variety of recommendations outlined in that report, including elimination of the emergency response role at eleven of the twenty-one reserve stations.

Staffing and Personnel:

- **Transition of New Fire Chief** – With a new Fire Chief appointed as the leader of the OCFA effective August 1, 2009, a major initiative for Fiscal Year 2009-10 was to pursue opportunities for the incoming Chief to establish new and constructive working relationships with partner communities, member agencies, labor groups and other key OCFA customers.
- **Hiring Freeze** – A hiring freeze was implemented during Fiscal Year 2008-09 when the OCFA determined that there would be a decline in projected property tax revenues. As a result, a total of eighty-six authorized positions were frozen and un-funded as of June 30, 2010.
 - Staffing recommendations from the Santiago After Action Report included the conversion of the existing part-time hand crew to regular full-time status (22 positions) and the addition of a fourth firefighter on twelve wildland engines, to be phased in over multiple fiscal years (9 phase-one positions authorized and frozen). These planned additions were deferred pending improved financial condition.

- The addition of a four-person truck company at Fire Station No. 20 (Irvine) was deferred until development activity and service demand increases (12 positions).
- Administrative Captain positions for Divisions 1, 4 and 5 were frozen, with personnel transitioning to fill vacant suppression field positions (3 positions).
- Vacancies remained unfilled for an additional twenty-two suppression positions, including Fire Apparatus Engineers (10 positions), Fire Captains (10 positions), a field Battalion Chief (1 position) and a staff Battalion Chief (1 position).
- Vacancies remained unfilled for eighteen non-suppression positions from Fire Prevention (12 positions), Business Services (5 positions) and Support Services (1 position).
- **Promotional Tests and Academies** – Promotional tests and academies are normally completed as part of the OCFA's ongoing succession planning to replace retiring employees. In light of the financial challenges the OCFA faces, all academies and promotional exams were cancelled for Fiscal Year 2009-10.

Fire Station Construction:

- **City-Built Fire Station** – The City of Seal Beach completed construction of Replacement Fire Station No. 48 (Seal Beach) during Fiscal Year 2009-10, at no cost to the OCFA. The facility houses an engine company and a paramedic unit.

Major Initiatives for the Future

Staffing and Personnel:

- **Santiago After Action Report Recommendations** – In March 2008, the Board of Directors authorized certain staffing recommendations contained in the Santiago After Action Report, which would convert the part-time seasonal hand crew to regular year-round status and phase in increased staffing on twelve wildland engines. Implementation of these changes was halted during Fiscal Year 2008-09 after projected property tax revenue declined and the recommendations were deemed no longer affordable due to changing economic conditions. OCFA continues to monitor the affordability of these service enhancements and recommend reinstatement as soon as economically feasible.
- **Promotional Tests and Academies** – An internal promotional process for the Fire Apparatus Engineer position, including an academy for the top fifteen candidates, is scheduled to take place in Fiscal Year 2010-11.

Fire Station Construction:

- **Transition of Hangar Facilities** – During Fiscal Year 2009-10, the OCFA began the process of purchasing a recently-constructed hangar to house the helicopter fleet and replace Specialty Fire Station No. 41 (Fullerton Airport). The new facility will be used to house the fleet of four helicopters, crew administrative offices and maintenance facilities. It is anticipated that the

hangar purchase will be completed in early Fiscal Year 2010-11, with tenant improvement construction expected to be completed later in the year.

- **Replacement Fire Station** – OCFA began the construction phase of Replacement Fire Station No. 17 (Cypress) during Fiscal Year 2008-09. The new facility is being constructed on a property adjacent to the existing fire station and will house an engine company, truck company and paramedic unit. Construction is expected to be completed in late-2010 (Fiscal Year 2010-11).
- **Fire Station Improvements** – OCFA began the construction phase of an upgraded sanitary sewer system at Fire Station No. 18 (Trabuco Canyon) during Fiscal Year 2009-10. Improvements were completed in July 2010 (Fiscal Year 2010-11).
- **City-Built Fire Stations** – The cities of San Clemente, Stanton and Tustin are currently building replacement fire stations at no cost to the OCFA. Replacement Fire Station No. 60 (San Clemente) is in the construction phase and is expected to be completed during Fiscal Year 2010-11. Replacement Fire Station No. 46 (Stanton) is in the permitting/bid phase and is expected to be completed during Fiscal Year 2011-12. Replacement Fire Station No. 37 (Tustin) is in the planning/design phase and is expected to be completed during Fiscal Year 2011-12.

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, 2009. This was the twelfth 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 by the accounting firm of Mayer Hoffman McCann, P.C., in preparing the OCFA CAFR. 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,

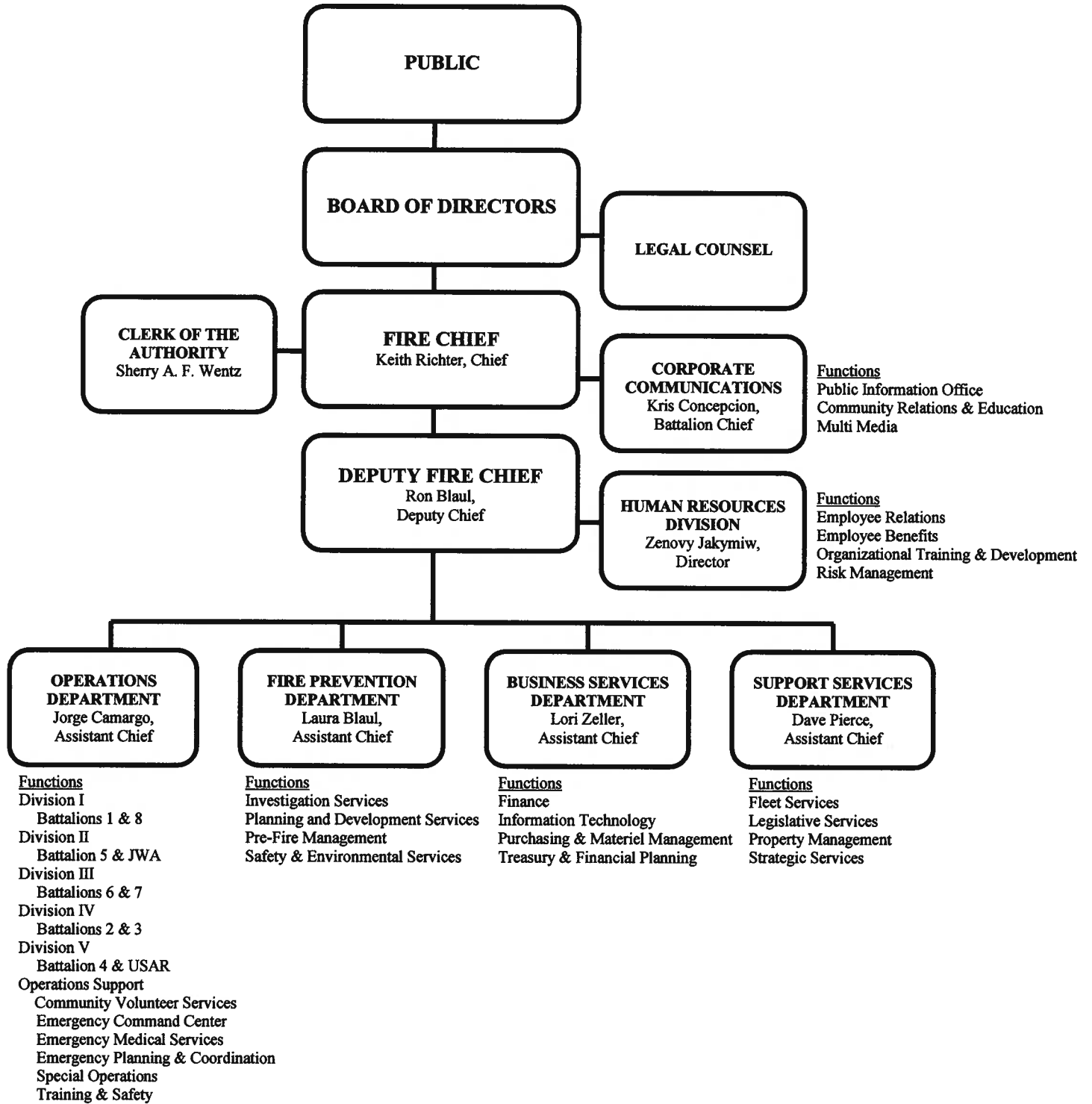


Keith Richter, Fire Chief



Lori Zeller, Assistant Chief
Business Service Department

ORANGE COUNTY FIRE AUTHORITY Organization Chart



ORANGE COUNTY FIRE AUTHORITY Organization of Board of Directors

The Orange County Fire Authority Board of Directors has twenty-four members. Twenty-two of the members represent partner cities and two members represent the county unincorporated area. The Board of Directors meets bimonthly. 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, designations of reserves, 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. Effective beginning the year ended June 30, 2006, the Budget and Finance Committee was 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, 2009

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.



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director



Orange County Fire Authority Safety Message

Beach Safety

- **Swim Near a Lifeguard.** The United States Lifesaving Association statistics, over a ten-year period, show that the chance of drowning at a beach without lifeguard protection is almost five times as great as drowning at a beach with lifeguards. They have also calculated the chance that a person will drown while attending a beach protected by affiliated lifeguards at 1 in 18 million.
- **Use Caution Near Beach Fire Pits.** After a barbecue at the beach, picnickers often cover the hot coals with sand believing that this will extinguish the briquettes. Instead, the sand acts as an insulator making the coals even hotter. The result: children walking over the covered fire pit several hours later can severely burn their feet. Every year, youngsters incur very deep burns on their hands and feet, which require skin grafts and months of recuperation.
- **Avoid Rip Currents.** A rip current is a strong, narrow, surface current of water flowing perpendicular to the beach, out into the ocean. These currents can pull the strongest swimmer into deeper water. You can generally recognize a rip current in the surf zone by:
 - ✓ A discoloration of the water that extends in a band offshore;
 - ✓ Foam or seaweed moving steadily seaward from the breakers;
 - ✓ A mushroom-shaped plume of dirty water extending from near-shore outward to beyond the waves;
 - ✓ Choppy waters in an area of relatively calm waves; or
 - ✓ An offshore plume of turbid water past the breakers.

Beach patrol personnel, who can easily see these characteristics from their elevated towers, typically post warnings on guarded beaches when they are observed. If you are being dragged from the shore by a rip current, remain calm! Let the current carry you. Fighting against it will only tire you, and most rip currents weaken a short distance from the sandbar that creates them. Signal to someone on the beach that you need assistance.



Financial

The logo is a Maltese cross shape. Inside the cross, there is a circular emblem depicting a landscape with mountains, a river, and oranges. The text "FIRE" is at the top, "ORANGE COUNTY" is in the middle, "CALIFORNIA" is at the bottom, and "AUTHORITY" is at the very bottom. "Est. 1989" is written below the cross.

Section





Mayer Hoffman McCann P.C.

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Board of Directors
Orange County Fire Authority
Irvine, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Orange County Fire Authority ("OCFA"), California, as of and for the year ended June 30, 2010, which collectively comprise the OCFA's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the OCFA. Our responsibility is to express opinions on these financial statements based on our audit. The prior partial comparative information has been derived from the financial statements of the OCFA for the year ended June 30, 2009, and in our report dated October 9, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the OCFA, as of June 30, 2010, the respective changes in financial position and the respective budgetary comparison information for the general fund and major special revenue funds of the OCFA for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the OCFA's basic financial statements. The introductory section, combining nonmajor fund financial statements, supplementary budget comparison schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and supplementary budget comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Board of Directors
Orange County Fire Authority
Irvine, California

In accordance with *Government Auditing Standards*, we have also issued a report dated October 25, 2010 on our consideration of the OCFA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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.

Mayer Hoffman McGinnis & Co.

Irvine, California
October 25, 2010

Management's Discussion and Analysis



Swift Water Rescue

ORANGE COUNTY FIRE AUTHORITY
Management's Discussion and Analysis
Year ended June 30, 2010

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, 2010.

Financial Highlights

- The assets of the OCFA exceeded its liabilities by \$301,306,253 at the end of the current fiscal year. Net assets consisted of investments in capital assets, net of related debt, in the amount of \$183,717,406 (61.0%); and unrestricted net assets in the amount of \$117,588,847 (39.0%). Total net assets decreased by \$7,500,985 from the prior fiscal year. Current year operations increased net assets by \$6,506,279, but beginning net assets were reduced by \$14,007,264 for a prior period adjustment.
- As of the close of the current fiscal year, the OCFA's governmental funds showed combined ending fund balances totaling \$169,757,043, a decrease of \$7,951,353 from the prior fiscal year. Of the total ending fund balance, approximately \$162,958,341 (96.0%) was available for funding future operational needs (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$75,183,760, or 32.5 % of total General Fund expenditures. A total of \$19,981,874 was designated for the Board-directed 10% operating contingency; \$10,928,956 for future cash flow needs; \$36,899,954 for workers' compensation; and \$1,109,276 for training and education.

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. They present activities of the OCFA that are principally supported by taxes and charges for services. The OCFA provides services for fire protection, emergency medical, fire prevention, safety, rescue and hazardous materials response services. The government-wide financial statements can be found on pages 19-20 of this report.

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. 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 are divided into two broad 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. The basic governmental fund financial statements can be found on pages 22-32 of this report.

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 *Balance Sheet* of governmental funds and the *Statement of Revenues, Expenditures and Changes in Fund Balances* of governmental funds provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The OCFA maintains seven individual governmental funds. Information is presented separately for each major fund on the *Balance Sheet* of governmental funds and on the *Statement of Revenues, Expenditures and Changes in Fund Balances* of governmental funds. The OCFA's four major funds for the current fiscal year include the General Fund, Communications & Information Systems Fund, Vehicle Replacement Fund and Capital Projects Fund. Data from the other three governmental funds are combined into a single, aggregated presentation located on the governmental fund financial statements. The OCFA's three nonmajor funds for the current fiscal year included the Facilities Maintenance & Improvements Fund, Structural Fire Entitlement Fund, and Debt Service Fund. Individual fund data for each of these nonmajor governmental funds is provided in the combining statements located in the accompanying Supplementary Schedules section. The OCFA adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements and schedules have been provided for the governmental funds to demonstrate compliance with this budget.

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 35-65 of this report.

Supplementary Schedules. The combining statements referred to earlier in connection with nonmajor governmental funds are presented in the Supplementary Schedules section. Combining and individual fund statements and schedules can be found on pages 68-79 of this report.

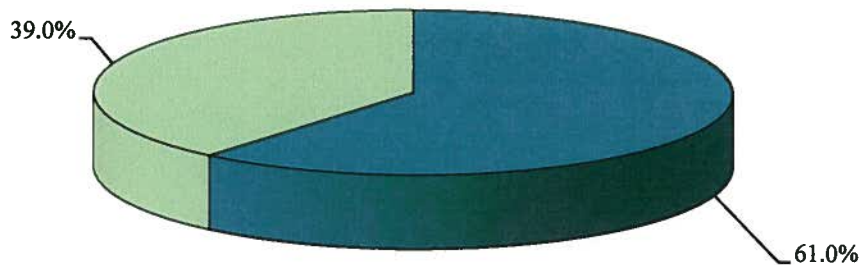
Government-wide Financial Analysis

Net Assets. Net assets may serve over time as a useful indicator of a government’s financial position. The OCFA’s net assets totaled \$301,306,253 at the end of the current fiscal year, a 2.4% decrease from the prior fiscal year. Following is a summary of the government-wide Statement of Net Assets:

**ORANGE COUNTY FIRE AUTHORITY
Net Assets of Governmental Activities
Current and Prior Fiscal Years**

	June 30, 2010	June 30, 2009	Increase (Decrease)	
			Amount	%
Assets:				
Current and other assets	\$ 180,977,487	\$ 191,285,402	\$ (10,307,915)	-5.4%
Capital assets	202,495,677	201,596,478	899,199	0.4%
Total assets	383,473,164	392,881,880	(9,408,716)	-2.4%
Liabilities:				
Long-term liabilities	70,931,114	70,373,306	557,808	0.8%
Other liabilities	11,235,797	13,701,336	(2,465,539)	-18.0%
Total liabilities	82,166,911	84,074,642	(1,907,731)	-2.3%
Net assets:				
Invested in capital assets, net of related debt	183,717,406	172,293,178	11,424,228	6.6%
Restricted	-	7,394,371	(7,394,371)	-100.0%
Unrestricted	117,588,847	129,119,689	(11,530,842)	-8.9%
Total net assets	\$ 301,306,253	\$ 308,807,238	\$ (7,500,985)	-2.4%

Net Assets of Governmental Activities at June 30, 2010



■ Invested in Capital Assets (Net of Related Debt)	■ Unrestricted
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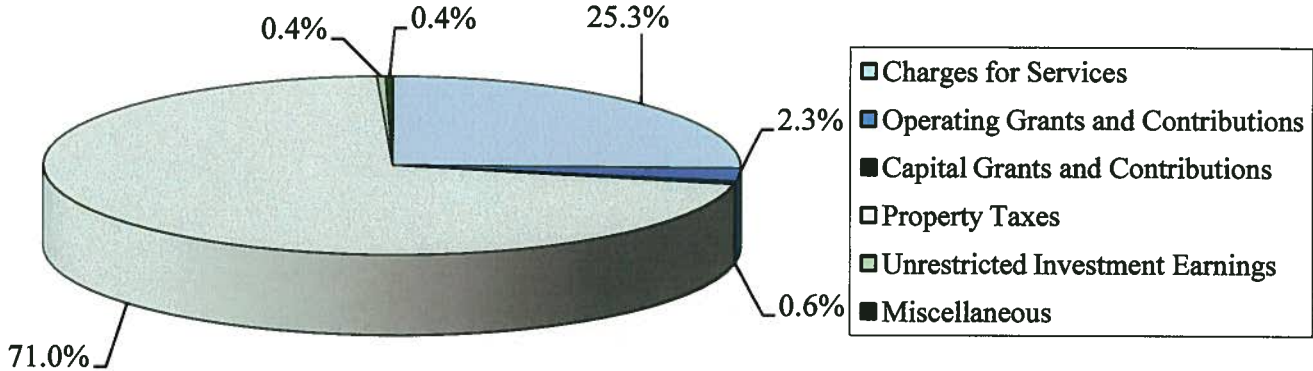
- The largest portion of the OCFA’s net assets (61.0%) reflects its investment in capital assets, less any related outstanding debt used to acquire those assets. The OCFA uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although 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.
- The remaining balance of net assets is considered unrestricted (39.0%) and may be used to meet the OCFA’s ongoing obligations to citizens and creditors. At the end of the current and prior fiscal years, the OCFA reported positive balances in both categories of net assets.
- In prior fiscal years, restricted net assets were established due to requirements of the revenue bonds issued for the construction of the Regional Fire Operations and Training Center. Those revenue bonds were repaid in full during Fiscal Year 2009-10 and, accordingly, the restriction on net assets of governmental activities has been reduced to zero as of June 30, 2010.

Changes in Net Assets. For the year ended June 30, 2010, current year operations increased the OCFA’s net assets by \$6,506,279, an indication that its financial position improved during the year. Following is a summary of the government-wide Statement of Activities:

ORANGE COUNTY FIRE AUTHORITY
Changes in Net Assets of Governmental Activities
Current and Prior Fiscal Years

	FY 2009-10	FY 2008-09	Increase (Decrease)	
			Amount	%
Program revenues:				
Charges for services	\$ 63,743,942	\$ 67,305,621	\$ (3,561,679)	-5.3%
Operating grants and contributions	5,784,969	5,981,800	(196,831)	-3.3%
Capital grants and contributions	1,415,618	140,903	1,274,715	904.7%
General revenues:				
Property taxes	179,001,919	184,696,756	(5,694,837)	-3.1%
Unrestricted investment earnings	1,006,128	3,704,964	(2,698,836)	-72.8%
Miscellaneous	890,127	1,925,998	(1,035,871)	-53.8%
Total revenues	251,842,703	263,756,042	(11,913,339)	-4.5%
Public safety expenses:				
Salaries and benefits	211,729,989	209,092,693	2,637,296	1.3%
Services and supplies	24,318,065	31,425,592	(7,107,527)	-22.6%
Depreciation and amortization	8,432,793	7,923,947	508,846	6.4%
Interest on long-term debt	855,577	1,718,137	(862,560)	-50.2%
Total expenses	245,336,424	250,160,369	(4,823,945)	-1.9%
Change in net assets	6,506,279	13,595,673	(7,089,394)	-52.1%
Net assets, beginning of year	308,807,238	295,211,565	13,595,673	4.6%
Prior period adjustment	(14,007,264)	-	(14,007,264)	-100.0%
Net assets, end of year	\$ 301,306,253	\$ 308,807,238	\$ (7,500,985)	-2.4%

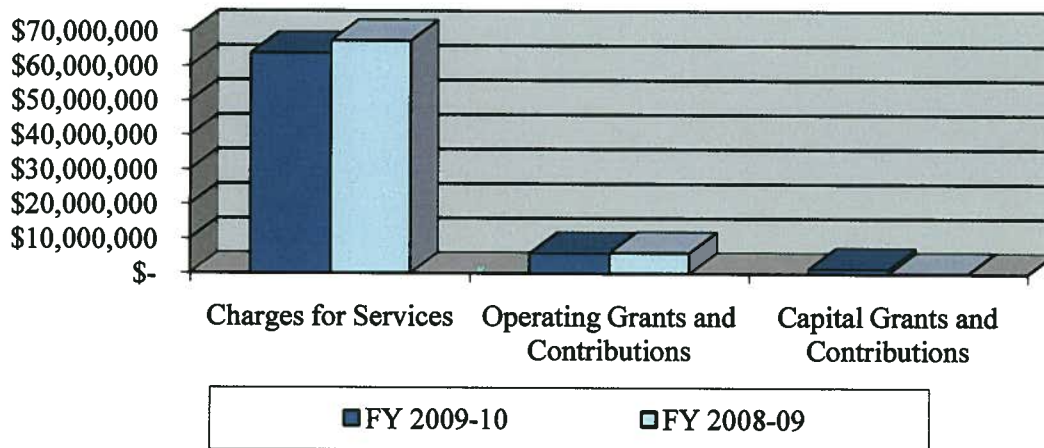
**Revenues of Governmental Activities
FY 2009-10**



- Program revenues in the amount of \$70,944,529 accounted for 28.2% of total revenues.
 - Charges for services include amounts received from those who purchase, use or directly benefit from or are affected by a program. These revenues decreased by \$3,561,679 (5.3%) from the prior fiscal year and accounted for 25.3% of total revenues.
 - State assistance by hire services performed for the California Department of Forestry (CALFIRE) and the California Emergency Management Agency (CAL EMA) decreased by approximately \$4.65 million. Significant fire incidents claimed for reimbursement during Fiscal Year 2009-10 included the Station Fire in August 2009 and the Guiberson Fire in September 2009. However, total reimbursements for state incidents were less than the prior year, primarily due to major Fiscal Year 2008-09 incidents such as the SHU Lightning Fire in July 2008 and the Freeway Complex Fire in November 2008.
 - Cash contract city charges increased by approximately \$1.5 million. The State Responsibility Area (SRA) contract with CALFIRE increased by approximately \$600,000.
 - Disaster relief services performed for the Federal Emergency Management Agency (FEMA) decreased by approximately \$1 million. During Fiscal Year 2009-10, the OCFA's Urban Search and Rescue (USAR) Task Force was mobilized for response to the earthquake in Haiti in January 2010 (\$400,000). Significant disaster relief events claimed for reimbursement during Fiscal Year 2008-09 included the Freeway Complex Fire in November 2008 (\$400,000) and Hurricanes Ike and Gustav in February 2009 (\$1 million).
 - Operating grants and contributions include grants, contributions, donations and similar items that are restricted to one or more specific program. These revenues decreased by \$196,831 (3.3%) from the prior fiscal year and accounted for 2.3% of total revenues.
 - Tax increment passed through from member cities decreased by approximately \$450,000, primarily due to revenue received for the Great Park located in the City of Irvine.

- Revenues from state and federal operating grants increased by approximately \$400,000, including increased reimbursements for the Urban Search and Rescue Program, the Urban Areas Security Initiative and the State Homeland Security Grant Program.
- Donations and other revenue sources decreased by approximately \$150,000 and included revenues from various corporate and individual donors, the California Joint Apprenticeship Committee and other sources.
- 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 \$1,274,715 (904.7%) over the prior fiscal year and accounted for 0.6% of total revenues.
 - Revenues from state and federal capital grants increased by approximately \$750,000, primarily due to the Fiscal Year 2009-10 Public Safety Interoperable Communications (PSIC) Grant for the purchase of radios.
 - Revenues from developer contributions increased by approximately \$550,000. During Fiscal Year 2009-10, the OCFA received reimbursement from the Irvine Development Company for the purchase of a Type 1 Engine at Fire Station No. 20 (Great Park). No developer contributions were received during Fiscal Year 2008-09.

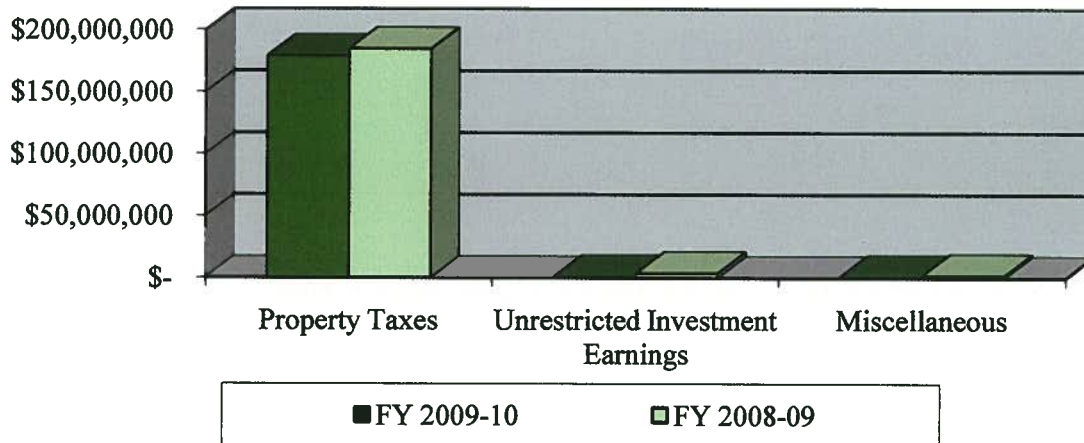
**Program Revenues
Comparison of Current and Prior Fiscal Years**



- General revenues include all revenues that do not qualify as program revenues, such as taxes, investment earnings, gains on sale of capital assets and other miscellaneous revenues. General revenues totaled \$180,898,174 in Fiscal Year 2009-10 and accounted for 71.8% of total revenues.
 - The largest general revenue, property taxes, decreased by \$5,694,837 (3.1%) from the prior fiscal year. Property taxes accounted for 71.0% of total revenues.
 - Unrestricted investment earnings decreased by \$2,698,836 (72.8%) 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, 2010 was 0.65%, as compared to 1.93% as of June 30, 2009.

- Miscellaneous revenues decreased by \$1,035,871 (53.8%), primarily due to \$1 million received from the Orange County Professional Firefighters Association IAFF Local 3631 in Fiscal Year 2008-09, in connection with an amended contract governing OCFA’s contributions to the firefighter medical trust.

**General Revenues
Comparison of Current and Prior Fiscal Years**



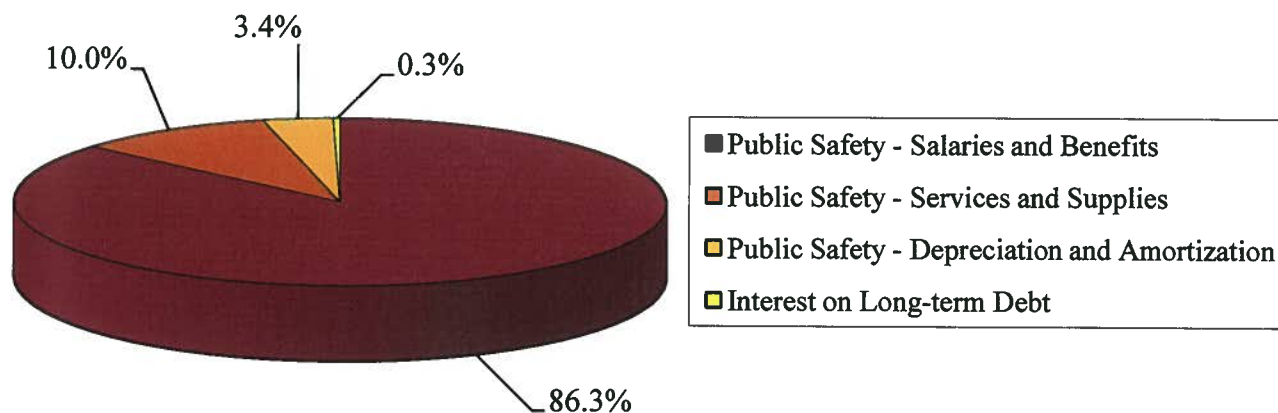
- Total expenses decreased by \$4,823,945 (1.9%) from the prior fiscal year.
 - Salaries and benefits increased by \$2,637,296 (1.3%) over the prior fiscal year and accounted for 86.3% of total expenses. The most significant increases in Fiscal Year 2009-10 were for retirement costs (\$4.25 million), regular and specialty pay (\$1.35 million) and health insurance (\$700,000). The most significant decreases were for overtime (\$3.3 million) and extra help costs (\$400,000). 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 decreased by \$7,107,527 (22.6%) from the prior year and accounted for 10.0% of total expenses.
 - In Fiscal Year 2008-09, the OCFA incurred a one-time expense of approximately \$1.3 million to reimburse the City of Irvine for a Traffic Signal Preemption System.
 - The 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”. Generally, a lower confidence level results in a lower actuarial liability, and vice versa. On May 27 2010, the Board of Directors authorized to reduce the OCFA’s confidence level from 80% to 50%, resulting in a decrease in the estimated liability and expense for the year. The portion of the overall decrease in services and supplies pertaining to workers’ compensation expense was approximately \$5.6 million, as summarized below:

	FY 2009-10	FY 2008-09	Increase (Decrease)
Actual claims paid	\$5.0 million	\$3.4 million	\$1.6 million
Change in actuarial estimate	(\$4.4 million) *	\$2.8 million ^	(\$7.2 million)
Total fiscal year expense	\$0.6 million	\$6.2 million	(\$5.6 million)

* 50% confidence level / ^ 80% confidence level

- Depreciation and amortization expense, which had no impact on the OCFA’s cash balances, increased by \$508,846 (6.4%) and accounted for 3.4% of total expenses.
 - Depreciation and amortization on equipment increased by approximately \$300,000. Depreciation on two Bell helicopters increased by approximately \$700,000 in Fiscal Year 2009-10, since they were both placed into service mid-way through the prior fiscal year. Depreciation on the mobile data computer (MDC) network, the Cisco network and the fire station alarm network decreased by approximately \$400,000, since these equipment items were fully depreciated in the prior fiscal year.
 - Depreciation on vehicles increased by approximately \$200,000. Depreciation increased by approximately \$300,000 due to the first full year of depreciation on six Type 3 Engines, one Heavy Rescue Unit, one Bulldozer, one Tractor Drawn Aerial and nine Type 1 Engines. This was offset by a decrease of approximately \$100,000 on four 90’ Quints and one 75’ Quint that were fully depreciated in the prior fiscal year.
- Interest on long-term debt decreased by \$862,560 (50.2%) from the prior year and accounted for 0.3% of total expenses.
 - During Fiscal Year 2008-09, the OCFA incurred approximately \$750,000 of interest expense in conjunction with the issuance of Tax and Revenue Anticipation Notes (TRAN). There was no TRAN issued during Fiscal Year 2009-10.
 - Interest expense on the 2008 capital lease increased by approximately \$300,000, since the lease was issued mid-way through the prior fiscal year
 - In August 2009, the OCFA repaid the remaining balance of its 2001 revenue bonds, plus accrued interest, resulting in a decline in interest expense of approximately \$250,000 for Fiscal Year 2009-10.
 - During Fiscal Year 2008-09, the OCFA incurred interest expense of approximately \$100,000 for an arbitrage rebate liability calculated for the 2005 capital lease.

**Expenses of Governmental Activities
FY 2009-10**



Financial Analysis of the OCFA's Funds

As noted earlier, the OCFA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. 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. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for funding future operational needs.

As of the end of the current fiscal year, the OCFA's governmental funds reported combined ending fund balances of \$169,757,043, a decrease of \$7,951,353 in comparison with the prior fiscal year.

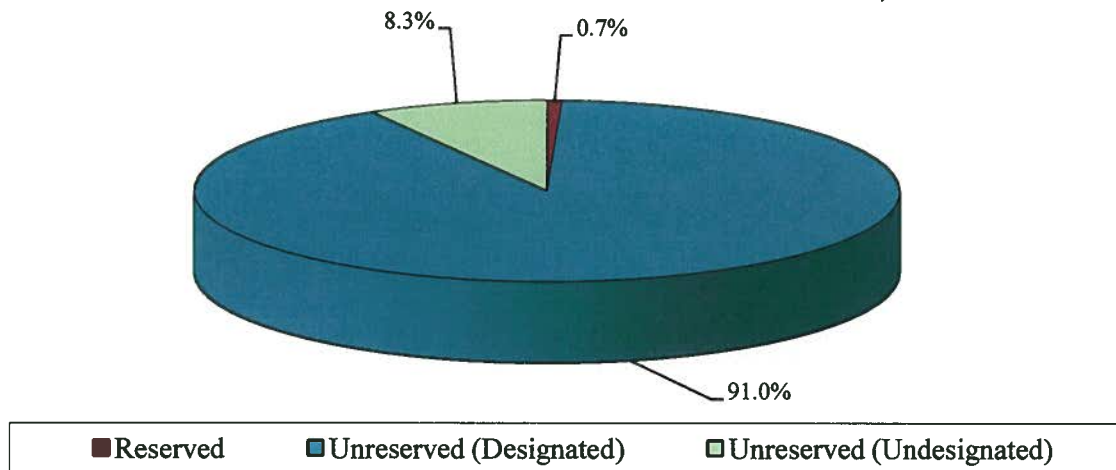
- **Unreserved fund balance**, which is the portion of fund balance available for funding future operational needs, totaled \$162,958,341 (96.0%). Unreserved fund balance includes \$143,706,707 that is designated for specific purposes such as capital improvement program, workers' compensation, the 10% operating contingency for emergencies and economic uncertainties, future cash flow needs, training and education and future service enhancements. The portion of unreserved fund balance that was undesignated totaled \$19,251,634.
- **Reserved fund balance**, which is the portion of fund balance that is not available for new spending, totaled \$6,798,702 (4.0%). Reserved fund balance has already been committed to liquidate contracts and purchase orders of the prior period (\$6,113,880) and to fund costs that were prepaid during the current fiscal year (\$684,822).

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 accompanying fund financial statements. The OCFA reported four major funds during the current fiscal year.

- The **General Fund** is the chief operating fund of the OCFA. At the end of the current fiscal year, fund balance totaled \$75,698,479, of which \$75,183,760 (99.3%) was unreserved and \$514,719 (0.7%) was reserved for encumbrances and prepaid costs.
 - As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. General Fund expenditures totaled \$231,588,600 in the current fiscal year. Unreserved fund balance equaled 32.5% of total General Fund expenditures, while total fund balance equaled 32.7% of that same amount.
 - A portion of the General Fund's unreserved fund balance totaling \$68,920,060 was considered designated. OCFA policy modified by the Board on November 18, 2004, requires the establishment of an operating contingency designation set at 10% of the total operating expenditures, excluding grant-funded expenditures. The purpose of the operating contingency designation is to provide for emergencies and economic uncertainties. The total amount of the General Fund's fund balance designated for the operating contingency at the end of the current fiscal year was \$19,981,874. Additionally, \$36,899,954 was designated for workers'

compensation claims; \$10,928,956 was designated for anticipated cash flow needs for Fiscal Year 2010-11; and \$1,109,276 was designated for training and education.

Fund Balances of the General Fund at June 30, 2010



- Total fund balance of the OCFA’s General Fund increased by \$6,354,781 during the current fiscal year. The prior year’s fund balance increased by \$1,221,450, a difference of \$5,133,331.
 - Revenue from property taxes decreased by approximately \$5.7 million. There were declines in secured and unsecured property taxes (\$3.9 million), as well as declines in supplemental property taxes (\$1.8 million).
 - Intergovernmental revenue decreased by approximately \$5.5 million, primarily due to declines in state and federal reimbursements for fire and other disaster incidents. In the prior fiscal year, OCFA received approximately \$1.7 million from CALFIRE for the in-county Freeway Complex Fire, and approximately \$1 million from FEMA for Hurricanes Gustav and Ike.
 - Expenditures pertaining to salaries and benefits increased by approximately \$3.1 million over the prior year.
 - Retirement costs increased by approximately \$4.25 million, primarily due to the increase in the employer contribution rate for safety employees from 33.43% in the prior fiscal year to 38.24% in the current fiscal year.
 - Overtime costs decreased by approximately \$3.3 million, primarily due to a decline in backfill required for fire and other disaster incidents and firefighter academies. Also, there were two firefighter academies and internal promotional tests for Battalion Chief and Fire Apparatus Engineer in the prior fiscal year. Academies and promotional exams were cancelled for Fiscal Year 2009-10.
 - Regular and specialty pay increased by approximately \$1.35 million. Salary costs increased by 3.0%, as authorized by Memorandums of Understanding with bargaining units, but were offset by a significant number of frozen and vacant positions throughout the organization.

- Health insurance costs increased by approximately \$700,000, due primarily to an increase in firefighter health insurance premiums.
- Extra help costs decreased by approximately \$400,000, caused primarily by the elimination of the hand crew during the current fiscal year and overall reductions in the number of extra help employees due to cost containment measures.
- Salary costs for employees on workers' compensation increased by approximately \$300,000.
- Vacation payouts to employees increased by approximately \$200,000, primarily due to the retirement of several long-term personnel.
- Transfers out to other funds decreased by approximately \$19.5 million.
- The *Communications & Information Systems Fund* had a total fund balance of \$29,225,611 at the end of the current fiscal year, of which \$28,690,003 (98.2%) was unreserved and \$535,608 (1.8%) was reserved for encumbrances and prepaid costs.
 - Fund balance reserved for encumbrances pertained to purchase orders issued for various fire communications and information system projects, including the Public Safety Systems Project and the purchase of mobile data computers.
 - Total fund balance increased by \$1,074,793 during the current fiscal year. The prior year's fund balance increased by \$7,838,923, a difference of \$6,764,130.
 - Intergovernmental revenue increased by approximately \$700,000, primarily related to the current fiscal year's Public Safety Interoperable Communications (PSIC) Grant for the purchase of 800 Mhz radios.
 - Interest income decreased by approximately \$300,000 due to an overall declining rate of return on the investment portfolio.
 - Services and supplies increased by approximately \$1.7 million, primarily due to the current fiscal year purchase of portable and mobile radios, an organization-wide upgrade to Microsoft Office 2007, and software maintenance and licensing for the Regional Automatic Vehicle Locator (AVL). A portion of the radio purchases was reimbursed by the PSIC Grant.
 - Capital outlay decreased by approximately \$500,000, primarily due to prior fiscal year purchases for the Fleet System Replacement project, an upgrade for the RFOTC telephone system, and installation of communications equipment on a greater number of vehicles.
 - Debt service increased by approximately \$400,000 due to the early repayment of the 2005 capital lease in the current fiscal year.
 - Transfers in from other funds decreased by approximately \$5.5 million.

- The *Vehicle Replacement Fund* had a total fund balance of \$41,139,950 at the end of the current fiscal year, of which \$37,271,682 (90.6%) was unreserved and \$3,868,268 (9.4%) was reserved for encumbrances and prepaid costs.
 - Fund balance reserved for encumbrances pertained to purchase orders issued for various fire apparatus, including two 100' Aerial Ladder Platform Quints, one 75' Aerial Ladder Quint and one 4x4 Crew Cab.
 - Total fund balance decreased by \$7,532,345 during the current fiscal year. The prior year's fund balance increased by \$7,443,974, a difference of \$14,976,319.
 - Interest income decreased by approximately \$400,000 due to an overall declining rate of return on the investment portfolio.
 - Developer contribution revenue increased by approximately \$500,000 due to the current fiscal year contribution from Irvine Community Development Company for the purchase of a Type I Engine at Fire Station No. 20 (Great Park).
 - Services and supplies increased by approximately \$300,000, primarily due to the current fiscal year purchase of accessories, preventative maintenance and extended warranties for ninety new automated external defibrillators (AED).
 - Capital outlay expenditures decreased by approximately \$23.6 million.
 - In the prior fiscal year, the OCFA purchased two new Bell helicopters and related equipment for approximately \$21.7 million.
 - In the current fiscal year, the OCFA replaced 90 automated external defibrillators (AED) with upgraded models for a cost of approximately \$1.1 million.
 - Capital outlay expenditures pertaining to the purchase and outfitting of fire apparatus decreased by approximately \$3 million.
 - Debt service expenditures increased by approximately \$3.7 million due to the early repayment of the 2003 and 2005 capital leases in the current fiscal year. In addition, the number of principal and interest payments on the 2008 capital lease increased from two to four, since the lease was issued mid-way through the prior fiscal year.
 - Transfers in from other funds decreased by approximately \$13.2 million.
 - In the prior fiscal year, the OCFA received one-time funding of approximately \$21.5 million by issuing the 2008 capital lease to finance the purchase of two new Bell helicopters and related equipment.

- The **Capital Projects Fund** had a total fund balance of \$16,812,226 at the end of the current fiscal year, of which \$14,947,117 (88.9%) was unreserved and \$1,865,109 (11.1%) was reserved for encumbrances.
 - Fund balance reserved for encumbrances consisted primarily of purchase orders issued for ongoing construction of Fire Station No. 17 (Cypress).
 - Total fund balance decreased by \$239,691 during the current fiscal year. The prior year's fund balance decreased by \$142,718 a difference of \$96,973.
 - Interest income decreased by approximately \$200,000 due to an overall declining rate of return on the investment portfolio.
 - Capital outlay increased by approximately \$1.3 million, primarily related to construction costs for Fire Station No. 17 (Cypress) and an upgraded sanitary sewer system at Fire Station No. 18 (Trabuco Canyon).
 - Transfers in from other funds increased by approximately \$1.4 million.

General Fund Budgetary Highlights

Total appropriations in the General Fund increased during this fiscal year by \$1,808,657 and are summarized as follows:

Salaries and benefits	\$ 760,806
Services and supplies	917,046
Capital outlay	<u>130,805</u>
Total increase to General Fund appropriations	<u>\$1,808,657</u>

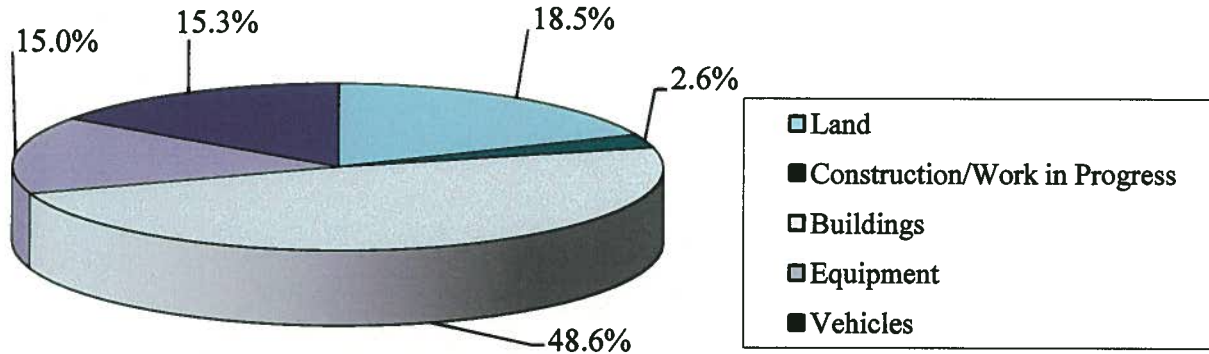
The increase in General Fund appropriations was funded by net increases to budgeted revenues totaling \$3,366,271, which are summarized as follows:

Taxes	\$(1,468,864)
Intergovernmental	4,471,443
Charges for services	(260,794)
Use of money and property	135,379
Miscellaneous	339,666
Sale of capital and other assets	85,441
Insurance recoveries	<u>64,000</u>
Net increase to General Fund budgeted revenues	<u>\$3,366,271</u>

Capital Assets and Debt Administration

Capital Assets. The OCFA's investment in capital assets for its government activities at the end of the current fiscal year totaled \$202,495,677 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, equipment, vehicles, work in progress and construction in progress.

**Capital Assets, Net of Accumulated Depreciation and Amortization
 at June 30, 2010**



Net capital assets increased over the prior fiscal year by \$899,199 (0.4%). Following is a summary of net capital assets by type for the current and prior fiscal year.

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

	Governmental Activities			
	June 30, 2010	June 30, 2009	Increase (Decrease)	
			Amount	%
Land	\$ 37,397,850	\$ 37,397,850	\$ -	0.0%
Construction in progress	3,068,407	992,785	2,075,622	209.1%
Work in progress	2,153,037	3,946,941	(1,793,904)	-45.5%
Buildings	120,395,710	120,395,710	-	
Accumulated depreciation	(21,950,074)	(19,280,103)	(2,669,971)	
Buildings, net	98,445,636	101,115,607	(2,669,971)	-2.6%
Equipment	54,012,867	53,518,497	494,370	
Accumulated depreciation and amortization	(23,602,096)	(22,247,765)	(1,354,331)	
Equipment, net	30,410,771	31,270,732	(859,961)	-2.8%
Vehicles	64,878,312	59,684,069	5,194,243	
Accumulated depreciation	(33,858,336)	(32,811,506)	(1,046,830)	
Vehicles, net	31,019,976	26,872,563	4,147,413	15.4%
Total, net	\$ 202,495,677	\$ 201,596,478	\$ 899,199	0.4%

Major capital asset additions during the current fiscal year included the following:

- Additions to construction in progress (CIP) consisted primarily of construction costs incurred for replacement Fire Station No. 17 (Cypress) and an upgraded sanitary sewer system at Fire Station No. 18 (Trabuco).

- Work in progress (WIP) accounted for thirty projects during the current fiscal year, thirteen of which were placed into service and seventeen of which were still in progress at year-end.
 - Fire engines, trucks and other vehicles are classified as WIP at year-end if they are in the process of being outfitted for operation and will be completed over the span of multiple fiscal years. Additions during the current fiscal year were for five Type I Wildland Interface Engines, seven Type I Engines, ten paramedic vans, four Suburban Command Vehicles and one pickup truck.
 - Eleven vehicles were completed and transferred to vehicles during the current fiscal year, including four Type I Wildland Interface Engines, six Type I Engines and one pickup truck. The remaining vehicles were classified as WIP at year-end.
 - Communications and information systems projects are also classified as WIP at year-end if they are implemented over the span of multiple fiscal years. The most significant additions during the current fiscal year were the Wireless Project, a grant-funded Live Move Up Module (MUM) Project and a Fleet Management System. The Live MUM and Fleet Management Systems were completed and transferred to equipment during the current fiscal year, while the Wireless Project was classified as WIP at year-end.
- Thirty-eight vehicles were added to the OCFA’s fleet during Fiscal Year 2009-10 (including the eleven that were transferred from WIP). The most significant additions were thirteen Type I Engines (\$5.9 million). Other additions included three ambulances, installation of Compressed Air Foam Systems (CAFS) on five patrols, fifteen sport utility vehicles, one fork lift and one pickup truck.
- The most significant equipment additions were the purchase of ninety new automated external defibrillators (AED) (\$1.1 million).

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. Bonded debt represents bonds secured solely by a specified revenue source (i.e., property taxes). At the end of the current fiscal year, the OCFA had no outstanding liability for bonded debt. Following is a summary of the OCFA’s outstanding 2001 Revenue Bonds, which were issued to finance a portion of the cost to construct the Regional Fire Operations and Training Center:

	<u>2001 Revenue Bonds</u>
Outstanding liability, including premium:	
June 30, 2010	\$ -
June 30, 2009	<u>7,053,609</u>
Increase (decrease)	<u>(\$7,053,609)</u>

Total long-term liabilities increased by net \$557,808 (0.8%) during the current fiscal year, including a restatement to the balance previously reported.

- Additions to long-term liabilities included the following:
 - The beginning balance of liabilities for worker's compensation claims was restated based on information obtained from a revised actuarial valuation. The restatement increased the beginning liability balance by \$14,007,264.
 - Liabilities increased for worker's compensation claims (\$630,421), compensated absences (\$11,403,420) and the net other post employment benefit (OPEB) obligation pertaining to retiree medical benefits (\$8,794,983). The increase in worker's compensation claims factors in a Board-approved change in confidence level from 80% to 50%.
- Decreases to long-term liabilities included the following:
 - Debt service was paid on revenue bonds and capital lease obligations totaling \$13,384,195, including amortization on the bond premium in the amount of \$13,609.
 - Liabilities decreased by the amount of payouts and usage of vacation/sick leave totaling \$10,934,732, payments for worker's compensation claims totaling \$5,062,159 and contributions to the Retiree Medical Plan in the amount of \$4,475,727.
 - Liabilities totaling \$421,467 were repaid for various claims, including an amount due to the United States Treasury for excess arbitrage rebate earnings on the 2005 capital lease.

Additional information on the OCFA's long-term liabilities can be found in Note 9 of the accompanying Notes to the Financial Statements.

Next Year's Budget

The Fiscal Year 2010-11 General Fund adopted expenditure budget is approximately \$237 million, which is a net increase of \$1.2 million (0.5%) from the final adopted Fiscal Year 2009-10 General Fund budget. The net increase reflects the impact of the following:

- \$7.6 million (3.6%) increase to salaries and benefits, as authorized by existing Memorandums of Understanding (MOU's) with all bargaining units and updated employee benefit rates in Fiscal Year 2010-11
- \$1.4 million (6.4%) decrease in services and supplies and equipment purchases
- An overall \$5 million reduction mandated by the Board of Directors

The total number of authorized positions in the Fiscal Year 2010-11 budget is 1,181, which reflects a decrease of one limited term position from Fiscal Year 2009-10. The budget reflects funding for only 1,107 of those authorized positions as vacancies are remaining unfilled.

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.

Government-wide Financial Statements



Urban Search & Rescue

ORANGE COUNTY FIRE AUTHORITY
Statement of Net Assets
June 30, 2010
(With Comparative Data for Prior Year)

	Governmental Activities	
	2010	2009
Assets:		
Cash and investments (Note 3a)	\$ 167,234,790	\$ 170,361,319
Receivables:		
Accounts, net (Note 4)	2,183,328	2,388,345
Accrued interest	257,740	828,027
Prepaid costs	684,822	1,458,237
Deferred bond issuance costs	-	39,557
Due from other governments, net (Note 5)	10,616,807	16,209,917
Capital assets (Note 6):		
Land	37,397,850	37,397,850
Construction in progress	3,068,407	992,785
Work in progress	2,153,037	3,946,941
Capital assets, net of accumulated depreciation/amortization	159,876,383	159,258,902
Total assets	383,473,164	392,881,880
Liabilities:		
Accounts payable	3,135,021	5,966,383
Accrued liabilities	7,146,307	6,421,792
Accrued interest	15,353	163,887
Unearned revenue (Note 8)	95,241	122,024
Deposits payable	837,100	1,024,900
Due to other governments	6,775	2,350
Long-term liabilities (Note 9):		
Due within one year	9,032,273	14,240,861
Due beyond one year	61,898,841	56,132,445
Total liabilities	82,166,911	84,074,642
Net assets:		
Invested in capital assets, net of related debt (Note 6)	183,717,406	172,293,178
Restricted for debt service	-	7,394,371
Unrestricted	117,588,847	129,119,689
Total net assets	\$ 301,306,253	\$ 308,807,238

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Statement of Activities
 Year ended June 30, 2010
 (With Comparative Data for Prior Year)

	Governmental Activities	
	2010	2009
Expenses:		
Public safety:		
Salaries and benefits	\$ 211,729,989	\$ 209,092,693
Services and supplies	24,318,065	31,425,592
Depreciation and amortization	8,432,793	7,923,947
Interest on long-term debt	855,577	1,718,137
Total program expenses	245,336,424	250,160,369
 Program revenues:		
Public safety:		
Charges for services	63,743,942	67,305,621
Operating grants and contributions	5,784,969	5,981,800
Capital grants and contributions	1,415,618	140,903
Total program revenues	70,944,529	73,428,324
Net program (expenses) revenues of governmental activities	(174,391,895)	(176,732,045)
 General revenues:		
Property taxes, levied for general purpose	179,001,919	184,696,756
Use of money and property	1,006,128	3,704,964
Miscellaneous	890,127	1,925,998
Total general revenues	180,898,174	190,327,718
Change in net assets	6,506,279	13,595,673
Net assets at beginning of year, as restated (Note 9a)	294,799,974	295,211,565
Net assets at end of year	\$ 301,306,253	\$ 308,807,238

See Notes to the Financial Statements

Fund Financial Statements



Air Operations



Orange County Fire Authority Safety Message

ABC's of Pool Safety

- A**dult Supervision: It is important that the "water watcher" must be somebody who is capable of swimming. Also, have more than one water watcher who can swim if possible and make sure that there is a phone nearby to call 9-1-1 in an emergency.
- B**arriers: In addition to barriers/layers, you should have multiple layers of protection such as safety covers, door alarms, gate alarms and motion detectors to warn you of possible problems. On toilets, you can purchase a toilet latch so that children cannot lift the cover.
- C**lasses: Learning CPR is very, very important. What is also important is learn to swim classes for children. Lastly, stay calm when calling 9-1-1 and make sure to clearly and calmly state the information and listen for instructions as those vital seconds could save your child's life. Inform your children of the dangers and of water safety rules.

ORANGE COUNTY FIRE AUTHORITY
Governmental Funds
Balance Sheet
June 30, 2010
(With Comparative Data for Prior Year)

	<u>Special Revenue Funds</u>		
	<u>General Fund</u>	<u>Communications & Information Systems</u>	<u>Vehicle Replacement</u>
<u>Assets</u>			
Cash and investments	\$ 72,298,512	\$ 29,060,178	\$ 40,662,981
Receivables:			
Accounts, net	2,152,024	31,304	-
Accrued interest	158,912	35,599	-
Prepaid costs	117,473	71,805	495,544
Due from other governments, net	10,356,147	172,895	-
Total assets	\$ 85,083,068	\$ 29,371,781	\$ 41,158,525
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 2,193,288	\$ 93,270	\$ 18,575
Accrued liabilities	7,142,185	-	-
Deferred revenues	42,341	52,900	-
Deposits payable	-	-	-
Due to other governments	6,775	-	-
Total liabilities	9,384,589	146,170	18,575
Fund balances:			
Reserved:			
Reserved for encumbrances	397,246	463,803	3,372,724
Reserved for debt service	-	-	-
Reserved for prepaid costs	117,473	71,805	495,544
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Debt service fund	-	-	-
Designated for capital improvement program	-	27,417,533	34,886,091
Designated for workers' compensation	36,899,954	-	-
Designated for operating contingency	19,981,874	-	-
Designated for future cash flow needs	10,928,956	-	-
Designated for training and education	1,109,276	-	-
Undesignated	6,263,700	1,272,470	2,385,591
Total fund balances	75,698,479	29,225,611	41,139,950
Total liabilities and fund balances	\$ 85,083,068	\$ 29,371,781	\$ 41,158,525

See Notes to the Financial Statements

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds	
		2010	2009
		Capital Projects	
\$ 18,207,735	\$ 7,005,384	\$ 167,234,790	\$ 170,361,319
-	-	2,183,328	2,388,345
63,229	-	257,740	828,027
-	-	684,822	1,458,237
87,765	-	10,616,807	16,209,917
\$ 18,358,729	\$ 7,005,384	\$ 180,977,487	\$ 191,245,845
\$ 705,281	\$ 124,607	\$ 3,135,021	\$ 5,966,383
4,122	-	7,146,307	6,421,792
-	-	95,241	122,024
837,100	-	837,100	1,024,900
-	-	6,775	2,350
1,546,503	124,607	11,220,444	13,537,449
1,865,109	14,998	6,113,880	11,905,198
-	-	-	2,806,000
-	-	684,822	1,458,237
-	6,865,779	6,865,779	6,902,032
-	-	-	4,752,258
6,394,221	-	68,697,845	76,539,332
-	-	36,899,954	36,771,370
-	-	19,981,874	19,154,892
-	-	10,928,956	-
-	-	1,109,276	950,625
8,552,896	-	18,474,657	16,468,452
16,812,226	6,880,777	169,757,043	177,708,396
\$ 18,358,729	\$ 7,005,384	\$ 180,977,487	\$ 191,245,845

ORANGE COUNTY FIRE AUTHORITY

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets

June 30, 2010

(With Comparative Data for Prior Year)

	2010	2009
Fund balances of governmental funds	\$ 169,757,043	\$ 177,708,396
<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	281,906,183	275,935,852
Accumulated depreciation/amortization	(79,410,506)	(74,339,374)
<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>		
Bonds payable	-	(7,040,000)
Bond premium	-	(13,609)
Lease purchase agreements	(18,778,271)	(25,108,857)
Accrued claims and judgments	(27,224,600)	(18,070,541)
Compensated absences	(13,041,923)	(12,573,235)
Net OPEB obligation	(11,886,320)	(7,567,064)
<p>Bond issuance costs are recognized as debt service expenditures when paid in the year of issue in governmental funds. Deferred bond issuance costs are capitalized in the Statement of Net Assets and amortized over the life of the bonds.</p>		
	-	39,557
<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>		
	(15,353)	(163,887)
Net assets of governmental activities	\$ 301,306,253	\$ 308,807,238

See Notes to the Financial Statements



Orange County Fire Authority Safety Message

Campus Fire Safety
If in Doubt, Get Out!

If you live in on-campus housing, you should always make sure you know what to do and how to safely escape your building in the event of a fire or natural disaster. The following steps should only be carried out if it is safe to do so and time permits:

- Upon discovery of the fire shout “FIRE” to alert others. Be sure to pull the fire alarm to alert others.
- Do not attempt to gather your belongings.
- If the door is hot, do not open it. Go to a window and shout for help. If you become trapped in your room, hang something outside the window to warn firefighters that you are still in the building.
- Check for smoke or fire before going into the hallway. Check the door for heat before opening and, if the handle is not hot, open the door cautiously.
- Close the door behind you, but take your key in case you are driven back by heat or smoke.
- Stay as low to the floor as possible. Thick smoke can make it impossible to see. Toxic chemicals in the smoke can be deadly in minutes.
- Get out first and then find a phone and call 9-1-1. Do not take time to call anyone before leaving.
- Always take the stairs. Elevators do not work in the event of a natural disaster and you could get stuck.
- Have a central meeting place for everyone to gather and be accounted for. Do not re-enter the building.

ORANGE COUNTY FIRE AUTHORITY
 Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2010

(With Comparative Data for Prior Year)

	Special Revenue Funds		
	General Fund	Communications & Information Systems	Vehicle Replacement
Revenues:			
Taxes	\$ 179,001,919	\$ -	\$ -
Intergovernmental	13,158,851	842,547	-
Charges for services	54,355,816	168,544	655,454
Use of money and property	673,700	195,904	311,121
Miscellaneous	747,516	275,769	195,861
Developer contributions	-	-	551,365
Total revenues	247,937,802	1,482,764	1,713,801
Expenditures:			
Current - public safety:			
Salaries and benefits	206,817,839	-	-
Services and supplies	23,990,089	3,287,616	428,044
Capital outlay	444,809	224,060	6,720,701
Debt service:			
Principal retirement	-	536,198	5,794,388
Interest and fiscal charges	335,863	17,099	967,346
Total expenditures	231,588,600	4,064,973	13,910,479
Excess (deficiency) of revenues over (under) expenditures	16,349,202	(2,582,209)	(12,196,678)
Other financing sources (uses):			
Transfers in (Note 10)	-	3,657,002	4,664,333
Transfers out (Note 10)	(10,228,399)	-	-
Issuance of capital lease	-	-	-
Sale of capital and other assets	162,533	-	-
Insurance recoveries	71,445	-	-
Total other financing sources (uses)	(9,994,421)	3,657,002	4,664,333
Net change in fund balances	6,354,781	1,074,793	(7,532,345)
Fund balances, beginning of year	69,343,698	28,150,818	48,672,295
Fund balances, end of year	\$ 75,698,479	\$ 29,225,611	\$ 41,139,950

See Notes to the Financial Statements

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds	
		2010	2009
\$ -	\$ -	\$ 179,001,919	\$ 184,696,756
200,811	-	14,202,209	18,898,459
-	145,193	55,325,007	54,125,964
114,187	47,079	1,341,991	4,148,889
110,649	3,375	1,333,170	2,517,891
-	-	551,365	-
425,647	195,647	251,755,661	264,387,959
124,206	-	206,942,045	203,790,256
324	815,052	28,521,125	28,561,308
2,258,283	-	9,647,853	32,624,294
-	7,040,000	13,370,586	5,933,911
-	139,075	1,459,383	2,119,347
2,382,813	7,994,127	259,940,992	273,029,116
(1,957,166)	(7,798,480)	(8,185,331)	(8,641,157)
1,717,475	569,467	10,608,277	30,257,506
-	(379,878)	(10,608,277)	(30,257,506)
-	-	-	21,515,238
-	-	162,533	93,480
-	-	71,445	81,576
1,717,475	189,589	233,978	21,690,294
(239,691)	(7,608,891)	(7,951,353)	13,049,137
17,051,917	14,489,668	177,708,396	164,659,259
\$ 16,812,226	\$ 6,880,777	\$ 169,757,043	\$ 177,708,396

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, 2010
(With Comparative Data for Prior Year)

	2010	2009
Net change in fund balances - total governmental funds	\$ (7,951,353)	\$ 13,049,137
<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	9,647,853	32,624,294
Depreciation/amortization expense	(8,432,793)	(7,923,947)
<p>Capital assets received through a 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>		
	21,706	25,640
<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	(3,699,228)	(1,940,090)
Accumulated depreciation/amortization on disposals	3,361,661	1,844,652
<p>Proceeds of long-term debt are recorded as other financing sources in the governmental funds, while amounts are capitalized as long-term liabilities in the Statement of Net Assets.</p>		
	-	(21,515,238)
<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 - bonds payable	7,040,000	3,325,000
Debt service principal - lease purchase agreements	6,330,586	2,608,911
<p>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.</p>		
	148,534	49,475

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)

	2010	2009
Premiums/discounts and issuance costs associated with long-term bonds are recognized as expenditures and other financing sources/uses in the governmental funds at the time the debt is issued. Those items are capitalized on the Statement of Net Assets and amortized over the life of the bonds on the Statement of Activities since they do not require the use of current financial resources.		
Amortization of bond premium	13,609	13,610
Amortization of bond issuance costs	(39,557)	(39,560)
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	4,431,738	(2,802,307)
Arbitrage earnings	105,800	(105,800)
Other claims and judgments	315,667	(315,667)
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.		
	(468,688)	(741,779)
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.		
	(4,319,256)	(4,560,658)
Transactions between governmental funds are eliminated for presentation in the government-wide financial statements.		
Transfers in	(10,608,277)	(30,257,506)
Transfers out	10,608,277	30,257,506
Use of money and property	(335,863)	(443,925)
Interest and fiscal charges	335,863	443,925
Change in net assets of governmental activities	\$ 6,506,279	\$13,595,673

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
General Fund

Budgetary Comparison Statement

Year ended June 30, 2010

(With Comparative Data for Prior Year)

	2010			Variance with Final Budget Positive (Negative)	2009
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Restated budgetary fund balance, July 1	\$ 69,343,698	\$ 69,343,698	\$ 69,343,698	\$ -	\$ 68,122,248
Resources (inflows):					
Taxes	181,151,856	179,682,992	179,001,919	(681,073)	184,696,756
Intergovernmental	8,838,331	13,309,774	13,158,851	(150,923)	18,613,627
Charges for services	54,097,725	53,836,931	54,355,816	518,885	53,144,775
Use of money and property	649,153	784,532	673,700	(110,832)	2,158,183
Miscellaneous	257,500	597,166	747,516	150,350	1,978,386
Sale of capital and other assets	30,000	115,441	162,533	47,092	93,480
Insurance recoveries	-	64,000	71,445	7,445	81,576
Total resources (inflows)	245,024,565	248,390,836	248,171,780	(219,056)	260,766,783
Amounts available for appropriations	314,368,263	317,734,534	317,515,478	(219,056)	328,889,031
Charges to appropriation (outflows):					
Salaries and benefits	207,830,376	208,591,182	206,817,839	1,773,343	203,655,926
Services and supplies	26,013,894	26,930,940	23,990,089	2,940,851	24,529,835
Capital outlay	397,214	528,019	444,809	83,210	461,620
Interest and fiscal charges	350,000	350,000	335,863	14,137	1,197,592
Transfers out	10,228,399	10,228,399	10,228,399	-	29,700,360
Total charges to appropriations	244,819,883	246,628,540	241,816,999	4,811,541	259,545,333
Budgetary fund balance, June 30	\$ 69,548,380	\$ 71,105,994	\$ 75,698,479	\$ 4,592,485	\$ 69,343,698

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Communications & Information Systems
Budgetary Comparison Statement
Year ended June 30, 2010
(With Comparative Data for Prior Year)

	2010			2009	
	Budget Amounts		Actual Amounts	Variance with Final Budget	
	Original	Final		Positive (Negative)	Actual Amounts
Budgetary fund balance, July 1	\$ 28,150,818	\$ 28,150,818	\$ 28,150,818	\$ -	\$ 20,311,895
Resources (inflows):					
Intergovernmental	1,352,572	842,547	842,547	-	115,263
Charges for services	168,544	168,544	168,544	-	168,544
Use of money and property	184,575	237,285	195,904	(41,381)	508,467
Miscellaneous	70,564	275,769	275,769	-	288,764
Transfers in	3,657,002	3,657,002	3,657,002	-	9,205,683
Total resources (inflows)	5,433,257	5,181,147	5,139,766	(41,381)	10,286,721
Amounts available for appropriations	33,584,075	33,331,965	33,290,584	(41,381)	30,598,616
Charges to appropriation (outflows):					
Services and supplies	3,994,818	4,239,842	3,287,616	952,226	1,556,342
Capital outlay	659,106	1,121,293	224,060	897,233	727,865
Principal retirement	146,492	536,198	536,198	-	141,404
Interest and fiscal charges	17,099	17,099	17,099	-	22,187
Total charges to appropriations	4,817,515	5,914,432	4,064,973	1,849,459	2,447,798
Budgetary fund balance, June 30	\$ 28,766,560	\$ 27,417,533	\$ 29,225,611	\$ 1,808,078	\$ 28,150,818

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Vehicle Replacement
Budgetary Comparison Statement
Year ended June 30, 2010
(With Comparative Data for Prior Year)

	2010			Variance with Final Budget Positive (Negative)	2009
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 48,672,295	\$ 48,672,295	\$ 48,672,295	\$ -	\$ 41,228,321
Resources (inflows):					
Charges for services	655,454	655,454	655,454	-	651,257
Use of money and property	348,303	396,723	311,121	(85,602)	736,091
Miscellaneous	-	105,861	195,861	90,000	124,906
Developer contributions	466,309	551,365	551,365	-	-
Transfers in	4,664,333	4,664,333	4,664,333	-	17,867,214
Issuance of capital lease	-	-	-	-	21,515,238
Total resources (inflows)	6,134,399	6,373,736	6,378,134	4,398	40,894,706
Amounts available for appropriations	54,806,694	55,046,031	55,050,429	4,398	82,123,027
Charges to appropriation (outflows):					
Services and supplies	8,675	428,044	428,044	-	120,722
Capital outlay	8,791,247	12,969,545	6,720,701	6,248,844	30,302,598
Principal retirement	3,461,560	5,794,388	5,794,388	-	2,467,507
Interest and fiscal charges	967,962	967,963	967,346	617	559,905
Total charges to appropriations	13,229,444	20,159,940	13,910,479	6,249,461	33,450,732
Budgetary fund balance, June 30	\$ 41,577,250	\$ 34,886,091	\$ 41,139,950	\$ 6,253,859	\$ 48,672,295

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2010
(With Comparative Data for Prior Year)

	Pension Trust Funds	
	2010	2009
Assets:		
Cash and investments (Note 3a):		
Local Agency Investment Fund	\$ 485,908	\$ 485,416
Receivables:		
Accrued interest	-	1,353
Total assets	485,908	486,769
Liabilities:		
Accounts payable	370,931	370,932
Total liabilities	370,931	370,932
Net assets:		
Assets held in trust for pension benefits	114,977	115,837
Total net assets	\$ 114,977	\$ 115,837

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
Year ended June 30, 2010
(With Comparative Data for Prior Year)

	Pension Trust Funds	
	2010	2009
Additions:		
Contributions:		
Plan members	\$ 12,522	\$ 29,650
Total contributions	<u>12,522</u>	<u>29,650</u>
Net investment income:		
Interest	4,717	10,711
Total net investment income	<u>4,717</u>	<u>10,711</u>
Total additions	<u>17,239</u>	<u>40,361</u>
Deductions:		
Benefits and refunds paid to plan members and beneficiaries	18,099	41,742
Total deductions	<u>18,099</u>	<u>41,742</u>
Change in net assets	(860)	(1,381)
Net assets, beginning of year	115,837	117,218
Net assets, end of year	<u>\$ 114,977</u>	<u>\$ 115,837</u>

See Notes to the Financial Statements

Notes to the Financial Statements



Aircraft Rescue & Firefighting

ORANGE COUNTY FIRE AUTHORITY

Notes to the Financial Statements

Year ended June 30, 2010

(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 and Westminster have joined the OCFA as members eligible for fire protection services.

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 of Orange.

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, 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.

(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.

When both restricted and unrestricted resources are available for use, it is the OCFA's policy to use restricted resources first, then unrestricted resources as they are needed.

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

- The **General Fund** is used to account for all financial activity associated with the provision of services to its member cities and unincorporated areas. Primary sources of revenue are property taxes designated for fire protection (Structural Fire Fund), cash contracts, intergovernmental reimbursements and various user fees. Activities include structural, watershed and wildland fire protection; paramedic and rescue services; planning and development services; hazardous materials disclosure; and hazardous materials response services.
- The **Communications & Information Systems Fund** is a special revenue fund used to account for the replacement of specialized fire communications equipment and information systems equipment.
- The **Vehicle Replacement Fund** is a special revenue fund used to account for the planned replacement of fire apparatus and vehicles.
- The **Capital Projects Fund** is used to account for capital expenditure requirements, such as the replacement of sub-standard fire stations and construction of new fire stations.

Other Governmental Fund Types

- **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.
- **Debt Service Funds** are used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

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 funds account for the cost of the extra help post-employment defined benefit retirement plan and enhanced retirement benefits.

(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. The fund balances in the governmental fund types have been reserved for amounts equal to the prepaid costs in the fund-level statements, since these amounts are not available for appropriation.

(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 \$50,000 for building improvements, or \$5,000 for all other assets. 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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

(k) 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.

(l) 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

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. 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.

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, 2010; therefore, the budgetary comparison statements and schedules included in the financial statements do not reflect any increase to the final budgeted expenditures.

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 reservations of fund balance 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.

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 fund:

<u>Fund</u>	<u>Original Budget</u>	<u>Increase/ (Decrease)</u>	<u>Final Budget</u>
General Fund	\$244,819,883	\$1,808,657	\$246,628,540
Facilities Maintenance & Improvements	1,066,461	-	1,066,461
Communications & Information Systems	4,817,515	1,096,917	5,914,432
Vehicle Replacement	13,229,444	6,930,496	20,159,940
Structural Fire Entitlement	522,886	30,000	552,886
Capital Projects	9,341,886	3,495,737	12,837,623
Debt Service	<u>7,322,675</u>	<u>236,278</u>	<u>7,558,953</u>
Total governmental funds	<u>\$281,120,750</u>	<u>\$13,598,085</u>	<u>\$294,718,835</u>

(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, 2010, are reported in the accompanying financial statements as follows:

Governmental activities	\$167,234,790
Fiduciary funds	<u>485,908</u>
Total cash and investments	<u>\$167,720,698</u>

Cash and investments consist of the following as of June 30, 2010:

Petty cash / cash on hand	\$ 13,748
Demand deposits	7,340,486
Investments	<u>160,366,464</u>
Total cash and investments	<u>\$167,720,698</u>

(b) Demand Deposits

At June 30, 2010, the carrying amount of the OCFA's demand deposits was \$7,340,486 and the bank balance was \$7,560,871. The \$220,385 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 up to \$250,000 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 Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury obligations	5 years	100%	100%
Federal agency securities	5 years	75% ⁽¹⁾	75% ⁽¹⁾
Bankers' acceptances	180 days	25% ⁽¹⁾	25% ⁽¹⁾
Commercial paper	270 days	15% ⁽¹⁾	10%
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⁾	10%
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 following investments types were authorized for investments held by fiscal agent during the fiscal year:

- U.S. Treasury obligations
- Federal agency securities
- Money market mutual funds
- Certificates of deposit
- Investment agreements
- Commercial paper
- Local agency bonds
- Bankers acceptances, 1 year maximum maturity
- Repurchase agreements, 30 days maximum maturity (2001 Revenue Bonds)
- Local Agency Investment Fund

(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+	Unrated	
Federal agency securities	N/A	\$87,146,400	\$ -	\$ -	\$ 87,146,400
Commercial paper	P1/A1/F1	-	20,995,730	-	20,995,730
Money market mutual funds	Aaa/AAA	-	-	2,142,145	2,142,145
LAIF	N/A	-	-	50,082,189	50,082,189
Total		<u>\$87,146,400</u>	<u>\$20,995,730</u>	<u>\$52,224,334</u>	<u>\$160,366,464</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, 2010, 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, 2010, 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, 2010, are summarized below.

Issuer	Fair Value	% of Portfolio
Freddie Mac	\$46,013,620	28.7%
Federal National Mortgage Association (FNMA)	28,089,950	17.5%
General Electric	20,995,730	13.1%
Federal Home Loan Bank (FHLB)	13,042,830	8.1%

(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. The OCFA has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2010, 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>	
Federal agency securities	\$59,019,980	\$ -	\$14,045,500	\$14,080,920	\$ 87,146,400
Commercial paper	20,995,730	-	-	-	20,995,730
Money market mutual funds	2,142,145	-	-	-	2,142,145
LAIF	-	50,082,189	-	-	50,082,189
Total	<u>\$82,157,855</u>	<u>\$50,082,189</u>	<u>\$14,045,500</u>	<u>\$14,080,920</u>	<u>\$160,366,464</u>

As of June 30, 2010, 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 Rate</u>	<u>Maturity Date</u>	<u>Fair Value</u>
Freddie Mac	8/27/2010	0.68%	8/27/2012	\$7,021,420
Federal National Mortgage Association (FNMA)	9/28/2010	0.46%	9/28/2012	\$7,024,080
Federal Home Loan Bank (FHLB)	7/30/2010	2.13%	7/30/2013	\$7,008,750
Federal National Mortgage Association (FNMA)	11/10/2010	1.11%	11/10/2014	\$7,072,170

(4) Accounts Receivable

Accounts receivable, net of an allowance for doubtful accounts, consists of the following as of June 30, 2010:

	<u>General Fund</u>	<u>Communications & Information Systems</u>	<u>Total</u>
Fire prevention / late fees	\$ 312,647	\$ -	\$ 312,647
Ambulance / other reimbursements	1,870,368	31,304	1,901,672
Travel advances	210	-	210
Other / miscellaneous	19,401	-	19,401
Subtotal	2,202,626	31,304	2,233,930
Allowance for doubtful accounts	(50,602)	-	(50,602)
Accounts receivable, net	<u>\$2,152,024</u>	<u>\$ 31,304</u>	<u>\$2,183,328</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, 2010:

	General Fund	Communications & Information Systems	Capital Projects	Total
Fire protection and other services	\$ 2,304,975	\$ -	\$ 87,765	\$ 2,392,740
Assistance by hire / activation	651,183	-	-	651,183
Grants	547,760	172,895	-	720,655
Property taxes / tax increment	6,842,204	-	-	6,842,204
Other / miscellaneous	10,025	-	-	10,025
Subtotal	10,356,147	172,895	87,765	10,616,807
Allowance for doubtful accounts	-	-	-	-
Due from other governments, net	<u>\$10,356,147</u>	<u>\$ 172,895</u>	<u>\$ 87,765</u>	<u>\$10,616,807</u>

(6) Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

Governmental Activities	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Capital assets not depreciated/amortized:					
Land	\$ 37,397,850	\$ -	\$ -	\$ -	\$ 37,397,850
Construction in progress	992,785	2,258,283	(182,661)	-	3,068,407
Work in progress	3,946,941	3,107,379	-	(4,901,283)	2,153,037
Total capital assets not depreciated/amortized	<u>42,337,576</u>	<u>5,365,662</u>	<u>(182,661)</u>	<u>(4,901,283)</u>	<u>42,619,294</u>
Capital assets depreciated/amortized:					
Buildings	120,395,710	-	-	-	120,395,710
Equipment	53,518,497	1,670,567	(1,522,767)	346,570	54,012,867
Vehicles	59,684,069	2,633,330	(1,993,800)	4,554,713	64,878,312
Subtotal	<u>233,598,276</u>	<u>4,303,897</u>	<u>(3,516,567)</u>	<u>4,901,283</u>	<u>239,286,889</u>
Less accumulated depreciation/amortization for:					
Buildings	(19,280,103)	(2,669,971)	-	-	(21,950,074)
Equipment	(22,247,765)	(2,731,456)	1,377,125	-	(23,602,096)
Vehicles	(32,811,506)	(3,031,366)	1,984,536	-	(33,858,336)
Subtotal	<u>(74,339,374)</u>	<u>(8,432,793)</u>	<u>3,361,661</u>	<u>-</u>	<u>(79,410,506)</u>
Total capital assets depreciated/amortized, net	<u>159,258,902</u>	<u>(4,128,896)</u>	<u>(154,906)</u>	<u>4,901,283</u>	<u>159,876,383</u>
Governmental activities capital assets, net	<u>\$201,596,478</u>	<u>\$ 1,236,766</u>	<u>\$ (337,567)</u>	<u>\$ -</u>	<u>\$202,495,677</u>

Capital Assets Acquired Under Capital Lease

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

Equipment	\$23,015,521
Vehicles	<u>10,931,003</u>
Total capital assets acquired under capital lease	<u>\$33,946,524</u>

Depreciation/Amortization Expense

Depreciation/amortization expense of \$8,432,793 was charged to Public Safety in the Statement of Activities.

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	\$202,495,677
Capital-related debt – 2008 lease purchase agreement	<u>(18,778,271)</u>
Net assets invested in capital assets, net of related debt	<u>\$183,717,406</u>

(7) Significant Commitments

(a) Construction Commitments

The OCFA has three active construction projects as of June 30, 2010, for the replacement Fire Station No. 17 (Cypress), Specialty Fire Station No. 41 (Fullerton Airport), and a sanitary sewer system at Fire Station No. 18 (Trabuco Canyon). All three projects are being funded by the OCFA's Capital Projects Fund. Significant remaining commitments with contractors are summarized below and are included in fund balance reserved for encumbrances as of June 30, 2010.

<u>Fire Station</u>	<u>Contractor</u>	<u>Description</u>	<u>Original Commitment</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
No. 17	PW Construction, Inc.	Construction	\$3,411,466	\$(1,876,615)	\$1,534,851
No. 41	WLC Architects, Inc.	Architecture	<u>340,000</u>	<u>(157,500)</u>	<u>182,500</u>
			<u>\$3,751,466</u>	<u>\$(2,034,115)</u>	<u>\$1,717,351</u>

(b) Fire Apparatus Commitments

The purchase and outfitting of various OCFA fire apparatus and other vehicles is in progress as of June 30, 2010. All projects are being funded by the OCFA's Vehicle Replacement Fund. Significant remaining commitments with vendors are summarized below and are included in fund balance reserved for encumbrances as of June 30, 2010.

<u>Vendor</u>	<u>Description</u>	<u>Original Commitment</u>	<u>Spent-to Date</u>	<u>Remaining Commitment</u>
Sutphen Corporation	(2) 100' Aerial Ladder Quints	\$2,354,146	\$ -	\$2,354,146
KME Fire Apparatus	75' Aerial Ladder Quint	812,954	-	812,954
Theodore Robins Ford	4x4 Crew Cab	71,571	-	71,571
		<u>\$3,238,671</u>	<u>\$ -</u>	<u>\$3,238,671</u>

(c) Other Commitments

The OCFA has various projects in progress as of June 30, 2010 that are being funded by the General Fund. Significant remaining commitments with vendors are summarized below, with the remaining commitment included in fund balances reserved for encumbrances as of June 30, 2010.

<u>Vendor</u>	<u>Description</u>	<u>Original Commitment</u>	<u>Spent-to Date</u>	<u>Remaining Commitment</u>
Linegear Fire & Rescue	810 pairs of BDU pants	\$103,150	\$ -	\$103,150
ACS Government Systems	Software maintenance	87,457	(14,576)	72,881
		<u>\$190,607</u>	<u>\$(14,576)</u>	<u>\$176,031</u>

(d) 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 new facility will be acquired by the OCFA in two phases. The eastern portion of the facility is expected to be acquired in Fiscal Year 2010-11 and will be used 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 will be relocated to a separate hangar no later than January 31, 2012. On June 28, 2010, the OCFA transferred \$6,156,743 to an escrow account. Those funds will be released to FW Aviation, LLC in two installments, upon final acquisition of each portion of the facility. The escrow balance totaling \$6,156,971, which includes \$228 of accrued interest, is classified as restricted cash and investments as of June 30, 2010.

(8) 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, 2010:

<u>Description</u>	<u>Unearned Revenue</u>	<u>Earned, Unavailable Revenue</u>	<u>Total Deferred Revenue</u>
Developer deposits	\$ 6,666	\$ -	\$ 6,666
GIS license agreements	52,900	-	52,900
Regional MDC agreement	30,411	-	30,411
Miscellaneous cash advances	5,264	-	5,264
	<u>\$95,241</u>	<u>\$ -</u>	<u>\$95,241</u>

(9) Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, is summarized in the following table.

Governmental Activities	Beginning Balances, Restated	Additions	Deletions	Ending Balances	Due Within One Year
Revenue bonds:					
2001 revenue bonds	\$ 7,040,000	\$ -	\$ (7,040,000)	\$ -	\$ -
Bond premium	13,609	-	(13,609)	-	-
Subtotal	<u>7,053,609</u>	-	<u>(7,053,609)</u>	-	-
Capital lease purchase agreements:					
Lease purchase agreement-2003	1,387,555	-	(1,387,555)	-	-
Lease purchase agreement-2005	3,101,364	-	(3,101,364)	-	-
Lease purchase agreement-2008	<u>20,619,938</u>	-	<u>(1,841,667)</u>	<u>18,778,271</u>	<u>1,911,913</u>
Subtotal	<u>25,108,857</u>	-	<u>(6,330,586)</u>	<u>18,778,271</u>	<u>1,911,913</u>
Accrued claims and judgments:					
Workers' compensation (Note 9a)	31,656,338	630,421	(5,062,159)	27,224,600	4,353,481
Arbitrage rebate	105,800	-	(105,800)	-	-
Other claims and judgments	<u>315,667</u>	-	<u>(315,667)</u>	-	-
Subtotal	<u>32,077,805</u>	<u>630,421</u>	<u>(5,483,626)</u>	<u>27,224,600</u>	<u>4,353,481</u>
Compensated absences	<u>12,573,235</u>	<u>11,403,420</u>	<u>(10,934,732)</u>	<u>13,041,923</u>	<u>2,766,879</u>
Net OPEB obligation	<u>7,567,064</u>	<u>8,794,983</u>	<u>(4,475,727)</u>	<u>11,886,320</u>	-
Total governmental activities	<u>\$84,380,570</u>	<u>\$20,828,824</u>	<u>\$(34,278,280)</u>	<u>\$70,931,114</u>	<u>\$ 9,032,273</u>

Beginning balances have been restated to properly reflect accrued claims and judgments for workers' compensation as of July 1, 2009 at the 80% confidence level. Accrued claims and judgments, compensated absences and the net OPEB obligation are normally liquidated by the General Fund.

(a) Prior Period Adjustment

During the year ended June 30, 2010, the OCFA restated the beginning net assets of its governmental activities to correctly reflect accrued claims and judgments for workers' compensation at the 80% confidence level, based on information obtained from a revised actuarial valuation dated December 31, 2009. Following is a summary of restated beginning net assets:

	Governmental Activities
Beginning net assets, as previously reported	\$308,807,238
Adjust accrued claims and judgments for workers' compensation	<u>(14,007,264)</u>
Beginning net assets, as restated	<u>\$294,799,974</u>

(b) Revenue Bonds

On August 16, 2001, the OCFA issued 2001 Revenue Bonds in the amount of \$28,060,000. The net proceeds were \$27,800,000 (after payment of \$300,000 in underwriting fees, insurance and other issuance costs plus a premium of \$100,000). The bonds were issued to finance a portion of the cost of construction of the OCFA's Regional Fire Operations and Training Center and are to be repaid with general revenues of the OCFA. The bonds were issued in denominations of \$5,000 each and bear interest at rates ranging from 3.0% to 4.0%. The bonds mature in annual installments ranging from \$2,710,000 to \$3,590,000 from 2002 through 2010. Principal is payable annually on August 1. Interest is payable semiannually on February 1 and August 1.

Bonds maturing on or after September 1, 2007, are subject to redemption at the election of the OCFA, in the order of maturity directed by the OCFA and by lot within a maturity as a whole or in part, on any date on or after August 1, 2006. Redemption prices are expressed as a percentage of the principal amount of the bonds called for redemption. Bonds maturing August 1, 2006, through July 31, 2007, may be redeemed at a redemption price of 101%, plus accrued interest to the date fixed for redemption. Bonds maturing August 1, 2007, and thereafter may be redeemed at a redemption price of 100%, plus accrued interest to the date fixed for redemption.

Prior to July 1, 2009, the OCFA provided written notice to the bond trustee and bondholders of its intent to redeem the remaining bonds prior to maturity. On June 19, 2009, the OCFA transferred \$4,306,479 to its fiscal agent account so that, when combined with existing account balances, the final two principal payments plus accrued interest totaling \$7,179,075 were paid to bondholders in August 2009. The amount of bonds outstanding as of June 30, 2010, was \$0.

(c) Capital Lease Purchase Agreements**Lease Purchase Agreement – 2003**

On July 29, 2003, the OCFA entered into a seven-year financing Equipment Lease-Purchase Agreement with Bank of America Leasing & Capital, LLC, in the amount of \$9,147,260 and bearing interest rates ranging from 1.96% to 2.59%. Under the terms of the Agreement, \$3,094,583 was used to repay existing capital lease obligations with GE Capital Public Finance, Inc. and Pitney Bowes Credit Corporation. The remaining proceeds were deposited into an escrow account and used by the OCFA for the acquisition of certain equipment. The OCFA purchased \$767,421 and \$5,372,909 of equipment and vehicles, respectively, using \$6,052,677 of the original lease proceeds and \$87,653 of accrued interest. The related assets have been capitalized in the government-wide financial statements. Amortization of the leased assets is included with depreciation/amortization expense.

On March 25, 2010, the Board of Director approved the early re-payment of the lease, resulting in interest savings of \$6,067. Final principal and interest payments totaling \$1,387,555 and \$30,025, respectively, were made during the year ended June 30, 2010. The outstanding balance of the capital lease liability was \$0 as of June 30, 2010.

Lease Purchase Agreement – 2005

On November 17, 2005, the OCFA entered into an Equipment Lease-Purchase Agreement and Escrow Trust Agreement (Agreement) with Citimortgage, Inc. (Citimortgage). Under the terms of the Agreement, \$5,841,858 was deposited into an escrow account with UMB Bank, N.A. (UMB) to be used by the OCFA for the acquisition of certain equipment. The OCFA purchased \$709,425 and \$5,558,094 of equipment and vehicles, respectively, using the original proceeds of the lease and \$425,661 of accrued interest. The related assets have been capitalized in the government-wide financial statements.

Under the terms of the Agreement, Citimortgage leased the equipment to the OCFA at an annual interest rate of 3.55%. Rental payments are payable quarterly commencing February 17, 2006, and terminating on November 17, 2012. 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 March 25, 2010, the Board of Director approved the early re-payment of the lease, resulting in interest savings of \$111,479. Final principal and interest payments totaling \$3,101,364 and \$98,902, respectively, were made during the year ended June 30, 2010. The outstanding balance of the capital lease liability was \$0 as of June 30, 2010.

The OCFA is required to have an arbitrage rebate calculation performed for its 2005 Lease Purchase Agreement every five years after the lease is issued and to rebate any arbitrage earnings in excess of the lease yield (3.57727300%) to the federal government. During the year ended June 30, 2009, the OCFA determined that an arbitrage rebate liability existed in the amount of \$105,800. On August 17, 2009, a payment totaling \$105,800 was remitted to the United States Treasury, which reduced the outstanding balance of the arbitrage rebate liability to \$0 as of June 30, 2010.

Lease Purchase Agreement – 2008

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 in the government-wide financial statements.

Under the 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. During the year ended June 30, 2010, the OCFA made principal and interest payments totaling \$1,841,667 and \$749,718, respectively. The outstanding balance of the capital lease liability was \$18,778,271 as of June 30, 2010.

The annual lease payment requirements with respect to the 2008 Lease Purchase Agreement as of June 30, 2010, are as follows:

<u>FYE June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,911,913	\$ 679,472	\$ 2,591,385
2012	1,984,837	606,548	2,591,385
2013	2,060,544	530,841	2,591,385
2014	2,139,138	452,247	2,591,385
2015	2,220,731	370,654	2,591,385
2016	2,305,434	285,951	2,591,385
2017	2,393,369	198,016	2,591,385
2018	2,484,658	106,727	2,591,385
2019	1,277,647	18,047	1,295,694
Total	<u>\$ 18,778,271</u>	<u>\$ 3,248,503</u>	<u>\$ 22,026,774</u>

(10) Interfund Transfers

Interfund transfers are used to move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them. The following transfers were made for the year ended June 30, 2010:

<u>Transfers In</u>	<u>Transfers Out</u>		<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	
Communications & Information Systems	\$ 3,657,002	\$ -	\$ 3,657,002
Vehicle Replacement	4,664,333	-	4,664,333
Capital Projects	1,337,597	379,878	1,717,475
Nonmajor governmental	569,467	-	569,467
Total	<u>\$10,228,399</u>	<u>\$379,878</u>	<u>\$10,608,277</u>
	(a)	(b)	

- (a) Transfers totaling \$10,228,399 were made from the General Fund for current and future capital improvement projects.
- (b) The 2001 Revenue Bonds were pre-funded during the year ended June 30, 2005, by transfers from other funds. Transfers representing interest earned in the amount of \$379,878 were made from the Debt Service Fund. These transfers were not required for repayment of the bonds.

(11) Operating Leases

The OCFA is obligated under operating lease agreements for the rental of various fire stations, including two spaces at Fullerton Municipal Airport.

- Seventeen city-owned stations are leased for \$1 per year through June 30, 2030.
- The OCFA leases space at Fullerton Municipal Airport for Fire Station No. 41. Monthly lease payments of \$3,699 extend through September 2010.
- On March 17, 2009, the OCFA entered into a land lease agreement with the City of Fullerton for a new fire station construction site at Fullerton Municipal Airport. The lease was cancelled on June 14, 2010, when the OCFA entered into a new lease agreement with the City of Fullerton for a different, new space at Fullerton Municipal Airport. Monthly lease payments of \$4,956 for the eastern half of the building commence October 2010. An additional monthly lease payment of \$2,886 for the western half of the building is expected to commence by February 2012. 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.

Future minimum lease payments under these operating leases are as follows:

Fiscal Year	Fire Stations			Total
	Fire Station No. 41	Fire Station No. 41 (New)	City-Owned Stations	
FY 2010-11	\$ 11,097	\$ 44,604	\$ 17	\$ 55,718
FY 2011-12	-	75,678	17	75,695
FY 2012-13	-	99,114	17	99,131
FY 2013-14	-	102,090	17	102,107
FY 2014-15	-	105,153	17	105,170
FY 2015-16 through FY 2019-20	-	575,034	85	575,119
FY 2020-21 through FY 2024-25	-	666,606	85	666,691
FY 2025-26 through FY 2029-30	-	772,839	85	772,924
FY 2030-31 through FY 2034-35	-	896,007	-	896,007
FY 2035-36 through FY 2039-40	-	1,038,687	-	1,038,687
FY 2040-41 through FY 2044-45	-	1,204,116	-	1,204,116
FY 2045-46 through FY 2049-50	-	1,395,885	-	1,395,885
FY 2050-51 through FY 2054-55	-	74,523	-	74,523
	<u>\$ 11,097</u>	<u>\$ 7,050,336</u>	<u>\$ 340</u>	<u>\$ 7,061,773</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
	General Aggregate	\$2,000,000
	Management Liability	\$1,000,000
	Auto Liability – Combined Single Limit	\$1,000,000
	Umbrella Liability	\$10,000,000
Property Liability:		
	Buildings and Contents	Scheduled Replacement Cost
	Crime – Employee Dishonesty / Forgery / Alteration	\$500,000 each
	Crime – Computer Fraud	\$100,000 each
	Aircraft Hull and Liability	\$50,000,000
	Pollution Liability	\$1,000,000
	Public Official Bonds	\$1,000,000 each
	Auto Verifier Bonds	\$1,000,000 each
	Excess Workers Compensation	Statutory Limits

At June 30, 2010, 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, 2010, accrued claims and judgments for workers' compensation totaled \$27,224,600 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, 2009, 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%. The impact of the change in confidence level is recognized during the year ended June 30, 2010 as a decrease to incurred claims.

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 designation for workers' compensation in the General Fund in the amount of \$36,899,954. This designation 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.

During the year ended June 30, 2010, the OCFA recognized a prior period adjustment totaling \$14,007,264 in the governmental activities, based on revised data and calculations that were included in the actuarial valuation dated December 31, 2009. The estimated portion of that prior period adjustment pertaining to the year ended June 30, 2009 was \$11,783,201, as shown in the following summary. Prior year data presented elsewhere in the accompanying financial statements has not been revised to reflect this restatement. Following is a summary of changes in workers' compensation claims payable for the years ended June 30, 2010 and 2009, including the current and long-term portions at year-end.

	FYE June 30	
	2010	2009
Unpaid claims at beginning of fiscal year,		
as previously reported	\$ 17,649,074	\$ 14,846,767
Prior period adjustment	14,007,264	11,783,201
Unpaid claims at beginning of fiscal year, as restated	31,656,338	26,629,968
Incurred claims (including IBNR's)	630,421	8,789,203
Claim payments	(5,062,159)	(3,462,833)
Unpaid claims at end of fiscal year	\$ 27,224,600	\$ 31,956,338
Current portion	\$ 4,353,481	\$ 4,116,438
Long-term portion	22,871,119	27,539,900
Unpaid claims at end of fiscal year	\$ 27,224,600	\$ 31,656,338
Confidence level at end of fiscal year	50%	80%

(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, 2010:

Members equity, beginning of year	\$ 15,921
Total revenues	224,136
Total expenditures	<u>(178,984)</u>
Members equity, end of year	<u>\$ 61,073</u>
Total assets	\$121,503
Total liabilities	<u>(60,430)</u>
Members equity, end of year	<u>\$ 61,073</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 two 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 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 under Plan E is calculated using the employee's single highest year of compensation, while the final retirement allowance for an employee covered under Plan F is calculated using the employee's average three highest years of compensation.

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.

General Member Category

Like the Safety Member category, the General Member category is also divided into two plans. Tier I employees are grouped in Plan I and Tier II employees 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 under Plan I is calculated using the employee's single highest year of compensation, while the final retirement allowance for an employee covered under Plan J is calculated using the employee's average three highest years of compensation.

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 also assumes the 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 the increase in cost of the 2.7% at 55 enhanced retirement benefit, which was calculated at 6%. Employees under the General Member category reimburse 6% of their compensation earnable to the OCFA. 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.

When the 2.7% at 55 enhanced retirement benefit was adopted for the General Members category in March 2004, employees initially agreed to a 2% deduction for six months, and then increased the contribution to 4% for an additional six months. The full 6% contribution was effective during the year ended June 30, 2005. The Retirement 2.7% at 55 Fund was established to collect employee contributions until the final retirement rate could be determined. When the final retirement rates were issued, the cumulative amounts reimbursed exceeded the amount needed to compensate for the first year retirement rates of the enhanced benefit. Per the agreement, the funds cannot be refunded to employees and will be used to offset future retirement rate increases.

(c) Benefits

OCFA plan members who retire at or after age 50 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		
2008	8.50-12.48%	11.80-18.02%	9.84-14.31%	9.41-14.31%	34.02%	22.56%
2009	8.47-12.44%	11.77-17.97%	9.86-14.34%	9.43-14.34%	33.43%	24.24%
2010	7.83-13.02%	10.79-18.74%	8.01-14.59%	7.67-14.59%	38.24%	23.01%

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
2008	\$125,744,817	\$100,313,038	\$32,242,142	\$3,467,384	\$35,709,526	35.6%
2009	130,284,103	104,571,731	33,384,056	3,799,026	37,183,082	35.6%
2010	125,872,010	106,718,627	38,687,061	3,644,446	42,331,507	39.7%

(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. 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, 2010, there were no retirees eligible to receive these benefits. If employment with the OCFA is terminated prior to retirement, the employee may be eligible to receive a lump sum distribution in lieu of any future benefits payable under the Plan. Following is a summary of the benefits for the current and the two preceding years:

FYE June 30	Retirement Benefits	Lump Sum Distributions	
		Amount	Number of Employees
2008	\$ -	\$25,394	35
2009	-	41,742	57
2010	-	18,099	23

(d) Contributions

Required contribution rates, which range from 2.5% to 7.5%, are determined by a formula based on the age of the employee. The contribution requirement for the year ended June 30, 2010, totaled \$12,522. The table below, *presented as required supplementary information*, summarizes contribution information for the current and the preceding two fiscal years. For all three years, the actual contributions were equal to 100% of the required contributions.

FYE June 30	Required and Actual Contributions
2008	\$35,737
2009	29,650
2010	12,522

(e) Individual Fund Financial Statements

Following are the financial statements for the Extra Help Retirement Fund as of and for the year ended June 30, 2010:

Statement of Fiduciary Net Assets

Assets:	
Cash and investments – Local Agency Investment Fund	<u>\$46,816</u>
Net assets:	
Assets held in trust for pension benefits	<u>\$46,816</u>

Statement of Changes in Fiduciary Net Assets

Additions:	
Contributions – plan members	\$12,522
Net investment income – interest	<u>2,056</u>
Total additions	14,578
Deductions – benefits and refunds paid to plan members and beneficiaries	
	<u>(18,099)</u>
Change in net assets	(3,521)
Net assets, beginning of year	<u>50,337</u>
Net assets, end of year	<u>\$46,816</u>

(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, 2010, there were 387 eligible retirees who received monthly benefits aggregating to an annual total of \$2,088,645. In addition, there were two deferred retirees who received monthly benefits directly from the OCFA totaling \$2,551.

(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, 2010, the OCFA's annual OPEB cost was \$8,794,983, as determined by an actuarial valuation with a measurement date as of July 1, 2008, and was calculated as follows:

Annual Required Contribution (ARC)	\$8,877,757
Interest on the Net OPEB Obligation (NOPEBO)	586,446
Actuary's adjustment on the ARC	<u>(669,220)</u>
Annual OPEB Cost	<u>\$8,794,983</u>

During the year ended June 30, 2010, the OCFA's actual contributions totaled \$4,475,727 resulting in an increase to the NOPEBO of \$4,319,256 (the difference between the Annual OPEB Cost and actual contributions). The outstanding balance of the NOPEBO as of June 30, 2010, was \$11,886,320. 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 years.

FYE	(a) Annual OPEB Cost	(b) Actual Contributions	(b/a) % of Annual OPEB Cost Contributed	(b-a) Net Increase to Net OPEB (Obligation)	Cumulative Net OPEB (Obligation) at June 30
June 30 2008	\$6,529,769	\$3,523,363	54.0%	\$(3,006,406)	\$ (3,006,406)
2009*	8,844,871	4,284,213	48.4%	(4,560,658)	(7,567,064)
2010*	8,794,983	4,475,727	50.9%	(4,319,256)	(11,886,320)

* Based on updated information available for the June 30, 2008 actuarial valuation, the 2009 and 2010 Annual OPEB Cost includes an implicit subsidy for safety members under the age of 65. Accordingly, the 2009 and 2010 Actual Contributions also include \$723,174 and \$831,477, respectively, of implicit insurance premiums paid on behalf of these retirees. Actual contributions were calculated as follows for the years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Amounts irrevocably transferred to OCERS trust	\$3,641,699	\$3,558,725
Implicit insurance premiums paid on behalf of retirees	831,477	723,174
Amounts paid directly to retirees	<u>2,551</u>	<u>2,314</u>
Total actual contributions	<u>\$4,475,727</u>	<u>\$4,284,213</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	Unfunded	Funded	Covered	UAAL as
As of	Value of	Actuarial	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	12.2%	\$95,608,358	55.8%
2008	21,525,051	94,124,900	72,599,849	22.9%	80,624,028	90.0%

** An actuarial valuation is required to be completed every two years. Three years will be presented as data becomes available in future fiscal years.

(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, 2010, was determined by an actuarial valuation of the Plan dated June 30, 2008. 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, 2008
- Actuarial cost method Entry age normal, level dollar
- Amortization method 30 years, closed, level dollar
- Remaining amortization period 28 years as of June 30, 2008
- Asset valuation method Market value
- Actuarial assumptions:
 - Investment rate of return / discount rate 7.75%
 - Projected salary increases N/A
 - Inflation N/A
 - Increase in retiree medical grant 5.0%
- Plan membership:
 - Current retirees and surviving spouses 316
 - Current active members 960

(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 \$408,883 for the year ended June 30, 2010.

(18) Proposition 1A Borrowing by the State of California

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California (State) borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The State is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the OCFA was \$14 million.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority (California Communities), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds (Prop 1A Bonds) to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State. Participating local agencies have no obligation on the bonds and no credit exposure to the State.

OCFA was not eligible to directly participate in the Securitization Program because the Structural Fire Fund, the mechanism by which property tax revenue is allocated for fire protection within fifteen cities and the County unincorporated areas, is by statute a separate special district governed by the Orange County Board of Supervisors. OCFA receives the Structural Fire Fund portion of property taxes as a pass-through from the County pursuant to the JPA Agreement. Consequently,

only the County, rather than OCFA, had the authority to sell the Structural Fire Fund receivable to California Communities. On September 24, 2009, OCFA's Board of Directors authorized a Cooperative Agreement (Agreement) between the OCFA and the County of Orange (County) regarding Proposition 1A Receivables and Reimbursements Attributable to the Structural Fire Fund, whereby the County would sell the Proposition 1A receivables attributable to the Structural Fire Fund and pay OCFA the proceeds of the sale. Because the OCFA participated in the Agreement with the County, property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds, which were collected as a pass-through from the County, were equal to the book value and, as a result, no gain or loss was recorded.

(19) Subsequent Events

Establishment of the OCFA Nonprofit Foundation

On July 22, 2010, the OCFA Board of Directors authorized the establishment of the Orange County Fire Authority Nonprofit Foundation ("Foundation"), a nonprofit California corporation, and the Foundation's application to the Internal Revenue Service for corporate tax exempt status. The purpose of the Foundation is to assist the OCFA in fundraising and securing non-government grant funds, services, materials, and contributions to support OCFA's mission. The Board approved the release of \$50,000 of designated fund balance from the General Fund to provide initial start-up funding for the Foundation.

Contract Commitments

On July 23, 2010, the OCFA issued a purchase order from the Vehicle Replacement Fund to Boise Mobile Equipment for the purchase of one Crew Carrying Vehicle in the amount of \$209,810. The new vehicle will be assigned to the seasonal hand crew.

Voluntary Service Retirement Incentive Program (VSRIP)

On September 9, 2010, the OCFA Board of Directors approved a Voluntary Service Retirement Incentive Program (VSRIP) for eligible, regular non-safety employees. Participants in the VSRIP must have satisfied the conditions delineated by OCERS with respect to age and years of credited service. Applicants will be required to sign an Agreement and Release of Claims against the OCFA in exchange for the incentive. The lump-sum incentive payment amount varies depending upon the employee's retiree date, as follows:

- Level One: \$25,000 for employees who retire September 10 – December 31, 2010
- Level Two: \$20,000 for employees who retire January 1 – March 31, 2011
- Level Three: \$15,000 for employees who retire April 1 – June 30, 2011

The application period to participate in the VSRIP is September 10, 2010 through October 1, 2010. Funding for the incentive payments (in lieu of future salary and benefit payments) is available in the Fiscal Year 2010-11 General Fund budget. Incentive costs are anticipated to be more than offset by ongoing salary savings through position reductions and restructurings.



Orange County Fire Authority Safety Message

**Campus Fire Safety
Prevention**

Fires can be prevented by taking these simple steps:

- Clean up immediately after parties and take all trash outside.
- When using a microwave oven never use aluminum foil or metal objects. Use only microwave-safe cookware (containers or dishes).
- Open micro waved food slowly, away from the face. Hot steam escaping from a container of micro waved food or the food itself can cause burns.
- Keep space heaters and halogen lamps away from flammables.
- When using toaster ovens or hot plates, be sure to stay and watch. Your food could overheat and start a fire.
- Do not store anything inside a toaster oven.
- Be sure to clean the toaster oven out after every use. Drips or dried food could cause a fire.
- Put out candles and incense when unattended.
- Do not overload electrical outlets. Use a surge protector with a circuit breaker for more than two electrical items.
- Extinguish all smoking materials. Do not smoke while tired or impaired.

Supplementary Schedules



Hazardous Materials Team

Major Governmental Fund

Capital Projects Fund

Capital Projects

This fund is used to account for capital expenditures requirements, such as the replacement of sub-standard fire stations and construction of new fire stations.

ORANGE COUNTY FIRE AUTHORITY
Capital Projects
Budgetary Comparison Schedule
Year ended June 30, 2010
(With Comparative Data for Prior Year)

	2010		Actual Amounts	Variance with Final Budget Positive (Negative)	2009
	Budget Amounts				Actual
	Original	Final			Amounts
Budgetary fund balance, July 1	\$ 17,051,917	\$ 17,051,917	\$ 17,051,917	\$ -	\$ 17,194,635
Resources (inflows):					
Intergovernmental	22,816	200,811	200,811	-	169,569
Use of money and property	70,565	155,617	114,187	(41,430)	372,627
Miscellaneous	-	106,024	110,649	4,625	121,853
Transfers in	1,337,597	1,717,475	1,717,475	-	301,651
Total resources (inflows)	1,430,978	2,179,927	2,143,122	(36,805)	965,700
Amounts available for appropriations	18,482,895	19,231,844	19,195,039	(36,805)	18,160,335
Charges to appropriation (outflows):					
Salaries and benefits	134,778	134,778	124,206	10,572	134,330
Services and supplies	-	324	324	-	41,394
Capital outlay	9,207,108	12,702,521	2,258,283	10,444,238	932,694
Total charges to appropriations	9,341,886	12,837,623	2,382,813	10,454,810	1,108,418
Budgetary fund balance, June 30	\$ 9,141,009	\$ 6,394,221	\$ 16,812,226	\$ 10,418,005	\$ 17,051,917

Nonmajor Governmental Funds

Special Revenue Funds

Facilities Maintenance & Improvements

This fund is used to account for financial activities associated with significant maintenance and improvement of facilities.

Structural Fire Entitlement

This fund was established in July 1999 and is used to identify, monitor and track funds allocated for service enhancements within over-funded Structural Fire Fund communities in accordance with the Amended Joint Powers Agreement. Allocations from the fund may be used only for Board-approved and OCFA-related service or resource enhancements to such over-funded members and must be approved annually by the Board of Directors.

Debt Service Fund

Debt Service

This fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. This fund was established in January 2002 after the issuance of the 2001 Revenue Bonds for the Regional Fire Operations and Training Center. It is used to track and fund semi-annual debt service payments and to maintain the required 10% debt service reserve.

ORANGE COUNTY FIRE AUTHORITY
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010
(With Comparative Data for Prior Year)

	Special Revenue Funds	
	Facilities Maintenance & Improvements	Structural Fire Entitlement
<u>Assets</u>		
Cash and investments	\$ 6,132,427	\$ 872,957
Receivables:		
Accrued interest	-	-
Due from other governments, net	-	-
Total assets	\$ 6,132,427	\$ 872,957
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts payable	\$ 112,766	\$ 11,841
Total liabilities	112,766	11,841
Fund balances:		
Reserved:		
Reserved for encumbrances	14,998	-
Reserved for debt service	-	-
Unreserved:		
Designated for capital improvement program	5,752,303	-
Designated for future service enhancements	-	326,164
Designated for operating contingency	-	10,335
Designated for debt service	-	-
Undesignated	252,360	524,617
Total fund balances	6,019,661	861,116
Total liabilities and fund balances	\$ 6,132,427	\$ 872,957

Debt Service Fund	Total Nonmajor Governmental Funds	
	2010	2009
\$ -	\$ 7,005,384	\$ 14,788,738
-	-	48,929
-	-	4,929
\$ -	\$ 7,005,384	\$ 14,842,596
\$ -	\$ 124,607	\$ 352,928
-	124,607	352,928
-	14,998	29,378
-	-	2,806,000
-	5,752,303	5,875,018
-	326,164	651,673
-	10,335	8,511
-	-	4,744,771
-	776,977	374,317
-	6,880,777	14,489,668
\$ -	\$ 7,005,384	\$ 14,842,596

ORANGE COUNTY FIRE AUTHORITY
 Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2010

(With Comparative Data for Prior Year)

	Special Revenue Funds	
	Facilities Maintenance & Improvements	Structural Fire Entitlement
Revenues:		
Charges for services	\$ 145,193	\$ -
Use of money and property	40,979	5,405
Miscellaneous	3,375	-
Total revenues	189,547	5,405
Expenditures:		
Current - public safety:		
Services and supplies	789,589	25,463
Capital outlay	-	-
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
Total expenditures	789,589	25,463
Excess (deficiency) of revenues over (under) expenditures	(600,042)	(20,058)
Other financing sources (uses):		
Transfers in	569,467	-
Transfers out	-	-
Total other financing sources (uses)	569,467	-
Net change in fund balances	(30,575)	(20,058)
Fund balances, beginning of year	6,050,236	881,174
Fund balances, end of year	\$ 6,019,661	\$ 861,116

Debt Service Fund	Total Nonmajor Governmental Funds	
Debt Service	2010	2009
\$ -	\$ 145,193	\$ 161,388
695	47,079	373,521
-	3,375	3,982
695	195,647	538,891
-	815,052	2,313,015
-	-	199,517
7,040,000	7,040,000	3,325,000
139,075	139,075	339,663
7,179,075	7,994,127	6,177,195
(7,178,380)	(7,798,480)	(5,638,304)
-	569,467	2,882,958
(379,878)	(379,878)	(557,146)
(379,878)	189,589	2,325,812
(7,558,258)	(7,608,891)	(3,312,492)
7,558,258	14,489,668	17,802,160
\$ -	\$ 6,880,777	\$ 14,489,668

**ORANGE COUNTY FIRE AUTHORITY
Facilities Maintenance & Improvements**

Budgetary Comparison Schedule

Year ended June 30, 2010

(With Comparative Data for Prior Year)

	2010			2009	
	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 6,050,236	\$ 6,050,236	\$ 6,050,236	\$ -	\$ 4,032,561
Resources (inflows):					
Charges for services	146,090	145,193	145,193	-	161,388
Use of money and property	46,929	50,493	40,979	(9,514)	98,876
Miscellaneous	-	3,375	3,375	-	3,982
Transfers in	569,467	569,467	569,467	-	2,882,958
Total resources (inflows)	762,486	768,528	759,014	(9,514)	3,147,204
Amounts available for appropriations	6,812,722	6,818,764	6,809,250	(9,514)	7,179,765
Charges to appropriation (outflows):					
Services and supplies	1,066,461	1,051,697	789,589	262,108	930,012
Capital outlay	-	14,764	-	14,764	199,517
Total charges to appropriations	1,066,461	1,066,461	789,589	276,872	1,129,529
Budgetary fund balance, June 30	\$ 5,746,261	\$ 5,752,303	\$ 6,019,661	\$ 267,358	\$ 6,050,236

ORANGE COUNTY FIRE AUTHORITY
Structural Fire Entitlement
Budgetary Comparison Schedule
Year ended June 30, 2010
(With Comparative Data for Prior Year)

	2010			Variance with Final Budget Positive (Negative)	2009
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 881,174	\$ 881,174	\$ 881,174	\$ -	\$2,225,115
Resources (inflows):					
Use of money and property	4,396	8,211	5,405	(2,806)	39,062
Total resources (inflows)	4,396	8,211	5,405	(2,806)	39,062
Amounts available for appropriations	885,570	889,385	886,579	(2,806)	2,264,177
Charges to appropriation (outflows):					
Services and supplies	522,886	552,886	25,463	527,423	1,383,003
Total charges to appropriations	522,886	552,886	25,463	527,423	1,383,003
Budgetary fund balance, June 30	\$ 362,684	\$ 336,499	\$ 861,116	\$ 524,617	\$ 881,174

**ORANGE COUNTY FIRE AUTHORITY
Debt Service**

Budgetary Comparison Schedule

Year ended June 30, 2010

(With Comparative Data for Prior Year)

	2010			Variance with Final Budget Positive (Negative)	2009
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 7,558,258	\$ 7,558,258	\$ 7,558,258	\$ -	\$11,544,484
Resources (inflows):					
Use of money and property	36,296	695	695	-	235,583
Total resources (inflows)	36,296	695	695	-	235,583
Amounts available for appropriations	7,594,554	7,558,953	7,558,953	-	11,780,067
Charges to appropriation (outflows):					
Principal retirement	7,040,000	7,040,000	7,040,000	-	3,325,000
Interest and fiscal charges	282,675	139,075	139,075	-	339,663
Transfers out	-	379,878	379,878	-	557,146
Total charges to appropriations	7,322,675	7,558,953	7,558,953	-	4,221,809
Budgetary fund balance, June 30	\$ 271,879	\$ -	\$ -	\$ -	\$ 7,558,258

Fiduciary Funds

Pension Trust Funds

Extra Help Retirement

This fund is used to account for assets held by the OCFA to provide a defined benefit retirement plan for less than half-time and extra-help employees.

Retirement 2.7% @ 55

This fund is used to account for assets held by the OCFA for the enhanced retirement benefit for Orange County Employee Association (OCEA) members, Administrative Management members and non-suppression Executive Management members who contributed towards the benefit.

ORANGE COUNTY FIRE AUTHORITY
Pension Trust Funds
Combining Statement of Fiduciary Net Assets
June 30, 2010
(With Comparative Data for Prior Year)

	Extra Help Retirement	Retirement 2.7% @ 55	Total Pension Trust Funds	
			2010	2009
Assets:				
Cash and investments:				
Local Agency Investment Fund	\$ 46,816	\$ 439,092	\$ 485,908	\$ 485,416
Receivables:				
Accrued interest	-	-	-	1,353
Total assets	46,816	439,092	485,908	486,769
Liabilities:				
Accounts payable	-	370,931	370,931	370,932
Total liabilities	-	370,931	370,931	370,932
Net assets:				
Assets held in trust for pension benefits	46,816	68,161	114,977	115,837
Total net assets	\$ 46,816	\$ 68,161	\$ 114,977	\$ 115,837

ORANGE COUNTY FIRE AUTHORITY
Pension Trust Funds
Combining Statement of Changes in Fiduciary Net Assets
Year ended June 30, 2010
(With Comparative Data for Prior Year)

	Extra Help Retirement	Retirement 2.7% @ 55	Total Pension Trust Funds	
			2010	2009
Additions:				
Contributions:				
Plan members	\$ 12,522	\$ -	\$ 12,522	\$ 29,650
Total contributions	12,522	-	12,522	29,650
Net investment income:				
Interest	2,056	2,661	4,717	10,711
Total net investment income	2,056	2,661	4,717	10,711
Total additions	14,578	2,661	17,239	40,361
Deductions:				
Benefits and refunds paid to plan members and beneficiaries	18,099	-	18,099	41,742
Total deductions	18,099	-	18,099	41,742
Change in net assets	(3,521)	2,661	(860)	(1,381)
Net assets, beginning of year	50,337	65,500	115,837	117,218
Net assets, end of year	\$ 46,816	\$ 68,161	\$ 114,977	\$ 115,837



Orange County Fire Authority Safety Message

**Campus Fire Safety
Protection**

To prevent becoming trapped in a fire situation, here are some important steps to follow:

- Check to make sure all smoke alarms are working and change the batteries twice a year.
- Find all possible exits from your room or residence.
- Make a fire escape plan. Have at least two routes. Practice your escape route plan.
- Check your room for possible fire and safety hazards.
- Tell roommates about your escape plan and have an outside meeting place.
- Take fire alarms seriously. Do not ignore fire alarms. If the alarm goes off make, be sure to promptly get outside if it is safe to do so. Do not worry about personal belongings.



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

Home Escape Plans

- **Draw a floor plan.** Show two ways out of every room. Discuss it with your family.
- **Select an outside meeting place.** Select a safe place where every member of your home will gather outside after escaping a fire. Wait for the fire department and let them know if anyone is missing or trapped inside. After everyone is out safely, this is when you would call 9-1-1.
- **Practice every month.** Practice your plan to ensure that children and adults react to the smoke alarm and know what to do. Know the primary and secondary exits. Make sure windows are not stuck, screens can be taken out quickly and that security bars can be opened easily.
- **Test doors before opening.** While kneeling or crouching at the door, use the back of your hand to feel the door, working from the bottom up. If it feels hot or warm, do not go open the door. Use a secondary way out (window, sliding door, etc.)
- **If you are trapped, shelter in place.** If smoke, heat or flames block your exit routes, stay in the room with the door closed. Stuff the cracks around the doors with bedding, towels, clothing or pillows to keep smoke out. Wait at the window and signal for help with a flashlight or by waving a light-colored cloth. If there is a telephone in the room, call 9-1-1 and report your exact location.
- **Getting out.** Once a fire starts, it spreads rapidly. Normal exits may become filled with intense heat and blinding smoke. Because smoke and heat rise, cleaner air will be found near the floor. If you must exit through smoke, crawl on your hands and knees, keeping your head 12-24 inches above the floor.
- **Once you are out, stay out!** Do not go back in for any reason. If people are trapped, firefighters have the best chance of rescuing them. Firefighters have the training, experience and protective equipment needed to enter burning buildings. Do not go back in to find pets, money or valuables.
- **Smoke alarms save lives.** Smoke alarms sound when they detect smoke, giving you valuable time to get out the house. Install smoke alarms inside every sleeping area, in hallways outside of sleeping areas and on every level of your home. Test your smoke alarm once a month and change the batteries per the manufacturer's recommendation.
- **Fire sprinkler systems.** Sprinkler systems attack a fire in its early stages by spraying water only on the area where the fire has begun. Consider installing sprinklers in existing homes or in plans for new construction. To view a video demonstration on fire sprinklers, visit www.ocfa.org/uploads/video/sprinkler1.wmv.

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 eight fiscal years.

Changes in Net Assets – Presents the changes in net assets of governmental activities for each of the last eight 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 Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year ended June 30		
	2002	2003	2004
Governmental activities:			
Invested in capital assets, net of related debt	\$ 74,964,776	\$ 84,577,088	\$ 106,274,212
Restricted	21,984,659	2,806,000	6,040,722
Unrestricted	68,108,433	91,237,276	71,360,573
Total governmental activities net assets	<u>\$ 165,057,868</u>	<u>\$ 178,620,364</u>	<u>\$ 183,675,507</u>
	(1)		

SOURCE: OCFA Comprehensive Annual Financial Reports

NOTES:

- (1) The OCFA implemented GASB 34 during the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is not available.
- (2) Restricted net assets pertains to requirements of the revenue bonds issued to construct the Regional Fire Operations and Training Center. Those revenue bonds were repaid in full during the fiscal year ended June 30, 2010.

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 112,367,478	\$ 122,819,640	\$ 138,152,825	\$ 163,340,815	\$ 172,293,178	\$ 183,717,406
21,697,161	18,673,581	15,179,905	11,331,122	7,394,371	-
<u>59,545,780</u>	<u>74,568,019</u>	<u>93,182,195</u>	<u>120,539,628</u>	<u>129,119,689</u>	<u>117,588,847</u>
<u>\$ 193,610,419</u>	<u>\$ 216,061,240</u>	<u>\$ 246,514,925</u>	<u>\$ 295,211,565</u>	<u>\$ 308,807,238</u>	<u>\$ 301,306,253</u>
					(2)

ORANGE COUNTY FIRE AUTHORITY
Changes in Net Assets
Last Nine Fiscal Years
 (accrual basis of accounting)

Governmental Activities	Fiscal Year ended June 30		
	2002	2003	2004
Expenses:			
Public safety:			
Salaries and benefits	\$ 116,490,090	\$ 130,211,731	\$ 143,977,399
Services and supplies	23,488,179	18,525,319	26,654,071
Depreciation	4,694,169	4,920,857	5,614,203
Interest on long-term debt	2,294,230	1,829,447	1,611,919
Total program expenses	<u>146,966,668</u>	<u>155,487,354</u>	<u>177,857,592</u>
Program revenues:			
Public safety:			
Charges for services	38,671,750	45,543,494	50,000,805
Operating grants and contributions	8,301,042	3,114,024	3,821,571
Capital grants and contributions	<u>4,377,196</u>	<u>2,910,680</u>	<u>2,002,455</u>
Total program revenues	<u>51,349,988</u>	<u>51,568,198</u>	<u>55,824,831</u>
Net revenues (expenses)	<u>(95,616,680)</u>	<u>(103,919,156)</u>	<u>(122,032,761)</u>
General revenues:			
Property taxes	105,393,301	113,593,644	122,930,589
Use of money and property	5,413,039	3,254,776	1,716,086
Gain on disposal of capital assets	-	-	1,903,942
Miscellaneous	<u>2,909,511</u>	<u>639,350</u>	<u>537,287</u>
Total general revenues	<u>113,715,851</u>	<u>117,487,770</u>	<u>127,087,904</u>
Changes in net assets	<u>\$ 18,099,171</u>	<u>\$ 13,568,614</u>	<u>\$ 5,055,143</u>
	(1)		

SOURCE: OCFA Comprehensive Annual Financial Reports

NOTE:

(1) The OCFA implemented GASB 34 during the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is not available.

2005	2006	2007	2008	2009	2010
\$ 154,532,819	\$ 166,930,470	\$ 187,129,443	\$ 199,095,873	\$ 209,092,693	\$ 211,729,989
26,911,103	25,905,315	27,139,113	31,669,603	31,425,592	24,318,065
7,280,693	7,277,623	7,000,915	7,399,902	7,923,947	8,432,793
<u>1,539,394</u>	<u>1,522,705</u>	<u>1,871,983</u>	<u>1,410,673</u>	<u>1,718,137</u>	<u>855,577</u>
<u>190,264,009</u>	<u>201,636,113</u>	<u>223,141,454</u>	<u>239,576,051</u>	<u>250,160,369</u>	<u>245,336,424</u>
52,968,895	56,509,909	61,130,982	69,187,051	67,305,621	63,743,942
4,208,541	6,650,839	5,537,722	6,835,746	5,981,800	5,784,969
<u>1,445,246</u>	<u>2,730,652</u>	<u>4,172,358</u>	<u>22,092,218</u>	<u>140,903</u>	<u>1,415,618</u>
<u>58,622,682</u>	<u>65,891,400</u>	<u>70,841,062</u>	<u>98,115,015</u>	<u>73,428,324</u>	<u>70,944,529</u>
<u>(131,641,327)</u>	<u>(135,744,713)</u>	<u>(152,300,392)</u>	<u>(141,461,036)</u>	<u>(176,732,045)</u>	<u>(174,391,895)</u>
138,076,307	152,747,044	166,639,162	182,536,717	184,696,756	179,001,919
2,891,248	4,875,101	7,912,428	6,295,464	3,704,964	1,006,128
-	-	-	-	-	-
<u>608,684</u>	<u>573,389</u>	<u>903,992</u>	<u>730,733</u>	<u>1,925,998</u>	<u>890,127</u>
<u>141,576,239</u>	<u>158,195,534</u>	<u>175,455,582</u>	<u>189,562,914</u>	<u>190,327,718</u>	<u>180,898,174</u>
<u>\$ 9,934,912</u>	<u>\$ 22,450,821</u>	<u>\$ 23,155,190</u>	<u>\$ 48,101,878</u>	<u>\$ 13,595,673</u>	<u>\$ 6,506,279</u>

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

	Fiscal Year ended June 30			
	2001	2002	2003	2004
General Fund:				
Reserved	\$ 5,871,740	\$ 1,050,795	\$ 1,333,839	\$ 1,908,821
Unreserved	<u>20,386,117</u>	<u>28,119,693</u>	<u>30,058,531</u>	<u>39,531,599</u>
Total General Fund	<u>\$ 26,257,857</u>	<u>\$ 29,170,488</u>	<u>\$ 31,392,370</u>	<u>\$ 41,440,420</u>
All other governmental funds:				
Reserved	\$ 3,663,472	\$ 43,936,761	\$ 19,865,856	\$ 7,716,407
Unreserved, reported in:				
Special revenue funds	24,998,338	22,513,537	15,764,897	16,849,322
Capital projects funds	24,601,227	16,784,424	23,850,671	21,153,461
Debt service funds	<u>-</u>	<u>3,401,963</u>	<u>3,593,444</u>	<u>3,678,564</u>
Total all other governmental funds	<u>\$ 53,263,037</u>	<u>\$ 86,636,685</u>	<u>\$ 63,074,868</u>	<u>\$ 49,397,754</u>

SOURCE: OCFA Comprehensive Annual Financial Reports

2005	2006	2007	2008	2009	2010
\$ 1,610,025	\$ 2,392,327	\$ 1,476,790	\$ 1,519,961	\$ 1,417,069	\$ 514,719
<u>36,571,082</u>	<u>48,163,349</u>	<u>54,391,252</u>	<u>60,436,769</u>	<u>67,926,629</u>	<u>75,183,760</u>
<u>\$ 38,181,107</u>	<u>\$ 50,555,676</u>	<u>\$ 55,868,042</u>	<u>\$ 61,956,730</u>	<u>\$ 69,343,698</u>	<u>\$ 75,698,479</u>
\$ 13,822,050	\$ 12,162,589	\$ 14,066,095	\$ 8,446,422	\$ 14,752,366	\$ 6,283,983
17,029,091	32,488,801	46,998,762	62,633,870	75,515,265	72,827,464
9,257,299	8,875,958	5,602,562	16,718,235	13,344,809	14,947,117
<u>19,267,740</u>	<u>16,204,380</u>	<u>12,648,661</u>	<u>8,738,484</u>	<u>4,752,258</u>	<u>-</u>
<u>\$ 59,376,180</u>	<u>\$ 69,731,728</u>	<u>\$ 79,316,080</u>	<u>\$ 96,537,011</u>	<u>\$ 108,364,698</u>	<u>\$ 94,058,564</u>

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			
	2001	2002	2003	2004
Revenues:				
Taxes	\$ 96,883,682	\$ 105,393,301	\$ 113,593,644	\$ 122,930,589
Intergovernmental	7,860,825	8,816,768	7,723,204	10,222,840
Charges for services	37,226,395	38,671,750	40,933,656	43,568,603
Use of money and property	5,973,137	5,413,039	3,254,776	1,716,086
Miscellaneous	1,553,345	3,307,861	650,151	537,287
Developer contributions	-	-	2,910,680	642,455
Total revenues	149,497,384	161,602,719	169,066,111	179,617,860
Expenditures:				
Current - public safety:				
Salaries and benefits	112,679,140	115,718,103	129,815,086	143,515,244
Services and supplies	17,434,875	27,859,749	46,231,678	33,541,649
Capital outlay	7,770,891	5,539,873	8,697,468	11,424,732
Debt service:				
Bond issuance costs	-	356,037	-	-
Principal retirement	966,644	1,013,288	3,772,207	7,410,710
Interest and fiscal charges	1,253,427	1,906,423	1,889,607	1,605,649
Total expenditures	140,104,977	152,393,473	190,406,046	197,497,984
Excess (deficiency) of revenues over (under) expenditures	9,392,407	9,209,246	(21,339,935)	(17,880,124)
Other financing sources (uses):				
Transfers in	19,401,115	32,721,037	16,103,994	6,361,095
Transfers out	(19,401,115)	(32,831,037)	(16,103,994)	(6,361,095)
Issuance of long-term debt	-	28,182,489	-	9,147,260
Sale of capital and other assets	-	-	-	3,842,821
Insurance recoveries	-	-	-	-
Total other financing sources (uses)	-	28,072,489	-	12,990,081
Net change in fund balances	\$ 9,392,407	\$ 37,281,735	\$ (21,339,935)	\$ (4,890,043)
Debt service as a percentage of noncapital expenditures	1.7%	2.2%	3.1%	4.8%

SOURCE: OCFA Comprehensive Annual Financial Reports

2005	2006	2007	2008	2009	2010
\$ 138,076,307	\$ 152,747,044	\$ 166,639,162	\$ 182,536,717	\$ 184,696,756	\$ 179,001,919
9,279,498	12,737,022	15,643,174	24,168,953	18,898,459	14,202,209
47,912,985	50,431,293	53,191,997	53,510,278	54,125,964	55,325,007
2,891,248	5,284,539	8,379,245	7,336,664	4,148,889	1,341,991
608,684	581,708	428,475	982,487	2,517,891	1,333,170
1,445,246	2,730,652	1,096,262	1,744,392	-	551,365
<u>200,213,968</u>	<u>224,512,258</u>	<u>245,378,315</u>	<u>270,279,491</u>	<u>264,387,959</u>	<u>251,755,661</u>
151,938,290	166,670,733	186,074,623	195,481,030	203,790,256	206,942,045
27,100,196	23,188,784	27,146,936	31,386,487	28,561,308	28,521,125
8,013,300	10,838,654	9,714,765	13,323,621	32,624,294	9,647,853
-	-	-	-	-	-
4,889,349	5,033,119	5,186,766	4,867,453	5,933,911	13,370,586
1,620,267	1,985,533	2,414,453	2,526,877	2,119,347	1,459,383
<u>193,561,402</u>	<u>207,716,823</u>	<u>230,537,543</u>	<u>247,585,468</u>	<u>273,029,116</u>	<u>259,940,992</u>
<u>6,652,566</u>	<u>16,795,435</u>	<u>14,840,772</u>	<u>22,694,023</u>	<u>(8,641,157)</u>	<u>(8,185,331)</u>
24,457,025	18,435,635	24,350,337	29,914,910	30,257,506	10,608,277
(24,457,025)	(18,435,635)	(24,350,337)	(29,914,910)	(30,257,506)	(10,608,277)
-	5,841,858	-	-	21,515,238	-
66,547	92,824	55,946	93,807	93,480	162,533
-	-	-	-	81,576	71,445
<u>66,547</u>	<u>5,934,682</u>	<u>55,946</u>	<u>93,807</u>	<u>21,690,294</u>	<u>233,978</u>
<u>\$ 6,719,113</u>	<u>\$ 22,730,117</u>	<u>\$ 14,896,718</u>	<u>\$ 22,787,830</u>	<u>\$ 13,049,137</u>	<u>\$ (7,951,353)</u>
3.5%	3.6%	3.4%	3.2%	3.3%	5.9%



Orange County Fire Authority Safety Message

Fall Prevention for Seniors

- **Don't sweat what's wet!** Wipe up spilled liquids immediately. Use non-slip mats on shower and bathtub floors. Install grab bars on the wall next to tub, shower, and toilet.
- **Stay in shape!** Regular exercise can reduce the risk of falls and other health issues by building muscles and improving balance and coordination. Talk to your physician about which exercise plan is best for you.
- **Create a clear path!** Keep stairs, hallways, exits, and other walk ways free of cables, shoes, magazines, and other items.
- **Throw out rugs that bug!** Only use throw rugs with rubber, non-skid backing. Always smooth out wrinkles and folds in carpeting.
- **Take your time!** Distractions and anxiety increases your chances of a fall. Slowly get out of chairs. Rest a moment before you get out of bed. Be sure to be balanced and centered before beginning your walk.
- **Do you have happy feet?** Well-fitted, low heeled shoes with non-slip soles are the safest and sturdiest things for your feet. Avoid wearing high heels, thick soled athletic shoes, slippers, or stockings that could lead to a slip, loss of balance, trip, and fall.
- **Look out!** Have your eyes checked regularly and prescriptions filled in a timely manner. Poor vision can dramatically increase your chance of a fall. Likewise, be sure that your home, walkways, and stairs are well lit. Use night lights to light the path between your bedroom and bathroom. Turn on the lights before using your stairs. Be sure that both the bottom and top of the stairway are well lit. Have handrails that are easy to grip installed along the full length of both sides of your stairwell.

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 2000/01	FY 2001/02	FY 2002/03	FY 2003/04
Buena Park	\$ 4,415,981	\$ 4,708,003	\$ 4,992,390	\$ 5,241,607
Placentia	2,803,120	3,017,366	3,261,068	3,499,257
San Clemente	5,139,411	5,886,511	6,831,696	7,738,680
Seal Beach	2,104,257	2,301,742	2,561,374	2,761,755
Stanton	1,191,968	1,253,119	1,332,874	1,456,875
Tustin	5,015,121	5,337,612	5,521,942	5,901,337
Westminster	3,947,269	4,178,647	4,439,818	4,802,251
Total cash cities (3)	<u>24,617,127</u>	<u>26,683,000</u>	<u>28,941,162</u>	<u>31,401,762</u>
Aliso Viejo (4)	n/a	n/a	4,645,701	5,223,553
Cypress	3,316,050	3,495,315	3,736,602	4,038,709
Dana Point	4,594,761	5,110,623	5,516,436	5,941,465
Irvine	20,405,359	22,710,140	24,858,632	26,799,741
Laguna Hills	3,457,927	3,782,350	3,967,515	4,197,860
Laguna Niguel	7,059,913	7,655,629	8,142,068	8,774,412
Laguna Woods	1,394,456	1,523,257	1,608,653	1,714,358
Lake Forest	4,924,024	6,924,510	7,429,330	8,035,481
La Palma	1,073,145	1,126,504	1,155,782	1,222,653
Los Alamitos	957,159	1,008,946	1,055,691	1,126,237
Mission Viejo	8,274,317	8,836,993	9,330,631	9,882,639
Rancho Santa Margarita	3,878,531	4,378,109	4,718,088	5,051,504
San Juan Capistrano	3,304,879	3,600,312	3,824,457	4,060,793
Villa Park	810,194	875,017	933,233	990,409
Yorba Linda	5,635,541	6,159,074	6,587,989	7,252,943
Unincorporated	18,303,375	18,931,941	13,236,995	14,178,447
Total SFF jurisdictions (2)	<u>87,389,631</u>	<u>96,118,720</u>	<u>100,747,803</u>	<u>108,491,204</u>
Percentage change from prior year	10.76%	9.99%	4.82%	7.69%
Total assessed valuation	<u>\$ 112,006,758</u>	<u>\$ 122,801,720</u>	<u>\$ 129,688,965</u>	<u>\$ 139,892,966</u>
Total direct tax rate	0.11%	0.11%	0.11%	0.11%

SOURCE: County of Orange, Auditor-Controller, Assessed Valuations Booklet by fiscal year

(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) Aliso Viejo joined the OCFA upon incorporation on July 1, 2001 (previously part of County unincorporated).

FY 2004/05	FY 2005/06	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10
\$ 5,651,721	\$ 6,112,028	\$ 6,750,905	\$ 7,351,653	\$ 7,611,793	\$ 7,438,787
3,792,066	4,189,586	4,628,986	4,991,175	5,070,123	4,967,651
8,748,299	9,999,404	11,366,168	12,486,976	12,855,038	12,631,337
2,968,854	3,189,870	3,585,301	3,875,902	4,256,884	4,241,221
1,590,290	1,774,670	1,972,744	2,184,177	2,195,788	2,070,815
6,507,163	7,046,325	8,170,655	9,070,627	9,958,561	9,501,069
5,188,197	5,589,577	6,215,306	6,640,057	6,775,451	6,698,153
<u>34,446,590</u>	<u>37,901,460</u>	<u>42,690,065</u>	<u>46,600,567</u>	<u>48,723,638</u>	<u>47,549,033</u>
5,673,714	6,176,940	6,968,167	7,499,861	7,792,144	7,553,177
4,380,633	4,704,566	5,085,127	5,421,886	5,604,677	5,529,005
6,250,662	6,998,388	7,693,012	8,532,709	8,879,909	8,763,402
29,634,708	33,764,042	39,280,256	44,382,983	47,257,608	47,212,001
4,508,804	4,909,424	5,313,973	5,736,525	5,692,646	5,589,417
9,496,924	10,355,469	11,347,524	12,073,542	12,227,117	11,883,056
1,793,619	1,963,825	2,118,937	2,262,295	2,295,254	2,273,717
8,567,664	9,258,757	10,165,487	10,896,488	11,189,197	10,915,562
1,304,664	1,397,213	1,509,520	1,636,875	1,685,812	1,695,126
1,221,543	1,333,656	1,416,837	1,515,499	1,582,738	1,589,309
10,514,195	11,473,222	12,449,764	13,246,125	13,357,566	13,104,698
5,502,550	5,989,888	6,575,282	6,977,082	6,921,865	6,617,903
4,424,780	4,780,297	5,260,585	5,794,133	5,961,050	5,835,957
1,069,950	1,148,109	1,234,034	1,311,588	1,355,557	1,359,734
7,938,555	8,865,186	9,969,593	10,909,311	11,165,576	10,897,981
15,890,882	17,991,705	19,843,722	21,846,485	22,212,379	21,447,511
<u>118,173,847</u>	<u>131,110,687</u>	<u>146,231,820</u>	<u>160,043,387</u>	<u>165,181,095</u>	<u>162,267,556</u>
8.92%	10.95%	11.53%	9.44%	3.21%	-1.76%
<u>\$ 152,620,437</u>	<u>\$ 169,012,147</u>	<u>\$ 188,921,885</u>	<u>\$ 206,643,954</u>	<u>\$ 213,904,733</u>	<u>\$ 209,816,589</u>
0.12%	0.12%	0.11%	0.11%	0.11%	0.11%

NOTE:

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.

COUNTY OF ORANGE
Property Tax Rates of Direct and Overlapping Governments
Last Ten Fiscal Years

Tax Rates Per \$100 of Assessed/Full Cash Value

<u>For the Year Ended June 30</u>	<u>Overlapping County-wide Basic Levy - Operating</u>	<u>Direct Orange County - Debt Service</u>	<u>Total</u>
2001	1.00000	0.00000	1.00000
2002	1.00000	0.00000	1.00000
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

SOURCE: County of Orange, Auditor-Controller

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

Property Tax Payer	Fiscal Year 2000/2001			Fiscal Year 2009/2010		
	Actual Taxes Levied	Rank	Percent of Total Taxes Levied	Actual Taxes Levied	Rank	Percent of Total Taxes Levied
Irvine Company	40,103	1	1.57%	70,200	1	1.48%
Walt Disney World Co.	9,101	6	0.36%	42,743	2	0.90%
Irvine Company LLC				23,682	3	0.50%
So Cal Edison Co.	13,748	4	0.54%	23,180	4	0.49%
Irvine Apartment Communities	17,366	2	0.68%	9,653	5	0.20%
Pacific Bell Telephone Co.	12,581	5	0.49%	8,290	6	0.18%
Irvine Community Development				7,487	7	0.16%
Heritage Fields El Toro LLC				7,098	8	0.15%
United Laguna Hills	4,758	8	0.19%	6,451	9	0.14%
Bella Terra Assoc., LLC				4,833	10	0.10%
Walt Disney Company	16,107	3	0.63%			
Rockwell Semiconductor	6,493	7	0.25%			
Irvine Company of W VA	4,154	10	0.16%			
Boeing	4,568	9	0.18%			

SOURCE: Orange County Auditor/Controller

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

For the Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collection to Date	
		Amount (1)	Percent of Levy		Amount	Percent of Levy
2001	98,486	97,989	99.5%	205	98,194	99.7%
2002	108,852	106,242	97.6%	222	106,464	97.8%
2003	113,649	112,684	99.2%	256	112,940	99.4%
2004	123,841	121,829	98.4%	251	122,080	98.6%
2005	138,864	137,037	98.7%	250	137,287	98.9%
2006	154,289	151,789	98.4%	242	152,031	98.5%
2007	168,777	166,567	98.7%	446	167,013	99.0%
2008	182,400	181,773	99.7%	667	182,440	100.0%
2009	184,776	183,326	99.2%	744	184,070	99.6%
2010	179,914	162,895 (2)	90.5%	459	163,354	90.8%

SOURCE: County of Orange, Auditor-Controller - Tax Ledger

NOTES:

(1) Includes apportionment based on the Teeter Plan which apportions delinquencies on a current year basis for Secured Property Taxes. Does not include interest earned.

(2) Due to a Proposition 1A borrowing by the State, the property tax apportionment in FY 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 (98.7% of levy collected within the fiscal year and 98.9% of levy collected to date).

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)

For the Year Ended June 30	Governmental Activities			Median Family Income (County of Orange) (1)	Percentage of Personal Income (2)	Population	Debt Per Capita (3)
	Revenue Bonds	Leases Purchase Agreements	Total Outstanding Debt				
2001	\$ -	\$ 5,691	\$ 5,691	\$ 65	8727.5%	1,256	\$ 5
2002	28,060	4,678	32,738	66	49920.7%	1,275	26
2003	25,350	3,616	28,966	67	43019.0%	1,290	22
2004	22,555	8,147	30,702	70	43586.6%	1,309	23
2005	19,665	6,148	25,813	74	34999.3%	1,333	19
2006	16,670	9,952	26,622	77	34467.0%	1,351	20
2007	13,570	7,865	21,435	78	27512.2%	1,365	16
2008	10,365	6,203	16,568	78	21361.3%	1,384	12
2009	7,040	25,109	32,149	75	42734.3%	1,389	23
2010	-	18,778	18,778	76	24839.9%	1,403	13

SOURCES:

- (1) Chapman University (2009 and 2010 are estimates)
- (2) Ratio calculated using median family income for County of Orange, as estimated for most recent year
- (3) Ratio calculated using population from January 1

NOTE: Details regarding the OCFA's outstanding debt can be found in the notes to the financial statements.

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

For the Year Ended June 30	Population	Assessed Value	Gross Bonded Debt	Less Amounts Available in Debt Service Fund (2)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2002 (1)	1,275	\$ 122,801,720	\$ 28,060	\$ 2,806	\$ 25,254	0.02%	\$ 20
2003	1,290	129,688,965	25,350	2,806	22,544	0.02%	17
2004	1,309	139,892,966	22,555	2,806	19,749	0.01%	15
2005	1,333	152,620,437	19,665	2,806	16,859	0.01%	13
2006	1,351	169,012,147	16,670	2,806	13,864	0.01%	10
2007	1,365	188,921,885	13,570	2,806	10,764	0.01%	8
2008	1,384	206,643,954	10,365	2,806	7,559	0.00%	5
2009	1,389	213,904,733	7,040	2,806	4,234	0.00%	3
2010 (3)	1,403	209,816,589	-	-	-	0.00%	-

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

NOTES:

- (1) FY 2001/02 was the first year that the OCFA had revenue bond debt service obligations.
- (2) Minimum reserve requirement
- (3) OCFA's revenue bonds were repaid in FY 2009/10.

ORANGE COUNTY FIRE AUTHORITY
Computation of Direct and Overlapping Bonded Debt
June 30, 2010

2009-10 Assessed Valuation:	\$209,816,588,278
Redevelopment Incremental Valuation:	<u>(17,757,620,122)</u>
Adjusted Assessed Valuation:	<u>\$192,058,968,156</u>

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>Total Debt</u>	<u>% Applicable (1)</u>	<u>District's Share of Debt 6/30/10</u>
Metropolitan Water District	\$ 264,220,000	10.609%	\$ 28,031,100
Coast Community College District	334,718,867	7.507	25,127,345
North Orange County Joint Community College District	221,604,001	39.116	86,682,621
Rancho Santiago Community College District	313,655,747	20.083	62,991,484
Capistrano Unified School District School Facilities Improvement District No. 1	51,174,930	99.989	51,169,301
Placentia-Yorba Linda Unified School District	239,731,621	82.924	198,795,049
Saddleback Valley Unified School District	137,690,000	100.000	137,690,000
Santa Ana Unified School District	272,698,366	34.633	94,443,625
Anaheim Union High School District	117,363,955	27.491	32,264,525
Other School Districts	882,202,281	Various	212,820,512
City of San Juan Capistrano	35,210,000	100.000	35,210,000
Irvine Ranch Water District Improvement Districts	356,069,168	Various	346,968,010
Moulton-Niguel Water District Improvement Districts	41,740,000	100.000	41,740,000
Santa Margarita Water District Improvement Districts	196,200,000	100.000	196,200,000
South Coast Water District	4,060,000	63.250	2,567,950
County Community Facilities Districts	547,871,467	100.000	547,871,467
School Community Facilities Districts	1,033,686,953	Various	1,033,587,150
City and Special District Community Facilities Districts	311,974,000	100.000	311,974,000
1915 Act Bonds	932,463,968	100.000	<u>932,463,968</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$4,378,598,107</u>

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	\$391,027,000	51.287%	\$ 200,546,017
Orange County Pension Obligations	59,333,382	51.287	30,430,312
Orange County Board of Education Certificates of Participation	19,230,000	51.287	9,862,490
Orange County Fire Authority	0	0.000	0
Municipal Water District of Orange County Water Facilities Corporation	15,965,000	60.613	9,676,865
South Orange County Community College District Certificates of Participation	18,845,000	89.774	16,917,910
Unified School District Certificates of Participation	318,023,947	Various	162,317,916
Union High School Districts Certificates of Participation	122,501,090	Various	19,177,948
Elementary School District Certificates of Participation	42,780,000	Various	13,451,999
City General Fund Obligations	150,578,610	100.000	150,578,610
Irvine Ranch Water District Certificates of Participation	85,145,000	84.935	72,317,906
Moulton-Niguel Water District Certificates of Participation	86,889,318	100.000	86,889,318
Other Special District General Fund Obligations	10,805,000	Various	<u>10,699,911</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 782,867,202
Less: MWDOC Water Facilities Corporation Certificates of Participation			(9,676,865)
City Obligations (self-supporting from incremental tax and sales tax revenues)			<u>(39,989,406)</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 733,200,931</u>

GROSS COMBINED TOTAL DEBT	\$5,161,465,309	(2)
NET COMBINED TOTAL DEBT	\$5,111,799,038	

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

Ratios to 2009-10 Assessed Valuation:
Total Overlapping Tax and Assessment Debt2.09%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt.....0.000%
Gross Combined Total Debt.....2.69%
Net Combined Total Debt.....2.66%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: \$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.

**COUNTY OF ORANGE
Demographic and Economic Indicators
Last Ten Fiscal Years**

<u>Year</u>	<u>(A) Population Estimates (In Thousands)</u>	<u>(B) Total Personal Income (In Thousands)</u>	<u>Per Capita Income</u>	<u>(C) Unemployment Rate</u>
2001	2,926	109,010,300	37,256	4.0
2002	2,940	111,750,300	38,010	5.0
2003	2,979	116,977,800	39,267	4.8
2004	3,017	125,798,400	41,692	4.3
2005	3,057	135,070,500	44,186	3.8
2006	3,072	145,435,600	47,337	3.4
2007	3,098	150,214,300	48,486	3.9
2008	3,121	153,833,900	49,286	5.3
2009	3,139	152,417,500	48,556	9.0
2010	3,166	155,181,900	49,008	9.7

SOURCE:

(A) County of Orange Population and Housing Estimates, California Department of Finance at January 1 of each year.

(B) Center for Economic Research, Chapman University (estimate for most recent year)

(C) Bureau of Labor Statistics (www.bls.gov). The 2010 figure is a partial year (January - June).

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

	Population by City, 2001 and 2010			Housing Units by City, 2001 and 2010		
	(A) 2001	(B) 2010	Percent Change	(A) 2001	(B) 2010	Percent Change
Aliso Viejo (1)	n/a	46,123	n/a	n/a	18,207	n/a
Buena Park	80,053	84,141	5.1%	23,856	24,523	2.8%
Cypress	47,148	49,981	6.0%	16,066	16,647	3.6%
Dana Point	35,809	37,326	4.2%	15,736	15,983	1.6%
Irvine	150,077	217,686	45.0%	55,398	81,011	46.2%
Laguna Hills	33,910	33,593	-0.9%	12,071	11,153	-7.6%
Laguna Niguel	63,207	67,666	7.1%	24,027	25,035	4.2%
Laguna Woods	16,725	18,747	12.1%	12,650	13,763	8.8%
Lake Forest	76,655	78,720	2.7%	26,310	26,384	0.3%
La Palma	15,679	16,304	4.0%	5,066	5,137	1.4%
Los Alamitos	11,730	12,270	4.6%	4,329	4,422	2.1%
Mission Viejo	96,568	100,725	4.3%	33,657	34,278	1.8%
Placentia	47,619	52,305	9.8%	15,386	16,569	7.7%
Rancho Santa Margarita	48,336	49,945	3.3%	16,629	16,792	1.0%
San Clemente	52,455	68,763	31.1%	21,359	27,297	27.8%
San Juan Capistrano	34,600	37,233	7.6%	11,352	11,944	5.2%
Seal Beach	24,520	26,010	6.1%	14,273	14,546	1.9%
Stanton	38,305	39,799	3.9%	11,009	11,236	2.1%
Tustin	69,199	75,773	9.5%	25,597	26,420	3.2%
Villa Park	6,120	6,307	3.1%	2,018	2,023	0.2%
Westminster	89,927	94,294	4.9%	26,952	27,628	2.5%
Yorba Linda	60,017	69,273	15.4%	19,625	22,103	12.6%
Unincorporated	157,769	120,088	-23.9%	55,909	38,496	-31.1%
Total OCFA	1,256,428	1,403,072	11.7%	449,275	491,597	9.4%

SOURCE:

- (A) County of Orange Population and Housing Estimates, California Department of Finance at January 1, 2001
- (B) County of Orange Population and Housing Estimates, California Department of Finance at January 1, 2010

NOTE:

- (1) Aliso Viejo joined the OCFA upon incorporation on July 1, 2001.

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

Employer	Fiscal Year 2000/2001			Fiscal Year 2009/2010		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Walt Disney Co.	8,500	5	0.59%	19,800	1	1.44%
University of California, Irvine	10,000	3	0.69%	19,279	2	1.41%
County of Orange	16,408	1	1.13%	17,895	3	1.30%
St. Joseph Health System				10,929	4	0.80%
Boeing Co.	10,300	2	0.71%	8,477	5	0.62%
Yum! Brands Inc.				7,000	6	0.51%
Target Corp.				6,226	7	0.45%
SuperValu, Inc.				5,923	8	0.43%
Kaiser Permanente				5,598	9	0.41%
Memorial Health Services, Inc.				5,533	10	0.40%
Verizon Wireless	9,000	4	0.62%			
Pinkerton Security	3,800	6	0.26%			
Knott's Berry Farm	3,500	7	0.24%			
Pacificare of California	3,500	8	0.24%			
Hoag Memorial Hospital	3,200	9	0.22%			
Ingram Micro, Inc.	3,000	10	0.21%			

SOURCE: Orange County Business Journal, Book of Lists (2010)

ORANGE COUNTY FIRE AUTHORITY

Operating Information

Full-time and Part-time Employees by Function/Department – Presents the number of full-time and part-time OCFA employees by department for each of the last ten fiscal years.

Property Value, Construction and Bank Deposits – Presents information on the County of Orange's total assessed property value, total bank deposits and total construction values for each of the last ten fiscal years.

Miscellaneous Statistical Information – Presents miscellaneous information on the OCFA's jurisdiction, equipment, personnel and activities for the current fiscal year.

Insurance in Force – Summarizes the OCFA's insurance coverage in effect as of the end of the current fiscal year, including the types of coverage, policy terms, premium amounts and coverage limits.

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

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

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

Capital Asset Statistics – Presents the number of OCFA fire stations and various front-line vehicles and equipment for each of the last ten fiscal years.

Map of 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.

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

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
Full-time and Part-time Employees by Function/Department
Last Ten Fiscal Years**

<u>Function/Department</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Public safety:										
Executive management	41	44	44	44	43	44	44	45	45	45
Operations	841	834	834	840	852	857	866	891	902	881
Fire prevention	67	76	76	75	76	76	74	74	72	66
Support services	31	32	32	33	33	33	35	35	35	34
Business services	<u>66</u>	<u>76</u>	<u>76</u>	<u>68</u>	<u>67</u>	<u>74</u>	<u>75</u>	<u>77</u>	<u>77</u>	<u>74</u>
Total public safety	<u>1,046</u>	<u>1,062</u>	<u>1,062</u>	<u>1,060</u>	<u>1,071</u>	<u>1,084</u>	<u>1,094</u>	<u>1,122</u>	<u>1,131</u>	<u>1,100</u>

SOURCE: OCFA Budget Books

NOTE: Numbers reflect the General Fund funded positions.

COUNTY OF ORANGE
Property Value, Construction and Bank Deposits
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	(A)	(B)	Calendar Year	(C)	Number of Units	(C)	(C)
	Assessed Property Value	Total Bank Deposits		Non-Residential Construction		Residential Construction	Total Construction
	Value	Deposits	Year	Value	of Units	Value	Value
2000-01	\$ 228,548,301	\$ 40,643,225	2001	\$ 1,748,172	11,953	\$ 2,214,626	\$ 3,962,798
2001-02	248,966,581	44,329,000	2002	1,208,626	12,020	2,328,123	3,536,749
2002-03	269,684,864	50,226,425	2003	1,005,547	9,311	2,076,976	3,082,523
2003-04	287,923,828	57,732,000	2004	1,132,848	9,322	2,243,642	3,376,490
2004-05	311,802,395	63,665,000	2005	1,494,759	7,206	2,100,436	3,595,195
2005-06	342,576,859	66,250,000	2006	2,400,569	8,371	2,316,948	4,717,517
2006-07	381,007,391	67,961,000	2007	2,005,198	7,072	1,792,270	3,797,468
2007-08	412,669,779	67,783,000	2008	1,439,120	3,159	1,037,087	2,476,207
2008-09	428,809,224	72,122,170	2009	952,480	2,184	853,003	1,805,483
2009-10	422,965,596	(1)	2010	928,597	2,736	983,709	1,912,306

SOURCE:

- (A) Auditor-Controller, County of Orange
- (B) Federal Deposit Insurance Corporation (<http://www.fdic.gov>)
- (C) The Chapman University "Economic & Business Review " (Forecasts) dated June 2010

NOTE:

- (1) Data not available at time of publication.

ORANGE COUNTY FIRE AUTHORITY
Miscellaneous Statistical Information
June 30, 2010

Date of Formation: March 1, 1995

Form of Government: Joint Powers Authority,
 State of California

Number of Member Agencies: 23

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

Area Served: 550 square miles

Population: 1,403,072 people

Number of Stations: 62 (including 2 specialty stations)

Equipment:

Engines	83	Air Support Vehicles	4
Type 1 – 60		Airport Crash Units	4
Paramedic Engine Units – 20		Bull Dozers	3
Paramedic Assessment Units – 21		Command Vehicles	2
Basic Life Support Units – 14		Haz Mat Response	2
Wildland Interface Engines – 5		Helicopters	4
Type 3 – 13		Paramedic Vans	13
Basic Life Support Units – 13		Squad Vehicles	7
100-Series Engines – 10		Water Tenders	5
Trucks	13	Patrols	12
Paramedic Truck Unit – 1		Swift Water Rescue Boats	4
Paramedic Assessment Units – 3			
Basic Life Support Units – 9			

ORANGE COUNTY FIRE AUTHORITY
Miscellaneous Statistical Information
(Continued)

Authorized Positions (by unit):

Firefighter Unit	863
Fire Management Unit	41
General Unit	197
Supervisory Management Unit	28
Supported Employment Unit	4
Personnel & Salary Resolution	<u>49</u>
Total Authorized Positions	<u>1,182</u>

Investigations Activity:

Cause of Fire	Origin & Cause	Follow-up	Post Incident Inspection
Arson	77	60	-
Reckless Burning	7	3	26
Careless/Negligent	54	21	9
Accident	94	20	-
Natural	1	-	-
Undetermined	13	6	1
Not Applicable	9	4	1
Total	255	114	37

Origin & Cause – Investigation by Fire Prevention staff to determine where and why the fire started.

Follow-up – Investigation to determine who started a fire after the Origin & Cause.

Post Incident Inspection – Inspection to determine the effectiveness of safety systems and identify other community safety issues.

Planning and Development Activities:

Total Plans Received	5,666
Total Plans Reviewed	5,628
Percentage Reviewed within Processing Goals	97.5%

SOURCES: Clerk of the Authority, Orange County Fire Authority
Community Relations and Education, Orange County Fire Authority
Planning and Development, Orange County Fire Authority
Inspection and Investigation Services, Orange County Fire Authority

ORANGE COUNTY FIRE AUTHORITY

Insurance in Force

June 30, 2010

Type of Coverage / Carrier / TPA	Term	Premium	Coverage Limits
General and Auto Liabilities – Policies include coverage for real and personal property, employment-related practices, administration of employee benefit plans, advertising, professional liability, wrongful termination, failure to promote, sexual harassment, errors and omissions, other wrongful acts not excluded, and auto liability. Carrier: American Alternative TPA: Glatfelter Claims Mgmt. Auto: Executive Auto Policy Rider	7/1/09 – 6/30/10	\$820,272	Primary limit: \$1,000,000 Umbrella limit: \$10,000,000 General liability program limit: \$11,000,000 Various deductibles: \$0 – \$10,000 Auto liability: \$1,000,000 each accident Uninsured motorists: \$1,000,000 Medical payments: \$10,000 each person Bodily injury/property damage: No deductible, each accident Comp/collision deductibles: \$1,000 – \$3,000
Aviation – Coverage for bodily injury, property damage, medical payments. Carrier: Phoenix Aviation California Municipal Aircraft Program	6/30/09 – 6/30/10	\$370,729	Single limit: \$50,000,000
Pollution – Coverage for bodily injury or property damage due to release from storage tank and for costs of corrective action. Carrier: Zurich American Insurance Co.	3/11/10 – 7/1/11	\$22,235	Limits: \$1,000,000/\$2,000,000
Public Officials – Coverage protects OCFA in the event faithful performance of duties by public officials is not carried out Carrier: Hartford Fire Insurance	2/28/10 – 2/28/11 1/3/10 – 1/3/11 1/25/10 – 1/25/11 3/26/10 – 3/26/11	\$3,025 \$3,025 \$2,750 \$2,975	Limits: \$1,000,000 <ul style="list-style-type: none"> • Treasurer • Chief of Business Services • Finance Manager • Clerk of the Authority
Vehicle Verifier Bond – Surety bond for employees responsible for verifying vehicle documentation. Carrier: Hartford Fire Insurance	5/19/10 – 5/19/11 10/30/09 – 10/30/10 10/12/09 – 10/12/10	\$100 \$100 \$100	Limits: \$1,000,000 <ul style="list-style-type: none"> • Fleet Services Manager • Fleet Services Coordinator • Fleet Services Supervisor
Excess Workers' Compensation – Coverage for workers' compensation claims in excess of self-insured level. Carrier: CSAC Excess Insurance Authority TPA: York Insurance Services Group, Inc.	7/1/09 – 6/30/10 12/1/09 – 12/1/10	\$159,282 \$568,192	Workers' compensation: \$50,000,000 subject to \$2,000,000 SIR Employer's liability: \$5,000,000 subject to \$2,000,000 SIR Excess workers' compensation: \$250,000,000 each accident \$250,000,000 each employee for disease
	TOTAL	\$1,952,785	

SOURCE: Human Resources / Risk Management, Orange County Fire Authority

**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, lightning strikes, hurricanes and other weather or natural events.

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

SOURCE: Operations Department, Orange County Fire Authority

**ORANGE COUNTY FIRE AUTHORITY
Incidents by Type and Total
Last Ten Fiscal Years**

For the Year Ended June 30 (1)	Fire/ Explosion	Ruptures	Rescue/ EMS	Hazmat	Service Call	Good Intent	False Alarm	Natural Disaster	Other	Total
2001	2,254	224	45,525	1,754	4,803	10,082	5,472	3	103	70,220
2002	2,212	162	48,011	1,747	4,902	11,122	5,505	7	106	73,774
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	1,860	164	50,892	1,332	4,841	9,748	4,098	2	6,340	79,277
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

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

NOTE: (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.

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

For the Year Ended June 30 (1)	2001 Total	2002 Total	2003 Total	2004 Total	2005 Total	2006 Total	2007 Total	2008 Total	2009 Total	2010 Total
Aliso Viejo (2)	n/a	1,705	1,813	1,924	1,802	1,993	1,978	2,060	1,998	2,005
Buena Park	5,063	5,350	5,439	5,346	5,530	5,368	5,395	5,528	5,668	5,676
Cypress	2,349	2,313	2,322	2,240	2,359	2,489	2,453	2,552	2,504	2,600
Dana Point	2,093	2,303	2,398	2,529	2,441	2,490	2,507	2,700	2,650	2,787
Irvine	8,755	9,190	8,833	9,293	10,341	10,797	10,942	11,632	11,385	11,981
Laguna Hills	2,197	2,242	2,238	2,512	2,211	2,373	2,424	2,434	2,421	2,558
Laguna Niguel	2,557	2,799	2,818	2,871	2,866	2,944	2,949	3,101	3,079	3,094
Laguna Woods	3,700	3,772	3,670	3,949	3,955	4,300	4,223	4,349	4,350	4,399
Lake Forest	3,805	4,079	3,922	4,092	4,171	4,103	4,171	4,170	4,272	4,320
La Palma	563	619	648	736	761	772	798	760	760	754
Los Alamitos	917	963	984	930	971	1,012	1,052	1,032	1,083	1,080
Mission Viejo	5,351	5,630	5,573	5,845	5,577	5,809	5,763	6,139	6,424	6,363
Placentia	2,258	2,269	2,375	2,557	2,577	2,797	2,678	2,829	2,699	2,696
Rancho Santa Margarita	1,593	1,790	1,786	1,773	1,914	1,946	1,828	2,002	1,965	2,009
San Clemente	3,004	3,057	3,219	3,508	3,594	3,619	3,644	3,863	3,678	3,961
San Juan Capistrano	2,196	2,253	2,116	2,340	2,418	2,452	2,446	2,569	2,526	2,429
Seal Beach	2,802	2,967	2,720	2,967	3,049	3,257	3,218	3,453	3,388	3,503
Stanton	2,503	2,483	2,495	2,419	2,307	2,368	2,372	2,438	2,420	2,401
Tustin	3,542	3,524	3,644	3,668	3,645	3,608	3,631	3,865	3,761	3,744
Villa Park	263	273	274	271	292	309	303	324	329	336
Westminster	5,377	5,460	5,525	5,618	5,798	5,950	5,782	5,795	5,835	5,724
Yorba Linda	2,371	2,510	2,563	2,653	2,676	2,814	2,815	3,100	3,134	2,937
Unincorporated	<u>6,961</u>	<u>6,223</u>	<u>6,116</u>	<u>6,355</u>	<u>6,013</u>	<u>6,092</u>	<u>5,905</u>	<u>6,235</u>	<u>6,220</u>	<u>6,084</u>
Total	<u><u>70,220</u></u>	<u><u>73,774</u></u>	<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>79,277</u></u>	<u><u>82,930</u></u>	<u><u>82,549</u></u>	<u><u>83,441</u></u>

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

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) Aliso Viejo joined the OCFA upon incorporation on 7/1/01 (previously reported in County unincorporated).

**ORANGE COUNTY FIRE AUTHORITY
Capital Asset Statistics
Last Ten Fiscal Years**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Number of stations	63	59	60	60	60	61	60	61	62	62
Equipment:										
Engines (1)	84	76	73	73	99	99	53	75	80	83
Trucks	14	13	13	13	13	13	13	13	13	13
Air support vehicles	4	4	3	4	4	2	2	4	4	4
Airport crash units	3	3	4	3	4	4	4	4	4	4
Bull dozers	2	2	3	2	2	3	3	3	3	3
Command vehicles	2	2	2	2	2	2	2	2	2	2
Haz Mat response	1	1	1	2	2	2	2	2	2	2
Helicopters	2	2	2	2	2	2	2	2	4	4
Paramedic vans	10	10	10	10	10	10	12	13	10	13
Squad vehicles	0	10	7	7	7	7	7	7	7	7
Water tenders	4	4	5	5	5	5	4	5	5	5
Patrols	9	9	12	12	12	12	12	12	12	12
Swift water rescue boats	4	4	4	4	4	4	4	4	4	4

NOTE:

(1) Prior to 2007 all engines were included (front-line, reserve, training, parade and surplus). Beginning in 2007, only front-line engines were included to make the data consistent with the other vehicle types.

ORANGE COUNTY FIRE AUTHORITY
List of Stations by Member Agency
June 30, 2010

City of Aliso Viejo

Station 57, 57 Journey, 92656

Cities of Laguna Hills and Laguna Woods

Station 22, 24001 Paseo de Valencia 92653

City of Buena Park

Station 61, 8081 Western Ave. 90620

Station 62, 7780 Artesia Blvd. 90620

Station 63, 9120 Holder St. 90620

City of Laguna Niguel

Station 5, 23600 Pacific Island Dr. 92677

Station 39, 24241 Avila Rd. 92656

Station 49, 31461 St. of the Golden Lantern 92677

City of Cypress

Station 17, 4991 Cerritos Ave. 90630

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 Dana Point

Station 29, 26111 Victoria Blvd. 92624

Station 30, 23831 Stonehill Dr. 92629

City of La Palma

Station 13, 7822 Walker St. 90623

City of Irvine

Station 4, 2 California Ave. 92612

Station 6, 3180 Barranca Pkwy. 92606

Station 20, 7020 Trabuco Rd., 92618

Station 26, 4691 Walnut Ave. 92604

Station 27, 12400 Portola Springs Rd.

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. 92614

City of Los Alamitos

Station 2, 3642 Green Ave. 90720

City of Mission Viejo

Station 9, #9 Shops Bldv. 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

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

City of Rancho Santa Margarita

Station 45, 30131 Aventura 92688

City of San Clemente

Station 50, 670 Camino de los Mares 92673

Station 59, 1030 Calle Negocio 92673

Station 60, 100 Avenida Presidio 92672

City of San Juan Capistrano

Station 7, 31865 Del Obispo 92675

City of Seal Beach

Station 44, 718 Central Ave. 90740

Station 48, 3131 Beverly Manor 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. 92886

Station 53, 25415 La Palma Ave. 92886

County of Orange, Unincorporated

Station 3, 16861 12th St., Sunset Beach 90742

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, P.O. Box 618, Trabuco Canyon 92678

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

Specialty Stations

Station 41, 3815 Commonwealth Ave, Fullerton 92633
Helicopter Operations

Station 33, 366 Paularino, Costa Mesa 92626
Aircraft Rescue & Firefighting

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

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 of Directors 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 is responsible for attending and taking minutes of all public meetings of the Board of Directors and committees, executing orders as directed, preparing legal notices for publication, distributing copies of orders and performing records management functions for the OCFA.

Corporate Communications – Corporate Communications is responsible for a wide variety of programs including Audio-Visual design and production, media relations, community relations and public education. Other responsibilities in support of the Fire Chief and Executive Management team include customer service follow-up, other special studies as required by the Fire Chief and liaison to various constituencies including OCFA member cities.

- As part of Corporate Communications, the Community Relations and Education Services Section provides an array of programs designed to educate the public in the areas of fire and injury prevention and public safety issues. These programs are designed to meet the needs of the community, including school requests, community events, business needs and service organization functions. The focus of these efforts is to deliver high quality fire safety education programs along with the delivery of all risk preparedness programs when needed. These programs include Business Safety, Fire Extinguisher Use, Older Adult Safety, Earthquake Preparedness, Junior Firefighter, Learn Not to Burn, Drowning Prevention, Fire F.R.I.E.N.D.S., Cardiopulmonary Resuscitation (CPR) and general fire safety programs. Along with educational programs, the coordination and active participation in community events – which can include parades, health and safety fairs, school carnivals and other city functions – are also an integral part of the services offered through this section.
- The Multi-Media Services Section is also a part of Corporate Communications. Multi-Media Services produces award-winning media to support programs in all areas of the OCFA. Production capabilities include video format, computer presentations, and still photography. Other services include graphic design and meeting support. A video newsletter is produced quarterly and includes a safety topic, automotive maintenance tips, a Chief's message and highlights of significant emergency incidents during the previous quarter. In addition, all audio/visual needs and services are conducted and administered through this section.

Human Resources Division – The Human Resources Division includes the following sections: Employee Benefits and Services; Employee Relations; Organizational Training and Development; and Risk Management. These sections provide programs and services designed to support the OCFA and its employees in the achievement of its mission and objectives. The employee relations program includes classification and compensation, recruitment and selection, labor negotiations and Memorandum of Understanding (MOU) administration, risk management, performance management, salary administration, health and wellness, organizational development/training, employee benefits and other areas essential to the management of the OCFA's human resources.

- The Employee Benefits and Services Section (Benefits) consists of the Employee Benefits and Human Resources Support personnel. Benefits is responsible for the administration of employee benefit programs including health, accidental death and dismemberment, dental, vision, life, disability and optional benefit plans. In support of all OCFA employees, Benefits is responsible for the administration of the Retiree Medical Program, the Employee Assistance Program (EAP), the Dependent Care Assistance Program (DCAP), the Premium Only Plan (POP) and the New Employee Orientation Program; coordinating and assisting employees with the retirement process; and completing administrative duties related to all types of leaves.

Also under this section, the Human Resources Support personnel are charged with a number of major administrative duties and services to employees covering most areas of the Human Resources Division. Duties include new employee sign-ups, distribution of applications and recruitment flyers, tracking performance evaluation notifications, assisting personnel with walk-in and phone questions, payroll processing of new hires, probation approvals, merit increases, promotions, reductions, separations, entries for all HR-related automated information systems and master position control.

- The Employee Relations Section conducts compensation and classification studies, conducts recruitments and examinations, reviews and/or consults on disciplinary matters, maintains all personnel records, handles labor negotiations, administers the various Memoranda of Understanding for represented employees and advises managers/supervisors on employee relations issues.
- The Organizational Training and Development Section has the responsibility for organizing training and development programs/activities for supervisors, managers and staff.
- The Risk Management Section administers the workers' compensation, general liability, and occupational safety and health programs. This section also assists OCFA employees through the workers' compensation process and manages general liability for both auto and property losses and claims. Risk Management also secures insurance coverage for all of OCFA's insurance needs, responds to and reviews occupational risks and exposures by loss control and safety measures and co-chairs OCFA's Safety and Occupational Health Committee.

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.

The following pages contain descriptions of each department/division along with the programs and services delivered to the OCFA's customers.

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 command, emergency medical, special operations (helicopter and hand crew/heavy equipment programs), training and safety and emergency planning and coordination.

Divisions I, II, III, IV, and V – There are five 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). The battalions are under the command of Battalion Chiefs. Within these battalions are 60 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 495 Reserve Firefighters (RFF) that provide emergency medical aid, fire suppression and support services responding out of five stand-alone fire stations, fourteen combination fire stations (both RFF and Career personnel assigned) and three RFF Crew locations.

Emergency Command Center – The Emergency Command Center (ECC) has two primary functions. The Dispatch Center receives and dispatches emergency calls using Computer Aided Dispatching system (CAD). The mapping and geo-file group maintains the Fire Station Order File (a key component of CAD to ensure the closest emergency apparatus is sent to the emergency) and creates and distributes district maps for use by emergency apparatus to respond to the emergency scene.

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; ongoing continuing education for all personnel and EMT-I basic training for the reserve personnel; EMS supply and equipment evaluation and purchasing; monitoring and tracking of paramedic licensure and EMT-I certifications; oversight of compliance to ALS and medical supply fee agreements by the ambulance providers; issuance and evaluation of the ambulance RFP; monitoring of ambulance response time compliance; liaison to applicable regulatory agencies, hospitals, ambulance providers and other EMS groups; and identifying paramedic staffing needs and performing recruitment functions.

Emergency Planning and Coordination (EPAC) – The Emergency Planning and Coordination (EPAC) Section coordinates the OCFA's emergency planning with federal, state and local jurisdictions and agencies, manages the Department's Operations Center (DOC) during major emergencies and serves as the OCFA liaison to any agency requiring information on emergency response or planning. The EPAC Battalion Chief represents the OCFA on working task forces such as the state and federal Terrorism Task Force, Nuclear Power Authority and Marine Disaster. This section coordinates all California Department of Forestry (CDF) Gray Book 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, Office of Emergency Services (OES) Mutual Aid Plan, Supplement Response Guidebook and OCFA Mutual Aid Operational Area Plan.

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. The Training Section 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 (JAC). The OCFA Training Section 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.

Special Operations – The Special Operations Section is responsible for coordination of the OCFA's Helicopter Program, 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, swift water 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.

FIRE PREVENTION DEPARTMENT

The Fire Prevention Department adopts and enforces codes and ordinances relative to fire and life safety issues, reviews plans and conducts inspections of construction projects, coordinates annual life safety inspections of all existing commercial buildings, provides long-range analysis of impacts on resources associated with future land use and development, investigates all fires and manages OCFA's hazardous materials programs in accordance with local, state and federal regulations.

Investigation Services – The Investigation Services Section's peace officers are responsible for investigating or reviewing all fires to determine the cause and the appropriate intervention strategies. A thorough and accurate investigation provides the foundation for current and future fire prevention efforts. Criminal cases are followed up by filing with the District Attorney's Office, while juvenile-related fires are handled through a juvenile diversion program. Cost recovery is pursued on all applicable incidents. Non-criminal fires are reviewed for the purpose of identifying potential fire prevention efforts.

Planning and Development – The Planning and Development Section works with the construction community, as well as city and County planning and building staff, to ensure new developments and projects meet state and local fire and life safety requirements. Staff review conceptual and community designs, including special provisions for development in wildland interface areas, and review and inspect construction and new systems, working closely with architects, engineers, contractors and consultants to ensure that the California and Uniform Fire Code requirements are met prior to occupancy. The section is also responsible for development and implementation of local fire code amendments adopted by each city and the County during the triennial code adoption process.

Pre-Fire Management – The Pre-Fire Management Section focuses on the reduction of risk through the unique function of three different units. The Risk analysis and Mitigation Evaluation unit identifies fire risks in order to develop and/or modify effective risk intervention programs. **Ready, Set, Go!** is OCFA's Wildland Fire Prevention Program. This program encompasses Wildland Fire Defense Planning, formalized fuel modification, inspection and enforcement program and monitors wildland and vegetation conditions to identify potential hazards, ensuring communities in the wildland urban interface areas are better protected from the risk of wildland fire. The Automation Support unit, through the utilization of technology, creates and maintains efficiencies to ensure Fire Prevention utilizes streamlined processes and procedures. Together these units take a proactive approach to fire prevention through the systematic mitigation of risk in its communities.

Safety and Environmental Services (S&ES) – This section assists stakeholders in maintaining and enhancing safe communities. Working with stakeholders such as businesses, city and county staff, first responders, environmental regulatory agencies and the general public, S&ES staff conducts fire safety inspections, issues permits for hazardous processes, responds to public complaints of hazards and provides emergency response information about hazardous materials for both response and planning purposes.

BUSINESS SERVICES DEPARTMENT

The Business Services Department monitors cash balances, makes investments and coordinates the annual Tax and Revenue Anticipation Note (TRAN) and long and short-term debt; provides financial functions such as accounts payable, accounts receivable, administrative support, budget, financial systems support, general ledger, payroll and timekeeping to OCFA; provides information systems development, repairs and installations; and provides purchasing, receiving, shipping, warehousing and mail operations.

Finance Division – The Finance Division is responsible for providing financial accounting, reporting, planning and budgeting services and developing procedures and policies to protect and safeguard the financial and material assets of the OCFA. Responsibilities include accounts receivable, accounts payable, payroll, general accounting of fixed assets and general ledger.

Information Technology Division – The Information Technology Division is responsible for the development and support of information systems applications and databases and also for operations, maintenance and security of the OCFA's computers, network, radio systems and overall technical infrastructure. Responsibilities include analysis, design, programming, implementation, maintenance and security for existing and future computer systems; development and monitoring of information technology standards and guidelines; internal and external network development; and coordination, evaluation, selection and deployment for all computers, printers and automation software and hardware purchases, upgrades and replacements. The Communication Services function transitioned from the Operations Department during Fiscal Year 2005-06 following completion of the IT Master Plan. Responsibilities include the purchase and maintenance of all emergency communication radios; oversight for the installation of radios and MDCs in emergency apparatus; oversight for fire station alarm systems; and purchase and maintenance of pagers.

Purchasing & Materiel Management – The Purchasing & Materiel Management Section processes all purchasing requisitions, develops requests for proposals (RFPs), manages formal bid processes and manages surplus property for the OCFA. This section also provides shipping, receiving and warehousing services; 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; and provides logistical support for major emergencies.

Treasury and Financial Planning – The Treasury and Financial Planning Section, managed by the Treasurer, monitors the OCFA's cash balances, makes investments in accordance with the OCFA's Investment Policy, coordinates the issuance of Tax and Revenue Anticipation Notes (TRAN), prepares monthly investment reports and provides accounting support to the Employee Benefits Section. In addition, this section is responsible for budget preparation and monitoring, financial forecasting, grant research and application and special financial studies.

SUPPORT SERVICES DEPARTMENT

The Support Services Department coordinates all facilities maintenance, repairs, design and construction; automotive and fleet maintenance, repairs and acquisition; and government liaison and legislative advocacy.

Fleet Services – The Fleet Services Section is responsible for managing a fleet of over 400 vehicles and fire apparatus; performing preventive maintenance (PM), major repairs and renovations on the OCFA's apparatus and vehicles; testing and certifying specialty equipment; designing and developing specifications; and overseeing acquisition and manufacturing quality assurance of all vehicles and apparatus.

Legislative Services – The Legislative Services Section monitors legislation and regulations and advocates the OCFA's position before federal, state and local governing and regulating agencies.

Property Management – The Property Management Section constructs, manages and maintains the real property and durable infrastructure of the OCFA. Responsibilities include acquisition of real property; planning, design and construction of new fire stations; space management; and renovation, maintenance and repair of existing facilities.

Strategic Services – The Strategic Services Section is responsible for the coordination and management of advance and strategic planning efforts within the OCFA. Areas of responsibility include the following: analyze and monitor impacts of development, annexations and incorporations; initiate and complete agreements with developers for acquisition, design, construction and dedication of fire facilities, equipment, costs and services; research issues impacting OCFA services to the community including population shifts, density, infrastructure changes, social-economic influences, call load, response modeling and project-specific impact in order to determine appropriate service levels, benchmarks and actual performance; and ongoing coordination of the OCFA strategic plan. Support efforts to meet areas of responsibilities include developing and implementing performance indicators to measure organizational efficiency; monitoring Local Agency Formation Commission (LAFCO) and California Environmental Quality Act (CEQA) by reviewing submittals from governmental agencies and by responding to development issues that impact public safety and fire protection within our service delivery area; coordinating and monitoring fees and agreements, related to development, for fiscal issues and compliance; and coordinating and responding to requests for parcel, station locations, ISO ratings and demographic information.