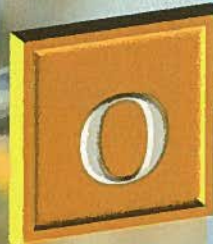


ORANGE COUNTY FIRE AUTHORITY

Comprehensive Annual Financial Report
Year Ended June 30, 2011



Orange County, California
Business Services Department
Finance Division



Orange County Fire Authority Comprehensive Annual Financial Report Year ended June 30, 2011

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June 2011

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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
Comprehensive Annual Financial Report
Year ended June 30, 2011

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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 14, 2011

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, 2011. This report consists of management's representations concerning the finances of the OCFA and is presented using the financial reporting model outlined in the Governmental Accounting Standards Board (GASB) Statement No. 34. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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

The OCFA's financial statements have been audited by 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, 2011, 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 ALARMS SAVE LIVES

Profile of the OCFA

The OCFA was formed on March 1, 1995, transitioning from the Orange County Fire Department to a joint powers authority (JPA) as allowed by California State Government Code 6500 et seq. The OCFA is an independent organizational entity similar to a special district. The service area includes twenty-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 1.3 million residents in a 548 square mile area of Orange County. The OCFA's authorized staffing level was 1,181 full-time positions for Fiscal Year 2010/11. A total of 990 authorized positions (83.8%) of personnel provide front-line services, including emergency response, dispatch and fire prevention. The remaining 191 authorized positions (16.2%) are for technical and administrative support. The OCFA's staffing levels also include an additional 184 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, 2011, a total of 32,334 questionnaires were distributed and 9,128 (28.2%) were returned. The overall satisfaction rating of 97.4%, in conjunction with the high return rate, demonstrates that our communities continue to place high value on the OCFA's services and excellent service delivery.

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

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

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the OCFA operates. The following Fiscal Year 2010/11 economic, political and natural developments highlight some of the significant influences on the economy at the national, state and local levels¹:

- July 2010 – President Obama signed a six-month extension of emergency jobless benefits for the long-term unemployed.
- September 2010 – Second quarter (June 2010) real GDP increased at an annual rate of 1.7%.
- September 2010 – The National Bureau of Economic Research (NBER) announced that the U.S. recession ended in June 2009.
- December 2010 – President Obama signed into law an extension of the existing federal income tax cuts and long-term unemployment benefits. The bill included a 2% rollback of Social Security payroll taxes.
- January / February 2011 – Commodity prices were soaring.
- March 2011 – Fourth quarter (December 2010) real GDP increased at an annual rate of 3.1%.
- March 2011 – A powerful earthquake and tsunami devastated Northern Japan.
- May 2011 – First quarter (March 2011) real GDP increased at an annual rate of 1.8%.

National Economy: The U.S. “Great Recession” began in 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, and typically indicated by a broad-based decline in gross domestic product (GDP). The National Bureau of Economic Research (NBER) announced that the recession officially ended and recovery began in June 2009.³

The economy continues to grow at a moderate pace, although mid-2011 data has tempered the near-term outlook.⁴ GDP growth steadily increased from 1.7% in June 2010 to 3.1% in December 2010, but growth was only 1.8% in March 2011.⁵ This could be indicative of a “double dip” into another recession; however, some economists see the setback as temporary and attribute it primarily to gas and food price hikes, the impact of the earthquake in Japan, and the one-time freezing of defense outlays by the federal government.⁶ Longer-term problems that continue to plague the economy and hinder recovery include slow or declining job growth and drops in housing prices.⁷

¹ *California Economic Indicators*, California Department of Finance – May/June 2011

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

³ *California Economic Indicators*, California Department of Finance – May/June 2011

⁴ *National Economic Update*, David Luttrell, Federal Reserve Bank of Dallas – May 4, 2011

⁵ *GDP and the Economy – Advance Estimates for the First Quarter of 2011*, Bureau of Economic Analysis – May 2011

⁶ *The Recovery Downshifts – But Not in Reverse*, Chapman University Economic & Business Review – June 2011

⁷ *The Recovery Downshifts – But Not in Reverse*, Chapman University Economic & Business Review – June 2011

The Federal Reserve Board's goal is to promote maximum economic growth while still maintaining price stability and moderate, long-term interest rates.⁸ A decrease in the federal funds rate (the overnight bank lending rate) stimulates economic growth, while an increase can keep inflation under control. On June 22, 2011, the Federal Open Market Committee met and voted to keep the federal funds rate unchanged at a target range of 0.0% to 0.25%, where it has been since December 2008. The Committee downgraded its outlook on the economy, attributing the cause to "temporary factors" such as higher food and energy prices and Japan supply chain disruptions. The Committee also maintained its stand to keep rates low for "an extended period."⁹ A sustained pickup in economic growth will be necessary before the Fed is likely to increase the federal funds rate.¹⁰

Performance of the OCFA's investment portfolio is directly impacted by changes in interest rates set by the Fed. OCFA's investment income declined throughout Fiscal Year 2010/11 as investments matured and were reinvested at lower rates. The portfolio's year-to-date effective rate of return was 0.65% as the fiscal year began, but declined to 0.51% by year-end. Investment income represented approximately 0.3% of total revenue during Fiscal Year 2010/11.

OCFA also received approximately \$1.9 million in federal funding during Fiscal Year 2010/11, which accounted for approximately 0.8% of 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 slow and prolonged. The recession hit California's economy harder than the U.S. California lost 1.4 million jobs (9.0%) from peak employment levels in July 2007, as compared to 8.8 million (6.3%) job losses nation-wide. The sharp decline in jobs during the recession reduced California's tax revenues from personal income and sales taxes. "Temporary" tax increases and federal stimulus funding helped provide a temporary reprieve from the revenue shortfalls and structural budget deficit. In spite of these measures, California and its local governments were forced to reduce their employment bases, which became a further drag on overall job growth during the recovery.¹¹

California is required to adopt a budget no later than June 30 each year. Lack of an approved budget prevents state agencies and departments from paying outstanding claims to their vendors and service providers, including the OCFA. In June 2011, the legislature made history by submitting the Fiscal Year 2011/12 budget on time for only the second time in twenty-five years. This was due in part to Proposition 25, a new 2010 voter-approved law reducing the two-thirds vote requirement to a simple majority, and requiring the legislature to forfeit their pay until a budget is approved. Governor Jerry Brown initially vetoed the budget, which he called "unbalanced" and "legally questionable,"¹² but ultimately approved a revised budget on June 30. The Governor is proposing a Fall 2011 ballot initiative to extend "temporary" tax increases for another five years, which could have a negative impact on California's potential growth and job creation.¹³

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

⁹ *Monthly Investment Report "Economic News," Orange County Fire Authority – May 31, 2011*

¹⁰ *The Recovery Downshifts – But Not in Reverse, Chapman University Economic & Business Review – June 2011*

¹¹ *Signs Point to More Hiring Head – What Sectors Will Lead?, Chapman University Economic & Business Review – June 2011*

¹² *Veto: Governor Keeps Hunting for GOP Votes, Kevin Yamamura and David Sliders, The Sacramento Bee – June 17, 2011*

¹³ *Signs Point to More Hiring Head – What Sectors Will Lead?, Chapman University Economic & Business Review – June 2011*

The direct influence of the state economy on OCFA's financial condition is in the form of reimbursements (including reimbursements for assistance by hire and state mandates) and its contract with the California Department of Forestry (CALFIRE). The state contracts with OCFA to provide fire suppression services to the State Responsibility Areas (SRA) that are within the OCFA's jurisdiction. There have been no significant delays in payment of amounts owed to OCFA by various state agencies as of June 30, 2011.

County Economy: The most significant county economic factor impacting the OCFA is the housing market. Property taxes comprised 71.6% of the OCFA's total revenues in Fiscal Year 2010/11.

In the previous two fiscal years, the County Assessor Department reassessed a total of 352,000 properties (rolling them back to the 2002 market level).¹⁴ Then on December 16, 2010, the State Board of Equalization set the statewide appreciation rate at 0.753%, only the seventh time in thirty-four years since the passage of Prop 13 that it was below the constitutional maximum of 2%.¹⁵ These property reassessments and an overall weakening housing market have had a negative impact on the OCFA's property tax revenues throughout the recession.

Orange County's single-family median home sale price increased somewhat in the last year, but is still nowhere near the 2007 peak in housing prices. In July 2010, the median sales price on single family homes increased to \$514,180, up 2.8% from the previous year. (For comparison purposes, the price peak was \$747,260 in April 2007 and the price low was \$432,100 in January 2009.) The minimum household income needed to purchase a median priced single-family home in Orange County is approximately \$84,700 and, although affordability has improved, high prices still keep home ownership out of reach for many residents. Orange County's housing affordability rate is lower than all peers compared.¹⁶

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 peer 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.¹⁷

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

¹⁴ *Will a Decline in Market Value Reduce My 2009 Property Taxes*, Orange County Assessor Department – July 2009

¹⁵ *Rosenow Spavacek Group, Inc. (RSG) Final Property Tax Revenue Projections*, Orange County Fire Authority Budget & Finance Committee Agenda Item No. 3 – May 11, 2011

¹⁶ *2011 Community Indicators Report – Housing Affordability Doubles Since 2007*, O.C. Community Indicators Project – March 2011

¹⁷ *2011 Community Indicators Report – Cost of Living Still High Among Peers*, O.C. Community Indicators Project – March 2011

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 fund balance levels and annual funding targets for the General Fund and Capital Improvement Program (CIP) funds.

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

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

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

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

Major Initiatives and Accomplishments for Fiscal Year 2010/11

Agreements, Studies and Strategic Initiatives:

- **Employee and Labor Group Concessions** – In late 2010, Firefighter Local 3631 and the Chief Officers Association both agreed to reopen their labor contracts and negotiate with OCFA management to help reduce labor costs and stabilize OCFA's budget. These negotiations were successful in obtaining phased-in employee contributions (reaching 9% over four years for existing employees; 9% immediately for new employees) to retirement costs, as well as a reduction in medical insurance costs. In addition, these groups agreed to a new trigger formula for determining the timing and amounts for future pay raises, based on OCFA's financial health. All of these concessions will result in a collective savings of \$27 million over four years.

In early 2011, the Orange County Employees Association (OCEA) also agreed to re-open its labor contract. These negotiations were successful in obtaining an additional 3% employee contribution to retirement costs, taking them up to 9% as well. These concessions will result in a savings of \$1.3 million over four years. Furthermore, although not a represented labor group, OCFA's administrative and executive managers led OCFA's efforts to achieve employee concessions by voluntarily waiving a scheduled pay raise in Fiscal Year 2009/10 and deferring a scheduled pay raise in Fiscal Year 2010/11. These actions will result in a cumulative savings of \$834,567 over five years, representing a sizable contribution to OCFA's future financial health. Both of these groups will also participate in the new trigger formula process for determining the timing and amounts of future pay raises.

- **Orange County Employees Retirement System (OCERS) Premium Pay/Asset Reallocation Project** – In April 2010, OCERS disclosed that it had uncovered an error in how it handled premium pay salary items, which impacted several plan sponsors including OCFA. The initial result was an \$82 million increase in OCFA's unfunded liability with OCERS. Auditors were hired to review the error and contributions made by all participating agencies. This review ultimately credited OCFA with an additional \$41.7 million in plan assets, which is expected to cause a drop in OCFA's retirement rates in Fiscal Year 2012/13.
- **Commission on Fire Accreditation International (CFAI) Accreditation** – After completion of a self-assessment process that thoroughly examined the services, risks, and fire service processes, the OCFA was evaluated by the CFAI peer review team in November 2010. This team examined all aspects of OCFA and recommended the next level of review, which resulted in OCFA being awarded accreditation.
- **Implementation of Changes to Reserve Firefighter (RFF) Program** – As a result of a comprehensive study of the Reserve Firefighter Program (RFF) in 2009 and extensive measurement of performance in 2010, the Board of Directors approved a variety of recommendations in September 2010 designed to maximize the effectiveness of RFF resources, including elimination of the emergency response role at eleven of the twenty-one reserve fire stations.
- **Creation of OCFA Foundation** – The OCFA Foundation was established with Board approval for the purpose of providing additional resources to help provide an enhanced level of service to the communities served by OCFA. Funds raised will help OCFA continue to provide the highest level of technology, equipment, tools, training, education, and community outreach not currently available within OCFA's budget. The Foundation will also facilitate the community's desire to provide assistance during major emergency incidents.
- **Preparation of Fire Service Proposal** – During Fiscal Year 2010/11, the City of Costa Mesa requested a proposal from OCFA to provide fire and emergency services, fire prevention and public education to city. The proposal was completed and submitted to the City Council of Costa Mesa in February 2011. City staff is continuing to evaluate the OCFA proposal, as well as other options for fire service.

Staffing and Personnel:

- **Voluntary Service Retirement Incentive Program (VSRIP)** – In September 2010, the Board of Directors approved a Voluntary Service Retirement Incentive Program (VSRIP) for eligible, regular non-safety employees. Twelve participants received lump-sum incentive payments ranging from

\$15,000 - \$25,000, depending upon the actual retirement date selected during Fiscal Year 2010/11. The incentive costs of the program were more than offset by ongoing salary savings through position reductions and restructurings.

- **Early Restoration of Limited-Term Firefighter Hand Crew** – During Fiscal Year 2010/11, OCFA’s hand crew was classified as seasonal, with plans for use during the first five and the last two months of the fiscal year. Due to unanticipated savings, the hand crew was able to be reactivated several weeks early for the second period, which was extremely valuable with OCFA moving into fire season.
- **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 faced by the OCFA, all firefighter academies were cancelled for Fiscal Year 2010/11. However, internal promotional exams and/or academies were completed for Battalion Chief, Fire Captain and Fire Apparatus Engineer. In addition, OCFA conducted a written firefighter test in June 2011 to establish an eligible list for future fire academies.
- **Hiring Freeze** – A hiring freeze for positions that do not provide front line service to the public has been in effect since Fiscal Year 2008/09. Each position that becomes vacant is reviewed by Executive Management to determine whether the workload can be reassigned or if it will be necessary to fill the position. As a result, a total of ninety-five authorized positions were frozen and unfunded as of June 30, 2011.
 - Staffing recommendations from the 2008 Santiago After Action Report included the addition of a fourth firefighter on twelve wildland engines, to be phased in over multiple fiscal years. These planned additions were deferred pending improved financial condition (9 phase-one positions). OCFA continues to monitor the affordability of these service enhancements and will recommend reinstatement as soon as economically feasible.
 - The addition of a four-person truck company at Fire Station No. 20 (Irvine) has been deferred until development activity and service demand increases (12 positions). In addition, the station’s 3-person engine and 2-person paramedic van were transitioned to a single 4-person paramedic engine during Fiscal Year 2010/11, resulting in 3 frozen firefighter positions.
 - Six staff captain positions are frozen, with personnel transitioning to fill vacant suppression field positions. Vacancies include two training officers and Administrative Captains for Divisions 1, 2, 4 and 5.
 - Vacancies remain unfilled for an additional thirty-three suppression positions, including Fire Apparatus Engineers (15 positions), Fire Captains (15 positions), staff Battalion Chiefs (2 positions) and a Heavy Fire Equipment Operator (1 position). The Fire Apparatus Engineer and Fire Captain positions are currently being backfilled with overtime.
 - Vacancies remain unfilled for thirty-two non-suppression positions from Executive Management/Human Resources (6 positions), Fire Prevention (16 positions), Business Services (6 positions) and Support Services (4 positions).

- The ninety-five frozen positions, which increased by nine over the prior fiscal year, are summarized in the following table.

	As of June 30,		Increase (Decrease)
	2011	2010	
Suppression:			
Firefighter	18	15	3
Fire Apparatus Engineer	18	13	5
Fire Captain	24	16	8
Battalion Chief (Field Position)	-	1	(1)
Battalion Chief (Staff Position)	2	1	1
Hand Crew Firefighter	-	22	(22)
Heavy Fire Equipment Operator	1	-	1
Subtotal - Suppression	63	68	(5)
Non-Suppression:			
Executive Management/Human Resources	6	-	6
Fire Prevention	16	12	4
Business Services	6	5	1
Support Services	4	1	3
Subtotal – Non-Suppression	32	18	14
Total frozen/unfunded positions	95	86	9

Facilities and Capital Improvements:

- **Transition of Hangar Facilities** – In December 2010, OCFA purchased the eastern portion of a recently-constructed hangar to house the helicopter fleet and replace Specialty Fire Station No. 41 (Fullerton Airport). The eastern portion of the facility was placed into service in March 2011 and houses OCFA’s helicopter fleet and Air Operations administrative offices. It is anticipated that the purchase of the western portion of the facility, which is being occupied by various tenants of the current owner, will be finalized during Fiscal Year 2011/12.
- **Fire Station Replacement and Improvements** – During Fiscal Year 2010/11, the OCFA completed construction of Replacement Fire Station No. 17 (Cypress), which houses an engine company, a truck company and a paramedic unit. The new facility was constructed on a property adjacent to the existing fire station, which was owned by the City of Cypress and demolished upon completion of the new station. OCFA also completed construction of an upgraded sanitary sewer system at Fire Station No. 18 (Trabuco Canyon) during Fiscal Year 2010/11.
- **Public Safety Systems Project** – During Fiscal Year 2010/11, OCFA defined user and system requirements, issued a request for proposal (RFP), and received bids for the replacement of the Public Safety System. This system is comprised of the Computer Aided Dispatch (CAD) system application, Orange County Fire Incident Reporting System (OCFIRS), and the Integrated Fire Prevention (IFP) application, which have been in use since the 1980’s. Bid responses will be reviewed and a recommended finalist system will be selected in Fiscal Year 2011/12.

- **Annexation of Sunset Beach and Sale of Fire Station No. 3** – In August 2010, the Huntington Beach City Council voted to annex the County unincorporated area known as Sunset Beach, to which the OCFA has provided fire and emergency services for over sixty years. The OCFA is in the process of finalizing the transfer of emergency services to Huntington Beach and finalizing an agreement for the city's continued coverage of the area and Bolsa Chica. Fire Station No. 3 located in Sunset Beach will no longer be needed by the OCFA due to the restructure of the Reserve Firefighter Program. As a result, the station was deactivated and the property sold to the Sunset Beach Community Association in April 2011.

Major Initiatives and Goals for the Future

Agreements, Studies and Strategic Initiatives:

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

Staffing and Personnel:

- **Promotional Tests and Academies** – After a two-year hiatus in running firefighter academies, Career Firefighter Academy 37 began in July 2011. An additional academy is planned for later in Fiscal Year 2011/12.
- **Expansion of Volunteer Roles at OCFA** – With the downsizing of the Reserve Firefighter program, it is OCFA's intention to provide other ways for citizens to volunteer. A pilot Fire Corps program is currently in development as a way to provide these volunteer opportunities.

Facilities and Capital Improvements:

- **New OCFA-Built Fire Station** – Planning and design of New Fire Station No. 56 (Ortega Valley) is expected to commence in Fiscal Year 2011/12, with a one-year construction period to follow in Fiscal Year 2012/13. The new station, which is being constructed by OCFA and partially funded by contributions from developers, will provide the capability to house two companies.
- **City-Built Fire 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 2011/12. Replacement Fire Station No. 46 (Stanton) is also in the construction 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 2012/13.
- **Developer-Built Fire Stations** – Planning and development of new fire stations in Rancho Mission Viejo is expected to commence in Fiscal Year 2014/15. These stations will be constructed by a developer at little or no cost to the OCFA.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the OCFA for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. This was the thirteenth consecutive year that the OCFA has received this prestigious award. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and the applicable legal requirements. This certificate is valid for a period of one year only. We believe that our current CAFR continues to meet the program's requirements and we are submitting it to the GFOA to determine its eligibility for this year's award.

The timely preparation of the Comprehensive Annual Financial Report was made possible by the dedicated efforts of all departments of the OCFA, especially the staff of the Finance Division. We sincerely appreciate and acknowledge the support and direction provided to OCFA staff preparing the CAFR by the accounting firm of Mayer Hoffman McCann, P.C. We would also like to express our appreciation to the Board of Directors and the OCFA Budget and Finance Committee for their leadership and support in planning and conducting the financial operations of the OCFA in a responsible and progressive manner.

Respectfully submitted,

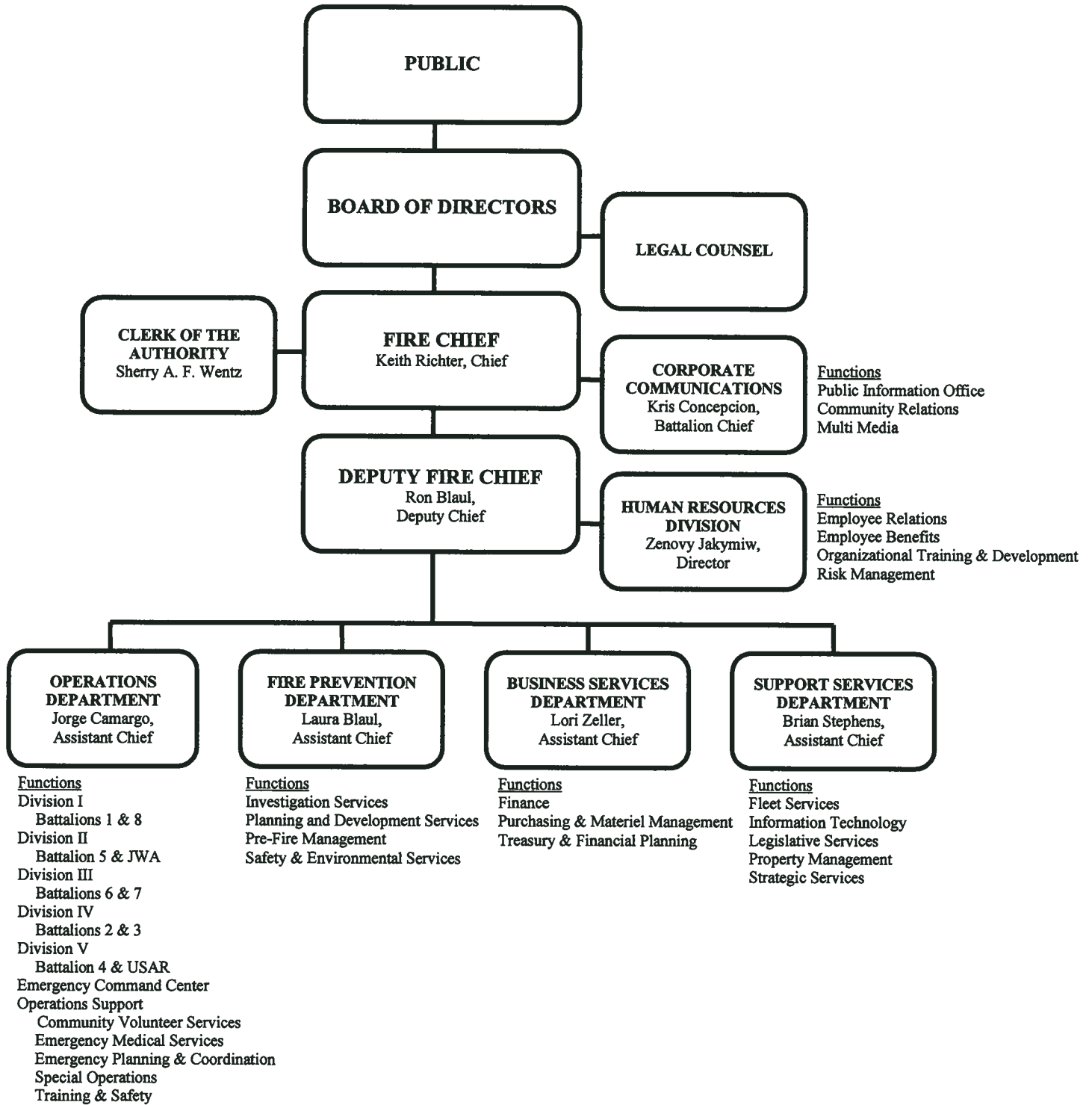


Keith Richter, Fire Chief



Lori Zeller, Assistant Chief
Business Service Department

**ORANGE COUNTY FIRE AUTHORITY
Organization Chart
June 30, 2011**



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, assignment of fund balances, budget balancing measures, evaluation and development of plans to meet long-term financing needs, investment oversight and purchasing policies. The Chair of the Board makes appointments to the Committee on an annual or as-needed basis. The Chair of the City Manager Budget and Finance Committee serves as an ex officio non-voting member of this committee. The Budget and Finance Committee is also designated to serve as the OCFA's audit oversight committee.

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Orange County Fire Authority
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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.



President

Executive Director



Orange County Fire Authority Safety Message

Smoke Alarms

- **Install** smoke alarms on every level of your home, in every sleeping area, and in the hallway leading to every sleeping area. Replace smoke alarms every ten years or sooner if they don't respond properly when tested.
- **Inspect** smoke alarms by testing them once a month and replacing the batteries every six months or according to the manufacturer's recommendations.
- **Protect** your family by developing a home escape plan. Draw a floor plan of your home showing two ways out of every room and an outside meeting place. Practice your plan by having home fire drills at least twice a year.



Financial Section



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200

Irvine, California 92612

949-474-2020 ph

949-263-5520 fx

www.mhm-pc.com

Board of Directors
Orange County Fire Authority
Irvine, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Orange County Fire Authority ("OCFA"), California, as of and for the year ended June 30, 2011, 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, 2010, and in our report dated October 25, 2010, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the OCFA, as of June 30, 2011, the respective changes in financial position and the respective budgetary comparison information for the general fund of the OCFA for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described further in notes 1, 3 and 11 to the financial statements, the accompanying financial statements reflect certain changes in the reporting of fund types and fund balance classifications for governmental funds due to the implementation of Governmental Accounting Standards Board Statement No. 54.

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.

Board of Directors
Orange County Fire Authority
Irvine, California

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 statements and schedules, 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 statements and schedules and the 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 14, 2011 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.

Mayor Hoffman McClain A.C.

Irvine, California
October 14, 2011



Management's Discussion & Analysis



2010 Open House

ORANGE COUNTY FIRE AUTHORITY

Management's Discussion and Analysis

Year ended June 30, 2011

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, 2011.

Financial Highlights

- The assets of the OCFA exceeded its liabilities by \$287,629,371 at the end of the current fiscal year. Net assets consisted of investments in capital assets, net of related debt, in the amount of \$186,297,543 (64.8%); and unrestricted net assets in the amount of \$101,331,828 (35.2%). Total net assets decreased by \$13,676,882 from the prior fiscal year. Current year operations decreased net assets by \$14,413,782, but beginning net assets were increased by \$736,900 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 \$165,257,027, a decrease of \$4,500,016 from the prior fiscal year. (Current year operations decreased fund balance by \$5,236,916, but beginning fund balance was increased by \$736,900 for a prior period adjustment.) Of the total ending fund balance, \$25,592,531 (15.5%) was available for funding future operational needs (unassigned fund balance).
- At the end of the current fiscal year, total fund balance for the General Fund was \$85,240,115, which included (1) \$23,186,680 pertaining to prepaid costs in a nonspendable form; (2) \$111,980 restricted for federal grants, donations, and other restricted revenue programs; (3) \$797,935 committed to service enhancement projects in certain over-funded structural fire fund cities; (4) \$35,134,351 assigned to future obligations for self-insured workers' compensation claims and \$416,638 assigned to various unperformed contracts for goods or services; and (5) \$25,592,531 that is unassigned and available for future spending, including \$20,563,041 set aside for future economic uncertainties.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the OCFA's finances, in a manner similar to a private-sector business. All public safety activities of the OCFA are reported as governmental activities, since they principally supported by taxes and intergovernmental revenues. 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 can be divided into two categories – governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the OCFA's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The OCFA maintains five individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for all five governmental funds, since the OCFA has elected to classify all governmental funds as major funds. The OCFA adopts an annual appropriated budget for each governmental fund. Budgetary comparison statements and schedules have been provided for the governmental funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 22-30 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the OCFA's own programs. Combined basic fiduciary fund financial statements can be found on pages 31-32 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 33-68 of this report.

Supplementary schedules. The budgetary schedules referred to earlier in connection with governmental funds are presented in the supplementary schedules section. Combining and individual fund statements and schedules can be found on pages 69-84 of this report.

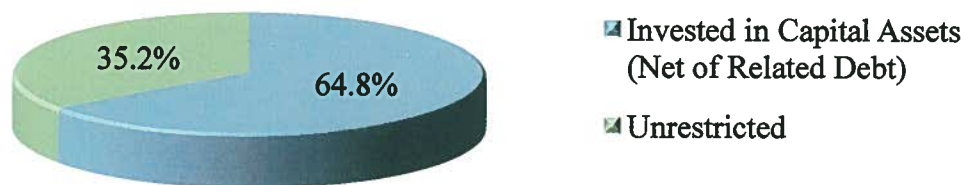
Government-wide Financial Analysis

Net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of OCFA, assets exceeded liabilities by \$287,629,371 at the end of the most recent fiscal year, a 4.5% decrease from the prior fiscal year. Following is a summary of the OCFA's net assets as of June 30, 2011 and 2010:

ORANGE COUNTY FIRE AUTHORITY's Net Assets

Governmental Activities	June 30, 2011	June 30, 2010	Increase (Decrease)	
			Amount	%
Assets:				
Current and other assets	\$ 175,737,815	\$ 180,977,487	\$ (5,239,672)	-2.9%
Capital assets	203,163,902	202,495,677	668,225	0.3%
Total assets	<u>378,901,717</u>	<u>383,473,164</u>	<u>(4,571,447)</u>	-1.2%
Liabilities:				
Long-term liabilities	80,777,768	70,931,114	9,846,654	13.9%
Other liabilities	10,494,578	11,235,797	(741,219)	-6.6%
Total liabilities	<u>91,272,346</u>	<u>82,166,911</u>	<u>9,105,435</u>	11.1%
Net assets:				
Invested in capital assets, net of related debt	186,297,543	183,717,406	2,580,137	1.4%
Unrestricted	101,331,828	117,588,847	(16,257,019)	-13.8%
Total net assets	<u>\$ 287,629,371</u>	<u>\$ 301,306,253</u>	<u>\$ (13,676,882)</u>	-4.5%

Net Assets of Governmental Activities at June 30, 2011



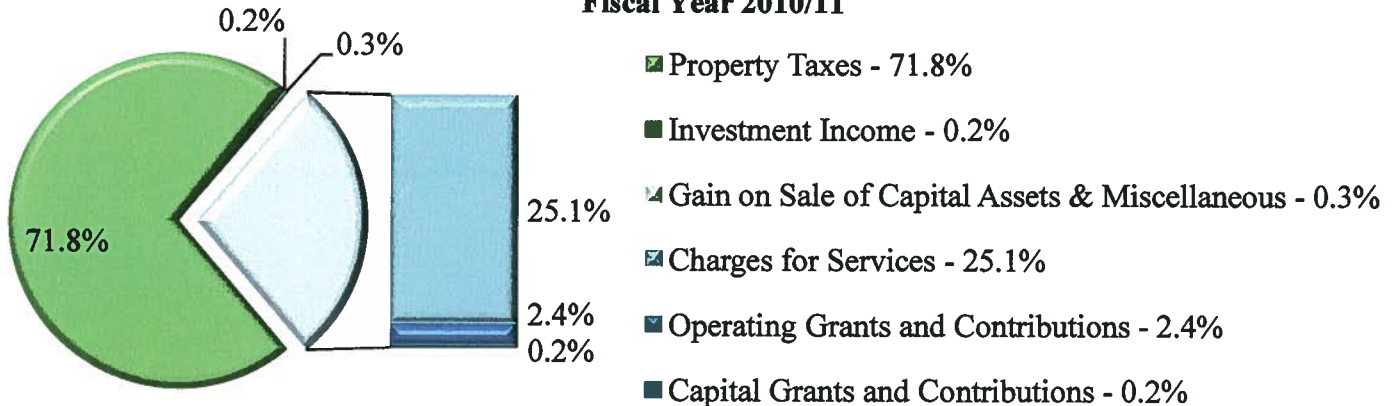
- The largest portion of the OCFA's net assets (64.8%) reflects its investment in capital assets, less related outstanding debt used to acquire those assets. The OCFA uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the OCFA's investment in its capital assets is reported net of related debt, it should be noted that the repayment of any debt issued to acquire capital assets must be from other sources. The OCFA cannot sell the assets to obtain funding.
- The remaining balance of net assets is considered unrestricted (35.2%) 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.

Changes in net assets. Governmental activities decreased the OCFA's net assets by \$14,413,782 during the most recent fiscal year, an indication that the OCFA's financial position has deteriorated. Governmental activities are divided into two categories – program and general. Program revenues are those derived directly from a government program itself, or from parties outside the government's taxpayers, and thus reduce the net cost of providing that program. Any program expenses that are not offset by program revenues must essentially be financed by general revenues, such as taxes and investment earnings. Following is a summary of the OCFA's changes in net assets for Fiscal Year 2010/11 and Fiscal Year 2009/10:

ORANGE COUNTY FIRE AUTHORITY's Changes in Net Assets

Governmental Activities	FY 2010/11	FY 2009/10	Increase (Decrease)	
			Amount	%
Program revenues:				
Charges for services	\$ 61,975,963	\$ 63,743,942	\$ (1,767,979)	-2.8%
Operating grants and contributions	5,963,648	5,784,969	178,679	3.1%
Capital grants and contributions	395,180	1,415,618	(1,020,438)	-72.1%
General revenues:				
Property taxes	177,181,086	179,001,919	(1,820,833)	-1.0%
Investment income	611,408	1,006,128	(394,720)	-39.2%
Gain on sale of capital assets	39,803	-	39,803	0.0%
Miscellaneous	835,021	890,127	(55,106)	-6.2%
Total revenues	<u>247,002,109</u>	<u>251,842,703</u>	<u>(4,840,594)</u>	-1.9%
Public safety expenses:				
Salaries and benefits	221,031,439	211,729,989	9,301,450	4.4%
Services and supplies	30,736,034	24,318,065	6,417,969	26.4%
Depreciation and amortization	8,970,508	8,432,793	537,715	6.4%
Interest on long-term debt	677,910	855,577	(177,667)	-20.8%
Total expenses	<u>261,415,891</u>	<u>245,336,424</u>	<u>16,079,467</u>	6.6%
Change in net assets	(14,413,782)	6,506,279	(20,920,061)	-321.5%
Net assets, beginning of year	301,306,253	294,799,974	6,506,279	2.2%
Prior period adjustment	736,900	-	736,900	100.0%
Net assets, end of year	<u>\$ 287,629,371</u>	<u>\$ 301,306,253</u>	<u>\$ (13,676,882)</u>	-4.5%

**Revenues of Governmental Activities - by Source
Fiscal Year 2010/11**



- Program revenues totaled \$68,334,791 and accounted for 27.7% of total revenues. Following is a description of each program revenue type, followed by an explanation of what contributed to the net increase or decrease from the prior fiscal year.
 - Charges for services include amounts received from those who purchase, use or directly benefit from or are affected by a program. These revenues decreased by \$1,767,979 (2.8%) from the prior fiscal year.

Amount	Reason for Increase / Decrease
-\$1,600,000	State assistance by hire services performed for the California Department of Forestry (CALFIRE) and the California Emergency Management Agency (CAL EMA) decreased by \$1.6 million. Reimbursements for state incidents were less than the prior year, primarily due to major Fiscal Year 2009/10 incidents such as the Station Fire in August 2009, the Guiberson Fire in September 2009, and the Ortega Fire in November 2009.
+\$950,000	Cash contract city charges increased by \$950,000 per terms of the Joint Powers Agreement.
-\$900,000	Disaster relief services performed for the Federal Emergency Management Agency (FEMA) decreased by \$900,000. Significant disaster relief events during Fiscal Year 2009/10 included the Station Fire in August 2009 and the Urban Search and Rescue (USAR) Task Force's mobilization for response to the Haiti earthquake in January 2010.
-\$400,000	Revenues for ambulance transport and supplies reimbursement decreased by \$400,000.
+\$100,000	In Fiscal Year 2010/11, OCFA's hand crew increased the amount of road maintenance and other project work completed for Southern California Edison and the Irvine Ranch Conservancy, resulting in a \$100,000 revenue increase.
+\$100,000	Revenues pertaining to disclosure, inspection and plan check fees increased by \$100,000.
-\$1,750,000	Charges for services – net decrease

- Operating grants and contributions include grants, contributions, donations and similar items that are restricted to one or more specific program. These revenues increased by \$178,679 (3.1%) over the prior fiscal year.

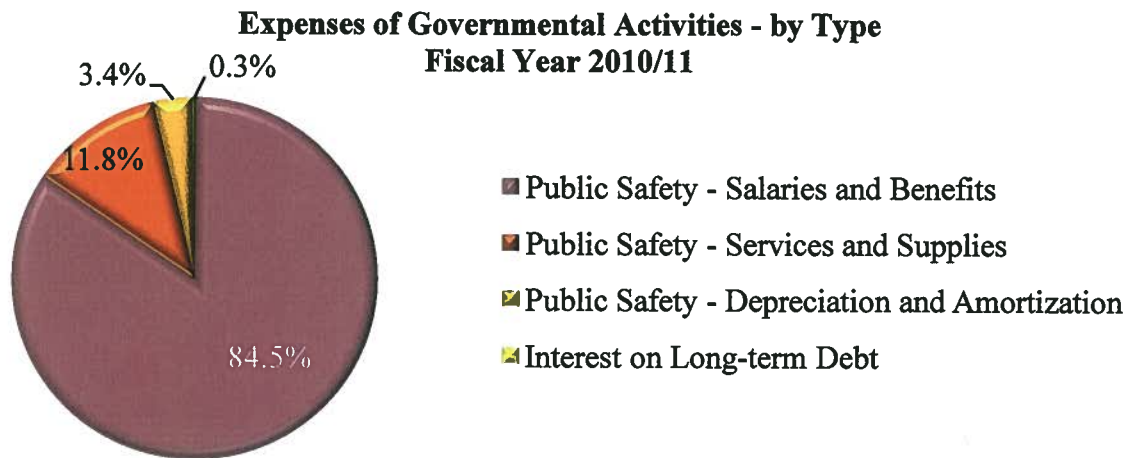
Amount	Reason for Increase / Decrease
+\$450,000	Tax increment passed through from member cities increased by \$450,000, primarily due to revenue received from the City of Mission Viejo.
-\$250,000	Revenues from state and federal operating grants decreased by \$250,000. Reimbursements for the Urban Search and Rescue Program increased by \$100,000, but were offset by \$350,000 in decreased grant revenues from the Urban Areas Security Initiative and the State Homeland Security Grant Program.
+\$200,000	Operating grants and contributions – net increase

- Capital grants and contributions include grants, contributions, donations and similar items that are restricted to one or more specific capital-related programs. These revenues decreased by \$1,020,438 (72.1%) from the prior fiscal year.

Amount	Reason for Increase / Decrease
-\$580,000	Revenues from state and federal capital grants decreased by \$580,000. In Fiscal Year 2010/11, OCFA received \$260,000 from the Assistance to Firefighters grant program for the purchase of various radios and communications equipment. In Fiscal Year 2009/10, OCFA received \$780,000 from the Public Safety Interoperable Communications (PSIC) grant program for the purchase of radios, and \$60,000 from the State Homeland Security Grant Program for the purchase of the Live Move Up Module (MUM).
-\$510,000	Revenues from developer contributions decreased by \$510,000 primarily due to a reimbursement from the Irvine Development Company in Fiscal Year 2009/10 for the purchase of a Type 1 Engine at Fire Station No. 20 (Great Park).
+\$70,000	Assets contributed to the OCFA increased by \$70,000 during Fiscal Year 2010/11, primarily due to nine Hurst tools that were received from the City of Laguna Beach via a grant from the Office of Traffic Safety.
-\$1,020,000	Capital grants and contributions – net decrease

- General revenues totaled \$178,667,318 and accounted for 72.3% of total revenues. Following is a description of each general revenue type and an explanation of what contributed to the net increase or decrease from the prior fiscal year.
 - The largest general revenue, property taxes, decreased by \$1,820,833 (1.0%) from the prior fiscal year. There were declines in secured and unsecured property taxes, as well as declines in delinquent supplemental property taxes.
 - Investment income decreased by \$394,720 (39.2%) due to an overall declining rate of return on the investment portfolio. The OCFA's year-to-date effective rate of return as of June 30, 2011 was 0.51%, as compared to 0.65% as of June 30, 2010.

- Gain on sale of capital assets increased by \$39,803 (100%). The net gain recognized during Fiscal Year 2010/11 was primarily due to the sale of various fully-depreciated fire apparatus (\$185,000) and Fire Station No. 3 (Sunset Beach) (\$115,000), offset by a \$260,000 loss on the disposal of building improvements and equipment at Fire Station 17 (Cypress).
- Miscellaneous revenues decreased by \$55,106 (6.2%), primarily due to declines in insurance settlements and bankruptcy loss recovery from the County of Orange, offset by an increase in restitution revenues.



- Total expenses increased by \$16,079,467 (6.6%) over the prior fiscal year. Following is an explanation of what contributed to the net increase or decrease of each expense type from the prior fiscal year.
 - Salaries and benefits increased by \$9,301,450 (4.4%) over the prior fiscal year.

Amount	Reason for Increase / Decrease
+\$4,650,000	The most significant increase in Fiscal Year 2010/11 pertained to the annual other post-employment benefit (OPEB) cost for the defined benefit Retiree Medical Plan. The annual OPEB cost is equal to an annual required contribution, as determined by an actuarial valuation, plus adjustments for cumulative interest and actual contributions to the plan. An updated actuarial study is required to be completed every other year.
+\$4,800,000	Other significant increases to Fiscal Year 2010/11 salaries and benefits were for retirement costs (\$1.45 million), overtime (\$1.4 million), salary costs for employees on workers' compensation (\$700,000), health insurance and other benefits (\$600,000), regular and specialty pay (\$450,000), other pay (\$350,000) and vacation payoff (\$270,000). These increases were offset by a Fiscal Year 2010/11 decrease in extra help costs (\$420,000). The reasons for these increases and decreases are further explained in the <i>Major Governmental Funds – General Fund and Facilities Replacement Fund</i> portions of this Management's Discussion and Analysis.
-\$150,000	Compensated absences expense for earned by unused employee sick and vacation balances decreased by \$150,000 in Fiscal Year 2010/11.
+\$9,300,000	Salaries and benefits – net increase

- Services and supplies increased by \$6,417,969 (26.4%) over the prior year.

Amount	Reason for Increase / Decrease																
+\$7,400,000	<p>OCFA's long-term liability for workers' compensation reflects the present value of estimated outstanding losses, as determined by an actuarial valuation and the "confidence level" set by the Board. The change in the actuarial liability estimate, plus actual cash claims paid, is recognized as an expense. Workers' compensation expense increased by \$7.4 million as follow:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th></th> <th style="text-align: center;">FY 2010/11</th> <th style="text-align: center;">FY 2009/10</th> <th style="text-align: center;">Increase (Decrease)</th> </tr> </thead> <tbody> <tr> <td>Actual claims paid</td> <td style="text-align: center;">\$5.5 million</td> <td style="text-align: center;">\$5.0 million</td> <td style="text-align: center;">\$0.5 million</td> </tr> <tr> <td>Change in actuarial estimate</td> <td style="text-align: center;">\$2.5 million</td> <td style="text-align: center;">(\$4.4 million)</td> <td style="text-align: center;">\$6.9 million</td> </tr> <tr> <td>Total fiscal year expense</td> <td style="text-align: center;">\$8.0 million</td> <td style="text-align: center;">\$0.6 million</td> <td style="text-align: center;">\$7.4 million</td> </tr> </tbody> </table> <p>Generally, a lower confidence level results in a lower actuarial liability, and vice versa. In May 2010, the Board of Directors authorized to reduce the OCFA's confidence level from 80% to 50%, resulting in a significant decrease in the estimated liability, and the resulting expense, for Fiscal Year 2009/10.</p>		FY 2010/11	FY 2009/10	Increase (Decrease)	Actual claims paid	\$5.5 million	\$5.0 million	\$0.5 million	Change in actuarial estimate	\$2.5 million	(\$4.4 million)	\$6.9 million	Total fiscal year expense	\$8.0 million	\$0.6 million	\$7.4 million
	FY 2010/11	FY 2009/10	Increase (Decrease)														
Actual claims paid	\$5.5 million	\$5.0 million	\$0.5 million														
Change in actuarial estimate	\$2.5 million	(\$4.4 million)	\$6.9 million														
Total fiscal year expense	\$8.0 million	\$0.6 million	\$7.4 million														
-\$1,100,000	Special department expense decreased by \$1,100,000, primarily due to a decline in the number of portable radios purchased as compared to the prior year.																
+\$1,025,000	Office supplies expense increased by \$1,025,000, primarily due to the purchase of over 200 mobile data computers (MDC's), monitors and accessories during Fiscal Year 2010/11.																
-\$350,000	Equipment maintenance decreased by \$350,000, primarily due to a decrease in the cost of Information Technology contractors, a decrease in the purchase of Scott airpack parts, and a Geographic Information Systems license agreement that was not renewed when OCFA outgrew its data set capabilities.																
-\$300,000	Medical, dental and lab supplies decreased by \$300,000. The cost of pharmaceuticals decreased by \$200,000, primarily due to the grant-funded purchase of DuoDote nerve agent antidote kits in Fiscal Year 2009/10. The cost of minor medical equipment decreased by \$100,000, primarily due to accessories, cables and supplies related to the purchase of 90 new defibrillators in Fiscal Year 2009/10.																
-\$275,000	Maintenance on buildings and improvements decreased by \$275,000, primarily due to higher costs in Fiscal Year 2009/10 to repair the RFOTC roof, air conditioning system, and front gate.																
+\$6,400,000	Services and supplies – net increase																

- Depreciation and amortization expense, which had no impact on the OCFA's cash balances, increased by \$537,715 (6.4%).

Amount	Reason for Increase / Decrease
+\$490,000	Depreciation on vehicles increased by \$490,000, primarily due to the first full year of depreciation in Fiscal Year 2010/11 on three Ambulances, five Type 1 Wildland Urban Interface Engines, one 75' Quint, eight Paramedic Vans and seven Type 1 Engines.
+\$60,000	Depreciation on buildings increased by \$60,000, primarily due to Fire Station 17 (Cypress) and Fire Station 41 (Fullerton Airport) being placed into service mid-way through Fiscal Year 2010/11.
+\$550,000	Depreciation and amortization – net increase

- Interest on long-term debt decreased by \$177,667 (20.8%) from the prior year.

Amount	Reason for Increase / Decrease
-\$70,000	Interest expense on the 2008 capital lease decreased by \$70,000 as principal was paid down per the debt-to-maturity schedule.
-\$110,000	Interest expense decreased by \$110,000 due to the repayment of three outstanding debt issues during Fiscal Year 2009/10 (2001 revenue bonds, 2003 capital lease and the 2005 capital lease).
-\$180,000	Interest on long-term debt – net decrease

Financial Analysis of the OCFA's Funds

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

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

As of the end of Fiscal Year 2010/11, OCFA's governmental funds reported combined ending fund balances of \$165,257,027, a decrease of \$4,500,016 in comparison with the prior fiscal year. Approximately 15.5% constitutes unassigned fund balance, which is available for spending for any purpose. The remaining 84.5% of fund balance is not available for spending on any new purpose, because it has already been restricted, committed or assigned for specific purposes, or it is in a nonspendable form.

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

- The ***General Fund*** is the chief operating fund of the OCFA. At the end of Fiscal Year 2010/11, the General Fund's fund balance totaled \$85,240,115.
 - Unassigned fund balance totaling \$25,592,531 (30.0%) is available for future spending. The remaining \$59,647,584 (70.0%) of fund balance is not available for spending on any new purpose, because it has already been restricted, committed or assigned for specific purposes, or it is in a nonspendable form.

- o Total fund balance of the OCFA's General Fund increased by \$4,542,709 during the current fiscal year (from current year operations). The prior year's fund balance increased by \$6,334,723, a difference of \$1,792,014.

Impact on Fund Balance	Description
-\$1,800,000	Revenue from property taxes decreased by \$1.8 million. There were declines in secured and unsecured property taxes, as well as declines in delinquent supplemental property taxes.
-\$2,400,000	Intergovernmental revenue decreased by \$2.4 million. The most significant decreases pertained to state and federal reimbursements for fire and other disaster incidents, and grant revenues from the Urban Areas Security Initiative and the State Homeland Security Grant Program. These decreases were offset by increased tax increment passed through from member cities.
+\$1,300,000	Charges for services increased by \$1.3 million, primarily due to increases in cash contract city charges and the contract with John Wayne Airport for Aircraft Rescue and Firefighting services.
-\$5,000,000	Salaries and benefits expenditures increased by \$5.0 million over the prior year. <ul style="list-style-type: none"> - \$1,450,000 > Retirement costs increased by \$1.45 million. Increases in the employer contribution rates caused retirement costs to increase by \$2.75 million. However, these costs were offset by \$850,000 of savings achieved by pre-paying the Fiscal Year 2010/11 contributions to OCERS, as well as \$450,000 utilized from the Retirement 2.7% @ 55 Fund. - \$1,400,000 > Overtime costs increased by \$1.4 million. Overtime needed to backfill for open/vacant positions and personnel on workers' compensation increased by \$3.2 million. These increases were offset by declines in overtime for emergency incident response (\$1.4 million) and training (\$400,000). - \$700,000 > Salary costs for employees on workers' compensation increased by \$700,000. - \$600,000 > Employee group health insurance and other benefits increased by \$600,000, due primarily to an increase in firefighter health insurance premiums. - \$550,000 > Regular and specialty pay increased by \$550,000. Salary costs increased by rates authorized in Memorandums of Understanding with bargaining units, but were offset by a significant number of frozen and vacant positions and the deferral of certain cost-of-living adjustments. + \$420,000 > Extra help costs decreased by \$420,000, caused primarily by the elimination of the reserve firefighter emergency response at eleven fire stations, and overall reductions in the number of extra help employees. - \$370,000 > Vacation and sick leave payouts increased by \$270,000 and \$100,000, respectively, primarily due to the retirement of several long-term personnel. - \$350,000 > Other pay increased by \$350,000, due primarily to educational incentives (\$100,000) and early retirement incentives (\$250,000) paid to employees.
+\$6,100,000	Transfers out to other funds decreased by \$6.1 million.
-\$1,800,000	General Fund – net impact on fund balance

- The *Facilities Maintenance & Improvements Fund* had total fund balance of \$4,123,851 at the end of Fiscal Year 2010/11.
 - Fund balance pertaining to prepaid items (\$5,397) was classified as nonspendable. Remaining fund balance was assigned to the capital improvement program (\$4,092,500) and various facilities projects (\$25,954).
 - Total fund balance decreased by \$651,894 during the current fiscal year. The prior year's fund balance decreased by \$30,575, a difference of \$621,319.

Impact on Fund Balance	Description
-\$30,000	Charges for services decreased by \$30,000 due to declines in amounts charged to cash contract cities for improvements at city-owned fire stations.
+\$180,000	Services and supplies expenditures pertaining to maintenance on buildings and equipment decreased by \$180,000. In the prior year, OCFA incurred significant costs to repair the air conditioning system, entrance gate and roof at the RFOTC.
-\$180,000	Expenditures pertaining to capital outlay increased by \$180,000. Capital outlay in the current fiscal year pertained primarily to capitalized building improvements at Fire Station No. 41 (Fullerton Airport). There were no capital outlay expenditures in the prior fiscal year.
-\$570,000	Transfers in from other funds decreased by \$570,000.
-\$600,000	Facilities Maintenance & Improvements Fund – net impact on fund balance

- The *Communications & Information Systems Fund* had total fund balance of \$23,726,192 at the end of Fiscal Year 2010/11.
 - Fund balance pertaining to prepaid items (\$66,112) was classified as nonspendable. The remaining fund balance was assigned to the capital improvement program (\$23,440,984) and various communications and information technologies projects (\$219,096).
 - Total fund balance decreased by \$2,605,524 during the current fiscal year. The prior year's fund balance increased by \$1,074,793, a difference of \$3,680,317.

Impact on Fund Balance	Description
-\$600,000	Intergovernmental revenue decreased by \$600,000, primarily due to a Public Safety Interoperable Communications (PSIC) grant received in the prior fiscal year for the purchase of 800 Mhz radios.
+\$550,000	Debt service (principal and interest) decreased by \$550,000 due to the early repayment of the 2005 capital lease in the prior fiscal year.
-\$3,650,000	Transfers in from other funds decreased by \$3.65 million.
-\$3,700,000	Communications & Information Systems Fund – net impact on fund balance

- The **Vehicle Replacement Fund** had total fund balance of \$35,940,563 at the end of Fiscal Year 2010/11.
 - Fund balance pertaining to prepaid items (\$405,086) was classified as nonspendable. The remaining fund balance was assigned to the capital improvement program (\$33,994,315) and purchase of various fire apparatus and vehicles (\$1,541,162).
 - Total fund balance decreased by \$5,199,387 during the current fiscal year. The prior year's fund balance decreased by \$7,532,345, a difference of \$2,332,958.

Impact on Fund Balance	Description
+\$3,100,000	Capital outlay expenditures decreased by \$3.1 million. In the prior fiscal year, the OCFA replaced 90 automated external defibrillators (AED) with upgraded models for a cost of approximately \$1.1 million. OCFA also spent \$2 million more in the prior fiscal year to purchase and outfit fire apparatus.
+\$3,900,000	Debt service principal decreased by \$3.9 million, primarily due to the early repayment of the 2003 and 2005 capital leases in the prior fiscal year.
-\$4,650,000	Transfers in from other funds decreased by \$4.65 million.
+\$2,350,000	Vehicle Replacement Fund – net impact on fund balance

- The **Facilities Replacement Fund** had total fund balance of \$16,226,306 at the end of Fiscal Year 2010/11.
 - Fund balance pertaining to prepaid items (\$1,854) was classified as nonspendable. Fund balance pertaining to developer contributions received for future fire station construction (\$1,515,253) was classified as restricted. The remaining fund balance was assigned to the capital improvement program (\$14,567,128) and construction of various fire stations (\$142,071).
 - Total fund balance decreased by \$1,322,820 during the current fiscal year. The prior year's fund balance decreased by \$239,691, a difference of \$1,083,129.

Impact on Fund Balance	Description
-\$130,000	Intergovernmental revenue decreased by \$130,000, which related to the capital portion of OCFA's State Responsibility Area (SRA) contract with CALFIRE.
-\$50,000	Investment income decreased by \$50,000 due to an overall declining rate of return on the investment portfolio, as well as a decline in escrow account earnings when the eastern portion of the new helicopter hangar was purchased mid-way through Fiscal Year 2010/11.
+\$120,000	Salaries and benefits decreased by \$120,000 due to the elimination of a limited-term Essential Facilities Inspector position.
-\$3,440,000	Capital outlay increased by \$3.44 million, primarily due to the purchase of the eastern half of the new helicopter hangar for Fire Station No. 41 (Fullerton Airport) in December 2010.
+\$2,400,000	Transfers in from other funds increased by \$2.4 million.
-\$1,100,000	Facilities Replacement Fund – net impact on fund balance

General Fund Budgetary Highlights

The following table summarizes the changes in General Fund appropriations, as well as the variance between the final budget and actual amounts for Fiscal Year 2010/11.

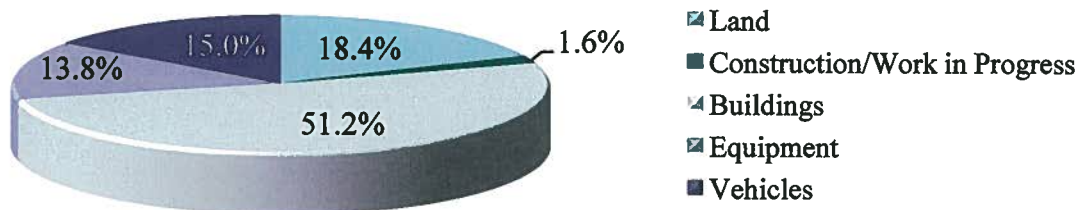
	Original Budget	Increase (Decrease)	Final Budget	Variance Positive (Negative)	Actual Amounts
Salaries and benefits	\$213,241,538	\$ 97,097	\$213,338,635	\$1,539,214	\$211,799,421
Services and supplies	25,450,656	1,237,132	26,687,788	2,300,127	24,387,661
Capital outlay	217,940	534,211	752,151	477,250	274,901
Interest and fiscal charges	237,500	(26,906)	210,594	-	210,594
Transfers out	-	4,137,811	4,137,811	-	4,137,811
	<u>\$239,147,634</u>	<u>\$5,979,345</u>	<u>\$245,126,979</u>	<u>\$4,316,591</u>	<u>\$240,810,388</u>

- The \$5,979,345 increase in budgeted General Fund appropriations was partially funded by net increases to budgeted revenues totaling \$3,890,553.
- Final budgeted General Fund expenditures exceeded actual amounts by \$4,316,591, primarily due to lower emergency activity than budgeted, additional frozen positions and other cost containment efforts to reduce expenditures. Expenditure savings also included \$546,646 for uncompleted projects that were re-budgeted to Fiscal Year 2011/12.

Capital Assets and Debt Administration

Capital Assets. The OCFA's investment in capital assets for its government activities at the end of Fiscal Year 2010/11 totaled \$203,163,902 (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, 2011**



Net capital assets increased over the prior fiscal year by \$668,225 (0.3%). 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, 2011	June 30, 2010	Increase (Decrease)	
			Amount	%
Land	\$ 37,387,850	\$ 37,397,850	\$ (10,000)	0.0%
Construction in progress	380,232	3,068,407	(2,688,175)	-87.6%
Work in progress	2,776,248	2,153,037	623,211	28.9%
Buildings	128,648,633	120,395,710	8,252,923	
Accumulated depreciation	(24,578,979)	(21,950,074)	(2,628,905)	
Buildings, net	104,069,654	98,445,636	5,624,018	5.7%
Equipment	54,073,436	54,012,867	60,569	
Accumulated depreciation and amortization	(26,079,179)	(23,602,096)	(2,477,083)	
Equipment, net	27,994,257	30,410,771	(2,416,514)	-7.9%
Vehicles	64,526,569	64,878,312	(351,743)	
Accumulated depreciation	(33,970,908)	(33,858,336)	(112,572)	
Vehicles, net	30,555,661	31,019,976	(464,315)	-1.5%
Total, net	\$ 203,163,902	\$ 202,495,677	\$ 668,225	0.3%

Major capital asset additions during Fiscal Year 2010/11 included the following:

- Additions to construction in progress (CIP) during Fiscal Year 2010/11 consisted primarily of the cost to purchase the eastern half of new Fire Station No. 41 (Fullerton) and ready it for service (\$4.15 million). Other construction costs were incurred for the replacement of Fire Station No. 17 (Cypress) (\$1.7 million) and an upgraded sanitary sewer system at Fire Station No. 18 (Trabuco) (\$50,000). All three projects were placed into service during Fiscal Year 2010/11 and transferred to the buildings category.
- Work in progress (WIP) accounted for twenty-five projects during the current fiscal year, sixteen of which were placed into service and nine 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. The most significant additions during Fiscal Year 2010/11 were for two 100' Tractor Drawn Aerials (\$2.35 million), one Crew-Carrying Vehicle (\$200,000) and three pickup trucks (\$170,000).
 - Sixteen vehicles were completed and transferred to the vehicles category during Fiscal Year 2010/11, including four Suburban Command Vehicles, ten Paramedic Vans, one Type 1 Engine and one Type 1 Wildland Interface Engine. The remaining eight 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. There were no additions during Fiscal Year 2010/11, with the Wireless Project classified as WIP at year-end.
- There were five building and building improvements additions in Fiscal Year 2010/11 (including the three that were transferred from CIP). Additions included Fire Station No. 41 (Fullerton Airport) (\$4.15 million), Fire Station No. 17 (Cypress) (\$4.1 million), Fire Station No. 18 (Trabuco) sanitary sewer system upgrade (\$350,000), a training ground railcar prop (\$80,000), and a wireless upgrade at the RFOTC (\$6,000).
- Nineteen vehicles were added to the OCFA's fleet during Fiscal Year 2010/11 (including the sixteen that were transferred from WIP). The most significant additions were five Suburban Command Vehicles (\$350,000), ten Paramedic Vans (\$1 million), one 75' Quint (\$800,000), one Type 1 Engine (\$500,000), one Type 1 Wildland Urban Interface Engine (\$400,000).
- The most significant equipment additions during Fiscal Year 2010/11 were ten Hurst tools (\$80,000), four repeaters (\$45,000) and one server (\$40,000).

Major capital asset deletions during Fiscal Year 2010/11 included the following:

- Building and building improvement deletions during Fiscal Year 2010/11 included seismic retrofit upgrades at old Fire Station No. 17 (Cypress) (\$300,000) and Fire Station No. 3 (Sunset Beach) (\$120,000). Old Fire Station No. 17 (Cypress) was demolished after the new station was placed into service on an adjacent lot. Fire Station No. 3 (Sunset Beach) was sold to the Sunset Beach Community Association.
- Thirty-four, fully-depreciated vehicles were sold and removed from OCFA's fleet during Fiscal Year 2010/11, including eight Type 1 Engines (\$1.5 million), five Type 2 Engines (\$700,000), and nine Paramedic Vans (\$500,000).

Additional information pertaining to the OCFA's capital assets can be found in Note 7 of the accompanying Notes to the Financial Statements.

Long-term Debt. Total long-term liabilities increased by net \$9,846,654 (13.9%) during the current fiscal year.

Long-term Liabilities at June 30, 2011



- Additions to long-term liabilities included increases for worker's compensation claims (\$8,011,264), compensated absences (\$11,589,157) and the net other post employment benefit (OPEB) obligation pertaining to retiree medical benefits (\$13,303,800).

- Decreases to long-term liabilities included the following:
 - Debt service was paid on capital lease obligations totaling \$1,911,912.
 - Liabilities decreased by the amount of payments for worker's compensation claims totaling \$5,482,248, payouts and usage of vacation/sick leave totaling \$11,276,382, and contributions to the Retiree Medical Plan in the amount of \$4,387,025.

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 2011/12 General Operating Fund adopted expenditure budget is approximately \$247.7 million, which is a net increase of \$10.1 million (4.25%) from the final adopted Fiscal Year 2010/11 General Operating Fund budget. (These amounts exclude unspent, encumbered appropriations from the prior fiscal year that are effectually re-appropriated in the ensuing year's budget). The net increase reflects the impact of the following:

- \$11.3 million (5.23%) 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 2011/12
- \$1.2 million (5.9%) decrease in services and supplies and equipment purchases

The total number of authorized positions in the Fiscal Year 2011/12 budget is 1,176, which reflects the deletion of five positions from Fiscal Year 2010/11 (Senior Executive Assistant, Senior Fire Prevention Specialist, Public Relations Specialist, Accounting Support Supervisor and Project Specialist). The budget reflects funding for only 1,082 of those authorized positions, as 94 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



New Stations Cypress and Fullerton Airport

ORANGE COUNTY FIRE AUTHORITY
Statement of Net Assets
June 30, 2011
(With Comparative Data for Prior Year)

	<u>Primary Government</u>		<u>Component Unit</u>
	<u>Governmental Activities</u>		<u>OCFA Foundation</u>
	<u>2011</u>	<u>2010</u>	<u>2011</u>
Assets:			
Cash and investments (Note 4)	\$ 142,705,951	\$ 167,234,790	\$ 47,700
Receivables:			
Accounts, net (Note 5)	1,914,898	2,183,328	-
Accrued interest	152,565	257,740	36
Prepaid costs	23,665,129	684,822	99
Due from other governments, net (Note 6)	7,299,272	10,616,807	-
Capital assets (Note 7):			
Land	37,387,850	37,397,850	-
Construction in progress	380,232	3,068,407	-
Work in progress	2,776,248	2,153,037	-
Capital assets, net of accumulated depreciation/amortization	162,619,572	159,876,383	-
Total assets	378,901,717	383,473,164	47,835
Liabilities:			
Accounts payable	1,961,342	3,135,021	-
Accrued liabilities	8,507,382	7,146,307	-
Accrued interest	13,790	15,353	-
Unearned revenue (Note 8)	12,064	95,241	-
Deposits payable	-	837,100	-
Due to other governments	-	6,775	-
Long-term liabilities (Note 9):			
Due within one year	9,122,550	9,032,273	-
Due beyond one year	71,655,218	61,898,841	-
Total liabilities	91,272,346	82,166,911	-
Net assets:			
Invested in capital assets, net of related debt (Note 7)	186,297,543	183,717,406	-
Unrestricted	101,331,828	117,588,847	47,835
Total net assets	\$ 287,629,371	\$ 301,306,253	\$ 47,835

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Statement of Activities
Year ended June 30, 2011
(With Comparative Data for Prior Year)

	Primary Government		Component Unit
	Governmental Activities		OCFA Foundation
	2011	2010	2011
Expenses:			
Public safety:			
Salaries and benefits	\$ 221,031,439	\$ 211,729,989	\$ -
Services and supplies	30,736,034	24,318,065	2,208
Depreciation and amortization	8,970,508	8,432,793	-
Interest on long-term debt	677,910	855,577	-
Total program expenses	261,415,891	245,336,424	2,208
Program revenues:			
Public safety:			
Charges for services	61,975,963	63,743,942	-
Operating grants and contributions	5,963,648	5,784,969	50,000
Capital grants and contributions	395,180	1,415,618	-
Total program revenues	68,334,791	70,944,529	50,000
Net program (expenses) revenues	(193,081,100)	(174,391,895)	47,792
General revenues:			
Property taxes	177,181,086	179,001,919	-
Investment income	611,408	1,006,128	43
Gain on sale of capital assets	39,803	-	-
Miscellaneous	835,021	890,127	-
Total general revenues	178,667,318	180,898,174	43
Change in net assets	(14,413,782)	6,506,279	47,835
Net assets at beginning of year, restated (Note 3)	302,043,153	294,799,974	-
Net assets at end of year	\$ 287,629,371	\$ 301,306,253	\$ 47,835

See Notes to the Financial Statements

F

und Financial Statements



Deerfield Fire



Orange County Fire Authority Safety Message

New Carbon Monoxide Alarm Requirements

- Did you know...
 - ✓ Carbon monoxide is a tasteless, odorless, and invisible gas.
 - ✓ Low levels of carbon monoxide poisoning can cause shortness of breath, mild headaches, nausea, and fainting.
 - ✓ Carbon monoxide poisoning is the leading cause of accidental poisoning deaths in the United States according to the American Medical Association.

- Carbon monoxide is formed from the incomplete burning of any flame-fueled (not electric) device, including ranges, flame ovens, clothes dryers, furnaces, fireplaces, grills, space heaters, vehicles, and water heaters. Carbon monoxide can be dangerous – when inhaled, it passes from the lungs into the hemoglobin molecules of red blood cells. The result is that the body becomes oxygen-starved, which can lead to tissue damage and death. Effective July 1, 2011, a new law may help prevent senseless carbon monoxide poisoning in the home.

- Per California Senate Bill 183, beginning July 1, 2011, **all existing single family homes** must have carbon monoxide alarms. All other types of residences (apartments, condominiums, etc.) will need carbon monoxide alarms beginning January 1, 2013.

- The new requirements apply if **any** of the following are present within a home:
 - ✓ Attached garage,
 - ✓ Natural gas or propane furnace and/or natural gas range and/or oven, or
 - ✓ Gas or wood-burning fireplace

- For existing homes, the carbon monoxide alarms may be battery powered. At a minimum, alarms are required outside of each sleeping area or bedroom **and** on each level of the home.

- Beginning January 1, 2011, the California Building Code has similar requirements for all new homes and for existing homes undergoing alterations and repairs requiring building permits.

ORANGE COUNTY FIRE AUTHORITY
Governmental Funds
Balance Sheet
June 30, 2011
(With Comparative Data for Prior Year)

	<u>Assets</u>		<u>General Fund</u>	<u>Facilities Maintenance & Improvements</u>
Cash and investments		\$	63,031,566	\$ 4,156,617
Receivables:				
Accounts, net			1,914,898	-
Accrued interest			74,898	-
Prepaid costs			23,186,680	5,397
Due from other governments, net			7,279,150	-
Total assets		\$	95,487,192	\$ 4,162,014
	<u>Liabilities and Fund Balances</u>			
Liabilities:				
Accounts payable		\$	1,727,631	\$ 38,163
Accrued liabilities			8,507,382	-
Deferred revenues			12,064	-
Deposits payable			-	-
Due to other governments			-	-
Total liabilities			10,247,077	38,163
Fund balances (Note 11):				
Nonspendable - Prepaid costs			23,186,680	5,397
Restricted for:				
Capital improvement program			-	-
Executive Management			79,125	-
Operations Department			29,655	-
Fire Prevention Department			3,200	-
Committed to - Structural fire fund cities enhancements			797,935	-
Assigned to:				
Capital improvement program			-	4,092,500
Workers' compensation			35,134,351	-
Executive Management			34,031	-
Operations Department			83,553	-
Fire Prevention Department			68,180	-
Business Services Department			139,647	-
Support Services Department			91,227	-
Facilities projects			-	25,954
Communications and IT projects			-	-
Fire apparatus and other vehicles			-	-
Fire station construction			-	-
Unassigned			25,592,531	-
Total fund balances			85,240,115	4,123,851
Total liabilities and fund balances		\$	95,487,192	\$ 4,162,014

See Notes to the Financial Statements

Capital Projects Funds

Communications & Information Systems			Vehicle Replacement	Facilities Replacement	Total Governmental Funds	
					2011	2010
\$	23,679,433		\$ 35,540,888	\$ 16,297,447	\$ 142,705,951	\$ 167,234,790
	-		-	-	1,914,898	2,183,328
	20,060		-	57,607	152,565	257,740
	66,112	405,086	-	1,854	23,665,129	684,822
	20,122		-	-	7,299,272	10,616,807
\$	23,785,727		\$ 35,945,974	\$ 16,356,908	\$ 175,737,815	\$ 180,977,487
\$	59,535		\$ 5,411	\$ 130,602	\$ 1,961,342	\$ 3,135,021
	-		-	-	8,507,382	7,146,307
	-		-	-	12,064	95,241
	-		-	-	-	837,100
	-		-	-	-	6,775
	59,535		5,411	130,602	10,480,788	11,220,444
	66,112	405,086		1,854	23,665,129	684,822
	-	-		1,515,253	1,515,253	1,511,816
	-	-		-	79,125	61,690
	-	-		-	29,655	49,615
	-	-		-	3,200	-
	-	-		-	797,935	861,116
	23,440,984	33,994,315		14,567,128	76,094,927	81,263,838
	-	-		-	35,134,351	36,899,954
	-	-		-	34,031	196,132
	-	-		-	83,553	190,846
	-	-		-	68,180	111,693
	-	-		-	139,647	195,993
	-	-		-	91,227	18,322
	-	-		-	25,954	14,998
	219,096	-		-	219,096	472,727
	-	1,541,162		-	1,541,162	3,372,724
	-	-		142,071	142,071	1,865,109
	-	-		-	25,592,531	41,985,648
	23,726,192	35,940,563		16,226,306	165,257,027	169,757,043
\$	23,785,727		\$ 35,945,974	\$ 16,356,908	\$ 175,737,815	\$ 180,977,487

**ORANGE COUNTY FIRE AUTHORITY
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2011
(With Comparative Data for Prior Year)**

	<u>2011</u>	<u>2010</u>
Fund balances of governmental funds	\$ 165,257,027	\$ 169,757,043
<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	287,792,968	281,906,183
Accumulated depreciation/amortization	(84,629,066)	(79,410,506)
<p>Long-term liabilities applicable to the OCFA's governmental activities are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Assets.</p>		
Lease purchase agreements	(16,866,359)	(18,778,271)
Accrued claims and judgments	(29,753,616)	(27,224,600)
Compensated absences	(13,354,698)	(13,041,923)
Net OPEB obligation	(20,803,095)	(11,886,320)
<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>		
	(13,790)	(15,353)
Net assets of governmental activities	<u>\$ 287,629,371</u>	<u>\$ 301,306,253</u>

See Notes to the Financial Statements



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
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2011
(With Comparative Data for Prior Year)

	<u>General Fund</u>	<u>Facilities Maintenance & Improvements</u>
Revenues:		
Taxes	\$ 177,181,086	\$ -
Intergovernmental	10,756,345	-
Charges for services	55,651,846	112,213
Use of money and property	426,990	25,676
Miscellaneous	893,511	3,067
Developer contributions	-	-
Total revenues	<u>244,909,778</u>	<u>140,956</u>
Expenditures:		
Current - public safety:		
Salaries and benefits	211,799,421	-
Services and supplies	24,387,661	609,649
Capital outlay	274,901	183,201
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	210,594	-
Total expenditures	<u>236,672,577</u>	<u>792,850</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,237,201</u>	<u>(651,894)</u>
Other financing sources (uses):		
Transfers in (Note 12)	-	-
Transfers out (Note 12)	(4,137,811)	-
Sale of capital and other assets	434,914	-
Insurance recoveries	8,405	-
Total other financing sources (uses)	<u>(3,694,492)</u>	<u>-</u>
Net change in fund balances	4,542,709	(651,894)
Fund balances, beginning of year, restated (Note 3)	<u>80,697,406</u>	<u>4,775,745</u>
Fund balances, end of year	<u>\$ 85,240,115</u>	<u>\$ 4,123,851</u>

See Notes to the Financial Statements

Capital Projects Funds				
Communications & Information Systems	Vehicle Replacement	Facilities Replacement	Total Governmental Funds	
			2011	2010
\$ -	\$ -	\$ -	\$ 177,181,086	\$ 179,001,919
261,294	-	62,980	11,080,619	14,202,209
-	818,808	-	56,582,867	55,325,007
126,203	178,777	64,356	822,002	1,341,991
228,567	96,193	99,518	1,320,856	1,333,170
-	-	43,200	43,200	551,365
616,064	1,093,778	270,054	247,030,630	251,755,661
-	-	2,468	211,801,889	206,942,045
3,095,352	90,458	23,898	28,207,018	28,521,125
126,236	3,611,322	5,704,319	9,899,979	9,647,853
-	1,911,912	-	1,911,912	13,370,586
-	679,473	-	890,067	1,459,383
3,221,588	6,293,165	5,730,685	252,710,865	259,940,992
(2,605,524)	(5,199,387)	(5,460,631)	(5,680,235)	(8,185,331)
-	-	4,137,811	4,137,811	10,608,277
-	-	-	(4,137,811)	(10,608,277)
-	-	-	434,914	162,533
-	-	-	8,405	71,445
-	-	4,137,811	443,319	233,978
(2,605,524)	(5,199,387)	(1,322,820)	(5,236,916)	(7,951,353)
26,331,716	41,139,950	17,549,126	170,493,943	177,708,396
\$ 23,726,192	\$ 35,940,563	\$ 16,226,306	\$ 165,257,027	\$ 169,757,043

**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, 2011
(With Comparative Data for Prior Year)**

	<u>2011</u>	<u>2010</u>
Net change in fund balances - total governmental funds	\$ (5,236,916)	\$ (7,951,353)
<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	9,899,979	9,647,853
Depreciation/amortization expense	(8,970,508)	(8,432,793)
<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>		
	90,686	21,706
<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	(4,103,880)	(3,699,228)
Accumulated depreciation/amortization on disposals	3,751,948	3,361,661
<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
Debt service principal - lease purchase agreements	1,911,912	6,330,586
<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>		
	1,563	148,534

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)

	2011	2010
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
Amortization of bond issuance costs	-	(39,557)
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	(2,529,016)	4,431,738
Arbitrage earnings	-	105,800
Other claims and judgments	-	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.	(312,775)	(468,688)
Contributions to the defined benefit retiree medical plan are made on a pay-as-you-go basis in the governmental fund financial statements. However, if actual contributions are less than the actuarially-determined required amount, the difference is reported as an expense in the Statement of Activities.	(8,916,775)	(4,319,256)
Transactions between governmental funds are eliminated for presentation in the government-wide financial statements.		
Transfers in	(4,137,811)	(10,608,277)
Transfers out	4,137,811	10,608,277
Use of money and property	(210,594)	(335,863)
Interest and fiscal charges	210,594	335,863
Change in net assets of governmental activities	\$ (14,413,782)	\$ 6,506,279

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
General Fund
Budgetary Comparison Statement
Year ended June 30, 2011
(With Comparative Data for Prior Year)

	2011			Variance with Final Budget Positive (Negative)	2010
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Restated budgetary fund balance, July 1	\$ 80,697,406	\$80,697,406	\$ 80,697,406	\$ -	\$ 70,224,872
Resources (inflows):					
Taxes	175,678,682	178,766,181	177,181,086	(1,585,095)	179,001,919
Intergovernmental	9,174,557	10,874,009	10,756,345	(117,664)	13,158,851
Charges for services	56,456,162	55,472,901	55,651,846	178,945	54,355,816
Use of money and property	1,117,634	470,306	426,990	(43,316)	679,105
Miscellaneous	417,000	832,371	893,511	61,140	747,516
Sale of capital and other assets	50,000	360,415	434,914	74,499	162,533
Insurance recoveries	-	8,405	8,405	-	71,445
Total resources (inflows)	242,894,035	246,784,588	245,353,097	(1,431,491)	248,177,185
Amounts available for appropriations	323,591,441	327,481,994	326,050,503	(1,431,491)	318,402,057
Charges to appropriation (outflows):					
Salaries and benefits	213,241,538	213,338,635	211,799,421	1,539,214	206,817,839
Services and supplies	25,450,656	26,687,788	24,387,661	2,300,127	24,015,552
Capital outlay	217,940	752,151	274,901	477,250	444,809
Interest and fiscal charges	237,500	210,594	210,594	-	335,863
Transfers out	-	4,137,811	4,137,811	-	10,228,399
Total charges to appropriations	239,147,634	245,126,979	240,810,388	4,316,591	241,842,462
Budgetary fund balance, June 30	\$ 84,443,807	\$82,355,015	\$ 85,240,115	\$ 2,885,100	\$ 76,559,595

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2011
(With Comparative Data for Prior Year)

	Pension Trust Funds	
	2011	2010
Assets:		
Cash and investments (Note 4):		
Local Agency Investment Fund	\$ 44,614	\$ 485,908
Total assets	44,614	485,908
Liabilities:		
Accounts payable	-	370,931
Total liabilities	-	370,931
Net assets:		
Assets held in trust for pension benefits	44,614	114,977
Total net assets	\$ 44,614	\$ 114,977

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
Year ended June 30, 2011
(With Comparative Data for Prior Year)

	Pension Trust Funds	
	2011	2010
Additions:		
Contributions:		
Plan members	\$ 8,694	\$ 12,522
Total contributions	<u>8,694</u>	<u>12,522</u>
Net investment income:		
Interest	1,944	4,717
Total net investment income	<u>1,944</u>	<u>4,717</u>
Total additions	<u>10,638</u>	<u>17,239</u>
Deductions:		
Benefits and refunds paid to plan members and beneficiaries	81,001	18,099
Total deductions	<u>81,001</u>	<u>18,099</u>
Change in net assets	(70,363)	(860)
Net assets, beginning of year	114,977	115,837
Net assets, end of year	<u>\$ 44,614</u>	<u>\$ 114,977</u>

See Notes to the Financial Statements

N

otes to the Financial Statements



Tustin Fire

ORANGE COUNTY FIRE AUTHORITY
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Year ended June 30, 2011

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Orange County Fire Authority Safety Message

Cooking Fires are Preventable

- Cooking fires are the leading cause of fires, fire injuries and fire deaths in Orange County.
- 20-to-29 year old adults are most frequently injured. Their injuries represent one-third of all cooking fire injuries.
- Older adults (70 or older) are also at risk as they have the highest per capita injury rate.
- Things to remember...
 - ✓ Never use water on a grease fire.
 - ✓ Turn the handles of pots and pans inward to prevent them from being pulled or knocked off the stove.
 - ✓ Keep household items away from the stove.
 - ✓ Clean up grease and cooking oil spills.

ORANGE COUNTY FIRE AUTHORITY

Notes to the Financial Statements

Year ended June 30, 2011

(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.

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.

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

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

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

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

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

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

The Foundation's Board of Directors consists of no less than three and no more than seven members, the exact number determined by resolution of the Foundation Board. Foundation Board members must have been active in or had significant prior experience in governmental or community organizations, or the fire service. The Foundation Board may consist of any combination of members of the public, OCFA employees, and/or past or current OCFA Board members. Initially, the Chair of the OCFA's Board appointed the first three Foundation Directors from among existing OCFA Board members. As of June 30, 2011, there were three non-OCFA Board members on the Foundation's Board. It is anticipated that additional members may be appointed by the Foundation Board at a future date via a simple majority vote.

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

(b) Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

(c) Major Funds and Other Fund Types

Major Governmental Funds

Major funds are those whose revenues, expenditures, assets or liabilities are at least 10% of corresponding totals for all governmental funds. The General Fund is always a major fund. Beginning in fiscal year ended June 30, 2011, the OCFA has elected to report all of its governmental funds as major funds.

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

Fiduciary Fund Types

- **Pension Trust Funds** are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post-employment benefit plans or other employee benefit plans. The OCFA's pension trust 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. Nonspendable fund balance in an amount equal to prepaid costs is reported in the governmental fund types, since these amounts are not in a spendable form.

(g) Capital Assets

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

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

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

(h) Compensated Absences

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

(i) Long-term Obligations

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

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

(j) Fund Equity

The accompanying financial statements reflect certain changes that have been made with respect to the reporting of the components of fund balances for governmental funds. In previous years, fund balances for governmental funds were reported in accordance with previous standards that included components for reserved fund balance, unreserved fund balance, designated fund balance, and undesignated fund balance. Due to the implementation of GASB Statement No. 54, the components of the fund balances of governmental funds now reflect the component classifications described below. Prior year amounts have been restated to reflect the component designations required by GASB Statement No. 54. In the fund financial statements, governmental fund balances are reported in the following classifications:

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

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

Committed fund balance includes amounts whose use is constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest level of decision-making authority. The Board of Directors serves as the OCFA's highest level of decision-making authority and has the authority to establish, modify or rescind a fund balance commitment via minutes action.

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

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

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

(k) Operating Contingency

In June 1998, the OCFA established a General Fund Contingency Reserve ("operating contingency") at 15% of operating revenues, which was subsequently revised to 10% of non-grant operating expenditures. The OCFA's policy states that the operating contingency be used only for operating contingencies, emergencies caused by calamitous events and economic uncertainty. As of June 30, 2011, the operating contingency's balance of \$20,563,041 was included within the unassigned fund balance category of the General Fund.

(l) Prior Year Data

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

(m) Use of Estimates

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

(2) Compliance and Accountability

(a) Budgetary Information

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

Perspective differences occur when the framework used for budgeting differs from the fund structure used for financial reporting. The OCFA's General Fund consists of three separately-budgeted funds that have been combined and consolidated for financial statement presentation. The table below reconciles fund balance for the General Fund as reported on the budgetary basis to the presentation in the financial statements. The Supplementary Schedules section of this report includes additional General Fund combining schedules for balance sheet, budgetary data and actual operating data for the year ended June 30, 2011.

	Fund Balance as of <u>June 30, 2011</u>
Budgetary basis:	
General Operating Fund	\$49,307,829
Structural Fire Entitlement	797,935
Self Insurance	<u>35,134,351</u>
General Fund for financial statement presentation	<u>\$85,240,115</u>

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

<u>Fund</u>	<u>Original Budget</u>	<u>Increase/ (Decrease)</u>	<u>Final Budget</u>
General Fund	\$239,147,634	\$ 5,979,345	\$245,126,979
Facilities Maintenance & Improvements	1,076,200	-	1,076,200
Communications & Information Systems	4,636,128	1,102,063	5,738,191
Vehicle Replacement	9,355,183	231,881	9,587,064
Facilities Replacement	<u>2,195,109</u>	<u>5,910,859</u>	<u>8,105,968</u>
Total budgeted governmental funds	<u>\$256,410,254</u>	<u>\$13,224,148</u>	<u>\$269,634,402</u>

(b) Emergency Appropriations Policy

In September 2008, the Board adopted the Emergency Appropriations Policy to provide a means of increasing budgeted appropriations in the event that extraordinary fire or emergency incident activity occurs after the last Board meeting of the fiscal year, which may cause expenditures to exceed the authorized General Fund budget. The contingency appropriation, which may not exceed \$3,000,000 each fiscal year, is established for unforeseen requirements, primarily salary and employee benefits for extraordinary fire or emergency response. No expenditures may be made directly against the contingency appropriations; however, OCFA management may recommend a transfer from the contingency appropriations to a specific purpose appropriation. The Chair of the Board of Directors or the Vice Chair, in the absence of the Chair, must pre-approve any such transfers. Upon approval by the Chair or Vice Chair, notice of this transfer must be provided immediately to the full Board in writing. There were no transfers made from the contingency appropriations during the year ended June 30, 2011; therefore, the budgetary comparison statements and schedules included in the financial statements do not reflect any increase to the final budgeted expenditures.

(c) Encumbrance Accounting

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

(3) Implementation of New Accounting Standard / Prior Period Adjustment

During the year ended June 30, 2011, the OCFA implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhanced the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied, and by clarifying the existing governmental fund type definitions. Previously, fund balance of governmental funds was divided into three categories – reserved, unreserved/designated and unreserved/undesignated. The new reporting requirement eliminated those categories and replaced them with five new categories that are described in Note 1j. In addition, under the new governmental fund type definitions, four of the OCFA's fund no longer met the criteria to be presented as special revenue funds.

During the year ended June 30, 2011, the OCFA restated beginning fund balances of governmental funds and net assets of governmental activities as follows:

- (a) Fund balance of the Structural Fire Entitlement fund totaling \$861,116 was combined with the General Fund, since it no longer meets the criteria to be classified as a special revenue fund under GASB Statement No. 54.
- (b) The Facilities Maintenance & Improvements, Communications & Information Systems and Vehicle Replacement funds were reclassified from special revenue to capital projects fund type based on the new definitions under GASB Statement No. 54.
- (c) In previous years, monies were transferred out of the General Fund to fund current and future projects in the capital improvement plan. As part of OCFA's analysis of funds for the purpose of GASB Statement No. 54, OCFA identified \$4,137,811 of unassigned fund balance in capital projects funds that represented funding in excess of project requirements. Since GASB Statement No. 54 only permits unassigned funding to be recorded in the General Fund, a prior period adjustment has been reported to remove these unassigned amounts from the respective capital projects funds.
- (d) The beginning balance of the Facilities Replacement Fund has been restated to reflect \$736,900 of developer contributions received in previous years that were recorded as deposits payable.

<u>Fund Balance</u>	<u>Previously Reported</u>	<u>(a)</u>	<u>(b)</u>	<u>(c)</u>	<u>(d)</u>	<u>As Restated</u>
General Fund	\$75,698,479	\$861,116	\$ -	\$4,137,811	\$ -	\$80,697,406
Special Revenue Funds:						
Structural Fire Entitlement	861,116	(861,116)	-	-	-	-
Facilities Maint. & Improvement	6,019,661	-	(6,019,661)	-	-	-
Comm. & Information Systems	29,225,611	-	(29,225,611)	-	-	-
Vehicle Replacement	41,139,950	-	(41,139,950)	-	-	-
Capital Projects Funds:						
Facilities Maint. & Improvement	-	-	6,019,661	(1,243,916)	-	4,775,745
Comm. & Information Systems	-	-	29,225,611	(2,893,895)	-	26,331,716
Vehicle Replacement	-	-	41,139,950	-	-	41,139,950
Facilities Replacement	16,812,226	-	-	-	736,900	17,549,126
Governmental funds	<u>\$169,757,043</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$736,900</u>	<u>\$170,493,943</u>
<u>Net Assets</u>						
Governmental activities	<u>\$301,306,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$736,900</u>	<u>\$302,043,153</u>

(4) 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, 2011, are reported in the accompanying financial statements as follows:

Statement of Net Assets:	
Governmental activities	\$142,705,951
Discretely presented component unit – OCFA Foundation	47,700
Statement of Fiduciary Net Assets:	
Fiduciary funds	<u>44,614</u>
Total cash and investments	<u>\$142,798,265</u>

Cash and investments consist of the following as of June 30, 2011:

Petty cash / cash on hand	\$ 13,595
Demand deposits	4,890,166
Investments	<u>137,894,504</u>
Total cash and investments	<u>\$142,798,265</u>

(b) Demand Deposits

At June 30, 2011, the carrying amount of the OCFA’s demand deposits was \$5,754,421 and the bank balance was \$4,890,166. The \$864,255 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 % of OCFA's Portfolio in Investment Type</u>	<u>Maximum % of OCFA's Portfolio in a Single Issuer</u>
U.S. Treasury obligations	5 years	n/a	n/a
Federal agency securities	5 years	75% ⁽¹⁾	75% ⁽¹⁾
Bankers' acceptances	180 days	25% ⁽¹⁾	25% ⁽¹⁾
Commercial paper	270 days	15% ⁽¹⁾	15% ⁽¹⁾
Negotiable certificates of deposit	5 years	25% ⁽¹⁾	25% ⁽¹⁾
Repurchase agreements	14 days ⁽¹⁾	15% ⁽¹⁾	15% ⁽¹⁾
Money market mutual funds	n/a	15% ⁽¹⁾	15% ⁽¹⁾
Local Agency Investment Fund	n/a	75% ⁽¹⁾	75% ⁽¹⁾

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

(d) Investments Authorized by Debt Agreements

Proceeds of bonds or other indebtedness and any moneys set aside and pledged to secure payment of bonds may be invested in accordance with the resolution, indenture or statutory provisions governing the issuance of the indebtedness. The OCFA did not have any investments held by fiscal agent during Fiscal Year 2010/11.

(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 <u>Required</u>	Rating at Year-End			<u>Fair Value</u>
		<u>AAA</u>	<u>P1/A1+</u>	<u>Unrated</u>	
Federal agency securities	N/A	\$66,115,170	\$ -	\$ -	\$ 66,115,170
Commercial paper	P1/A1/F1	-	13,990,270	-	13,990,270
Money market mutual funds	Aaa/AAA	-	-	7,747,733	7,747,733
LAIF	N/A	-	-	50,041,331	50,041,331
Total		<u>\$66,115,170</u>	<u>\$13,990,270</u>	<u>\$57,789,064</u>	<u>\$137,894,504</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, 2011, 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, 2011, 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, 2011, are summarized below.

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
Federal National Mortgage Association (FNMA)	\$30,997,570	22.5%
Freddie Mac	21,051,030	15.3%
Federal Home Loan Bank (FHLB)	14,066,570	10.2%
General Electric	13,990,270	10.1%

(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, 2011, 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	\$27,996,360	\$ 1,998,760	\$19,023,150	\$17,096,900	\$ 66,115,170
Commercial paper	13,990,270	-	-	-	13,990,270
Money market mutual funds	7,747,733	-	-	-	7,747,733
LAIF	-	50,041,331	-	-	50,041,331
Total	\$49,734,363	\$52,040,091	\$19,023,150	\$17,096,900	\$137,894,504

As of June 30, 2011, 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>
Federal National Mortgage Association (FNMA)	7/19/2011	0.55%	7/19/2013	\$5,002,500
Federal Home Loan Bank (FHLB)	7/29/2011	0.45%	7/29/2013	\$7,004,550
Federal National Mortgage Association (FNMA)	9/2/2011	0.73%	6/2/2014	\$7,016,100
Federal Home Loan Bank (FHLB)	10/28/2011	0.71%	4/28/2016	\$7,062,020
Freddie Mac	12/22/2011	1.03%	12/22/2014	\$7,051,800
Federal National Mortgage Association (FNMA)	12/30/2011	1.00%	6/30/2016	\$2,983,080

(5) Accounts Receivable

Accounts receivable, net of an allowance for doubtful accounts, consists of the following as of June 30, 2011:

	<u>General Fund</u>
Fire prevention / late fees	\$ 441,094
Ambulance / other reimbursements	1,485,006
Travel advances	400
Other / miscellaneous	30,242
Subtotal	1,956,742
Allowance for doubtful accounts	(41,844)
Accounts receivable, net	<u>\$1,914,898</u>

(6) Due from Other Governments

Amounts due from other governments, net of an allowance for doubtful accounts, consist of the following as of June 30, 2011:

	General Fund	Communications & Information Systems	Total
Fire protection and other services	\$1,405,158	\$ -	\$1,405,158
Assistance by hire / activation	317,064	-	317,064
Grants	344,347	20,122	364,469
Property taxes / tax increment	5,227,614	-	5,227,614
Other / miscellaneous	<u>7,087</u>	-	<u>7,087</u>
Subtotal	7,301,270	20,122	7,321,392
Allowance for doubtful accounts	<u>(22,120)</u>	-	<u>(22,120)</u>
Due from other governments, net	<u>\$7,279,150</u>	<u>\$ 20,122</u>	<u>\$7,299,272</u>

(7) Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

Governmental Activities	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Capital assets not depreciated/amortized:					
Land	\$ 37,397,850	\$ -	\$ (10,000)	\$ -	\$ 37,387,850
Construction in progress	3,068,407	5,898,303	-	(8,586,478)	380,232
Work in progress	<u>2,153,037</u>	<u>2,786,817</u>	-	<u>(2,163,606)</u>	<u>2,776,248</u>
Total capital assets not depreciated/amortized	<u>42,619,294</u>	<u>8,685,120</u>	<u>(10,000)</u>	<u>(10,750,084)</u>	<u>40,544,330</u>
Capital assets depreciated/amortized:					
Buildings	120,395,710	85,725	(419,280)	8,586,478	128,648,633
Equipment	54,012,867	327,807	(267,238)	-	54,073,436
Vehicles	<u>64,878,312</u>	<u>892,013</u>	<u>(3,407,362)</u>	<u>2,163,606</u>	<u>64,526,569</u>
Subtotal	<u>239,286,889</u>	<u>1,305,545</u>	<u>(4,093,880)</u>	<u>10,750,084</u>	<u>247,248,638</u>
Less accumulated depreciation/amortization for:					
Buildings	(21,950,074)	(2,729,633)	100,728	-	(24,578,979)
Equipment	(23,602,096)	(2,720,941)	243,858	-	(26,079,179)
Vehicles	<u>(33,858,336)</u>	<u>(3,519,934)</u>	<u>3,407,362</u>	-	<u>(33,970,908)</u>
Subtotal	<u>(79,410,506)</u>	<u>(8,970,508)</u>	<u>3,751,948</u>	-	<u>(84,629,066)</u>
Total capital assets depreciated/amortized, net	<u>159,876,383</u>	<u>(7,664,963)</u>	<u>(341,932)</u>	<u>10,750,084</u>	<u>162,619,572</u>
Governmental activities capital assets, net	<u>\$202,495,677</u>	<u>\$1,020,157</u>	<u>\$ (351,932)</u>	<u>\$ -</u>	<u>\$203,163,902</u>

Capital Assets Acquired Under Capital Lease

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

Equipment	\$22,018,301
Vehicles	<u>15,992,682</u>
Total capital assets acquired under capital lease	<u>\$38,010,983</u>

Net Assets Invested in Capital Assets

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

Capital assets, net of accumulated depreciation/amortization	\$203,163,902
Capital-related debt – 2008 capital lease purchase agreement	<u>(16,866,359)</u>
Net assets invested in capital assets, net of related debt	<u>\$186,297,543</u>

Depreciation/Amortization Expense

Depreciation/amortization expense of \$8,970,508 was charged to Public Safety in the Statement of Activities.

(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, 2011:

<u>Description</u>	<u>Unearned Revenue</u>	<u>Earned, Unavailable Revenue</u>	<u>Total Deferred Revenue</u>
Developer deposits	\$10,059	\$ -	\$10,059
Miscellaneous cash advances	<u>2,005</u>	-	<u>2,005</u>
	<u>\$12,064</u>	<u>\$ -</u>	<u>\$12,064</u>

(9) Long-term Liabilities

Long-term liability activity for the year ended June 30, 2011, is summarized in the table below. Accrued claims and judgments, compensated absences and the net OPEB obligation are normally liquidated by the General Fund.

<u>Governmental Activities</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Capital lease purchase agreement - 2008	\$ 18,778,271	\$ -	\$ (1,911,912)	\$ 16,866,359	\$ 1,984,837
Accrued claims and judgments for workers' compensation	27,224,600	8,011,264	(5,482,248)	29,753,616	4,353,481
Compensated absences	13,041,923	11,589,157	(11,276,382)	13,354,698	2,784,232
Net OPEB obligation	<u>11,886,320</u>	<u>13,303,800</u>	<u>(4,387,025)</u>	<u>20,803,095</u>	<u>-</u>
Total governmental activities	<u>\$ 70,931,114</u>	<u>\$ 32,904,221</u>	<u>\$ (23,057,567)</u>	<u>\$ 80,777,768</u>	<u>\$ 9,122,550</u>

Capital 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, 2011, the OCFA made principal and interest payments totaling \$1,911,912 and \$679,473, respectively. The outstanding balance of the capital lease liability was \$16,866,359 as of June 30, 2011. The annual lease payment requirements are as follows:

<u>FYE June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>1,277,648</u>	<u>18,046</u>	<u>1,295,694</u>
Total	<u>\$ 16,866,359</u>	<u>\$ 2,569,030</u>	<u>\$ 19,435,389</u>

(10) Commitments and Contingencies

(a) Purchase and Sale Agreement

On June 14, 2010, the OCFA entered into a Purchase and Sale Agreement with the FW Aviation, LLC for a new hangar facility at Fullerton Municipal Airport to replace existing Fire Station No. 41. The hangar is being acquired in two phases. The eastern portion of the facility was acquired in December 2010 to house the OCFA's helicopter fleet and Air Operations administrative offices. The western portion of the facility is currently being occupied by various tenants of FW Aviation, who will be relocated to a separate hangar no later than April 30, 2012. On June 28, 2010, the OCFA transferred \$6,156,743 to an escrow account, to be released to FW Aviation, LLC in two installments, upon final acquisition of each portion of the facility. On December 21, 2010, \$3,958,693 was released when escrow was finalized for the eastern portion of the facility. The remaining escrow balance as of June 30, 2011 is \$2,213,558, which includes \$15,508 of accrued interest.

(b) Outstanding Encumbrances / Commitments with Vendors

As of June 30, 2011, commitments for outstanding encumbrances (unperformed purchase orders and contracts for goods and services) by major governmental fund are as follows:

General Fund	\$ 442,798
Facilities Maintenance & Improvements	25,954
Communications & Information Systems	219,096
Vehicle Replacement	1,541,162
Facilities Replacement	<u>142,071</u>
Total outstanding encumbrances	<u>\$2,371,081</u>

Significant individual commitments with vendors as of June 30, 2011 are identified below.

<u>Fund / Vendor</u>	<u>Description</u>	<u>Original Commitment</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
<u>General Fund:</u>				
LN Curtis & Sons	(14) Hurst Spreaders	\$111,356	\$ -	\$111,356
ACS Government Systems	Software Maintenance	90,443	15,074	75,369
<u>Communications & Information Systems:</u>				
Deltawrx	Public Safety Systems	541,347	333,076	208,271
<u>Vehicle Replacement:</u>				
Central States				
Fire Apparatus	(3) Type 1 Pumpers	1,390,000	-	1,390,000
KME Fire Apparatus	Helicopter Fuel Truck	151,163	-	151,163
<u>Facilities Replacement:</u>				
PW Construction, Inc.	Station 17 Construction	3,493,227	3,389,114	104,113

(11) Fund Balance of Governmental Funds

(a) Nonspendable Fund Balance

Nonspendable fund balance, which pertains entirely to prepaid items, consists of the following as of June 30, 2011:

	FY 2011/12			
	Retirement			
	<u>Contributions</u>	<u>Warranties</u>	<u>Other</u>	<u>Total</u>
General Fund	\$22,934,323	\$ 56,943	\$195,414	\$23,186,680
Facilities Maintenance & Improvements	-	-	5,397	5,397
Communications & Information Systems	-	-	66,112	66,112
Vehicle Replacement	-	401,919	3,167	405,086
Facilities Replacement	-	-	1,854	1,854
Total	<u>\$22,934,323</u>	<u>\$458,862</u>	<u>\$271,944</u>	<u>\$23,665,129</u>

(b) Restricted Fund Balance

Restricted fund balance consists of the following as of June 30, 2011:

<u>Restricted For</u>	<u>General Fund</u>	<u>Facilities Replacement</u>	<u>Total</u>
Capital Improvement Program:			
Station 56 (Ortega Valley)	\$ -	\$1,019,950	\$1,019,950
CALFIRE station(s)	-	<u>495,303</u>	<u>495,303</u>
	-	<u>1,515,253</u>	<u>1,515,253</u>
Executive Management:			
Community relations and education	52,747	-	52,747
Fire F.R.I.E.N.D.S.	17,872	-	17,872
Other	<u>8,506</u>	-	<u>8,506</u>
	<u>79,125</u>	-	<u>79,125</u>
Operations Department:			
USAR grant program	22,869	-	22,869
Other	<u>6,786</u>	-	<u>6,786</u>
	<u>29,655</u>	-	<u>29,655</u>
Fire Prevention Department:			
HMEP grant program	<u>3,200</u>	-	<u>3,200</u>
	<u>3,200</u>	-	<u>3,200</u>
Total	<u>\$111,980</u>	<u>\$1,515,253</u>	<u>\$1,627,233</u>

Restricted fund balance in the General Fund includes donations for specific programs (\$85,820) and grant-funded, unexpended encumbrances outstanding at year-end (\$26,160). Restricted fund balance in the Facilities Replacement fund includes developer contributions and CALFIRE contract revenues that are legally restricted for new fire station development or improvements to existing fire stations.

(c) Committed Fund Balance

In July 1999, the Board of Directors authorized that \$4,405,086 be set aside to fund OCFA-related service or resource enhancement projects in certain structural fire fund cities. As of June 30, 2011, the remaining unspent amount totaling \$797,935 was reported as a fund balance commitment in the General Fund. The funds are committed for projects in the cities of Irvine (\$724,025), Laguna Niguel (\$11,308), and Villa Park (\$62,602).

(d) Assigned Fund Balance

Assigned fund balance pertaining to unexpended encumbrances outstanding as of June 30, 2011 is summarized below:

<u>Assigned To</u>	<u>General Fund</u>	<u>Facilities Maintenance & Improvements</u>	<u>Communications & Information Systems</u>	<u>Vehicle Replacement</u>	<u>Facilities Replacement</u>	<u>Total</u>
<u>Executive Management:</u>						
Community relations	\$ 23,858	\$ -	\$ -	\$ -	\$ -	\$ 23,858
Other	<u>10,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,173</u>
	<u>34,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,031</u>
<u>Operations Department:</u>						
ECC	21,736	-	-	-	-	21,736
Urban Search & Rescue	13,687	-	-	-	-	13,687
EMS	13,452	-	-	-	-	13,452
Helicopter program	12,802	-	-	-	-	12,802
Other	<u>21,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,876</u>
	<u>83,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,553</u>
<u>Fire Prevention Department:</u>						
Ready, Set, Go!	60,060	-	-	-	-	60,060
Other	<u>8,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,120</u>
	<u>68,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,180</u>
<u>Business Services Department:</u>						
Service center inventory	<u>139,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,647</u>
	<u>139,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,647</u>
<u>Support Services Department:</u>						
Information technology	88,797	-	-	-	-	88,797
Legislative services	<u>2,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,430</u>
	<u>91,227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,227</u>
<u>Capital Improvements:</u>						
Facilities projects	-	25,954	-	-	-	25,954
Communications/IT projects	-	-	219,096	-	-	219,096
Fire apparatus/vehicles	-	-	-	1,541,162	-	1,541,162
Station 17 (Cypress)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,071</u>	<u>142,071</u>
	<u>-</u>	<u>25,954</u>	<u>219,096</u>	<u>1,541,162</u>	<u>142,071</u>	<u>1,928,283</u>
Total	<u>\$416,638</u>	<u>\$25,954</u>	<u>\$219,096</u>	<u>\$1,541,162</u>	<u>\$142,071</u>	<u>\$2,344,921</u>

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

- The assignment to the Capital Improvement Program reflects cumulative amounts transferred from the General Fund to the OCFA's capital projects funds, net of actual cumulative project expenditures and other revenue sources accounted for in those funds. The assignment may not exceed the net cost of future identifiable projects. Fund balance assigned for the Capital Improvement Program totaled \$76,094,927 as of June 30, 2011 and is reported in the Facilities Maintenance & Improvements Fund (\$4,092,500), Communications & Information Systems Fund (\$23,440,984), Vehicle Replacement Fund (\$33,994,315) and Facilities Replacement Fund (\$14,567,128).
- The assignment to workers' compensation reflects the cumulative difference between actual workers' compensation expenditures incurred and budgeted costs, which are based on an annual actuarial valuation prepared by an external actuary and a confidence level set by the Board of Directors. The assignment for workers' compensation is reported in the General Fund and totaled \$35,134,351 as of June 30, 2011.

(e) Unassigned Fund Balance

Unassigned fund balance in the General Fund consists of the following as of June 30, 2011:

10% Operating Contingency	\$20,563,041
All other residual amounts available for any purpose	<u>5,029,490</u>
Total	<u>\$25,592,531</u>

(12) 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. During the year ended June 30, 2011, transfers totaling \$4,137,811 were made from the General Fund to the Facilities Replacement Fund for current and future capital improvement projects identified in the Capital Improvement Plan.

(13) Operating Leases

(a) Operating Lease Revenue

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

The lease term commences on the earlier of the pulling of all permits necessary for construction, or September 24, 2012, and continues for five years from that date. The lease may be renewed for up to four consecutive five-year increments, for a total of twenty years. Rent is due the first of each month and is determined based on the number of carriers being occupied by each of the towers.

Vista will pay \$1,250 for each month in which there is one or no carrier on one of the towers, and \$1,000 per month for each additional carrier occupied on each tower beyond the first carrier. Base rent automatically increases by 3% annually. Future minimum rental revenue is as follows, assuming the first month's rent will commence October 1, 2012:

<u>Fiscal Year(s)</u>	<u>Carrier 1</u>	<u>Carrier 2</u>	<u>Carrier 3</u>	<u>Carrier 4</u>	<u>Carrier 5</u>	<u>Carrier 6</u>	<u>Total</u>
2012/13	\$ 11,250	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 56,250
2013/14	15,342	12,270	12,270	12,270	12,270	12,270	76,692
2014/15	15,807	12,639	12,639	12,639	12,639	12,639	79,002
2015/16	16,284	13,020	13,020	13,020	13,020	13,020	81,384
2016/17	16,773	13,413	13,413	13,413	13,413	13,413	83,838
2017/18 - 2021/22	91,737	73,380	73,380	73,380	73,380	73,380	458,637
2022/23 - 2026/27	106,368	85,068	85,068	85,068	85,068	85,068	531,708
2027/28 - 2031/32	123,342	98,613	98,613	98,613	98,613	98,613	616,407
2032/33 - 2036/37	6,585	5,265	5,265	5,265	5,265	5,265	32,910
	<u>\$403,488</u>	<u>\$322,668</u>	<u>\$322,668</u>	<u>\$322,668</u>	<u>\$322,668</u>	<u>\$322,668</u>	<u>\$2,016,828</u>

(b) Operating Lease Obligations

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

- Seventeen city-owned stations are leased for \$1 per year through June 30, 2030.
- On June 14, 2010, the OCFA entered into a land lease agreement with the City of Fullerton for a new space at Fullerton Municipal Airport. Monthly lease payments of \$4,956 for the eastern half of the building commenced January 2011. An additional monthly lease payment of \$2,886 for the western half of the building is expected to commence by 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 for the OCFA's operating lease obligations are as follows:

<u>Fiscal Year(s)</u>	<u>City-Owned Stations</u>	<u>Fire Station No. 41 Land Lease</u>	<u>Total</u>
FY 2011/12	\$ 17	\$ 76,125	\$ 76,142
FY 2012/13	17	99,840	99,857
FY 2013/14	17	102,840	102,857
FY 2014/15	17	105,924	105,941
FY 2015/16	17	109,104	109,121
FY 2016/17 - FY 2020/21	85	596,628	596,713
FY 2021/22 - FY 2025/26	85	691,644	691,729
FY 2026/27 - FY 2030/31	68	801,888	801,956
FY 2031/32 - FY 2035/36	-	929,652	929,652
FY 2036/37 - FY 2040/41	-	1,077,696	1,077,696
FY 2041/42 - FY 2045/46	-	1,249,332	1,249,332
FY 2046/47 - FY 2050/51	-	1,294,788	1,294,788
	<u>\$ 323</u>	<u>\$7,135,461</u>	<u>\$7,135,784</u>

(14) 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	\$5,000 each
Excess Workers Compensation	Statutory Limits

At June 30, 2011, 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, 2011, accrued claims and judgments for workers' compensation totaled \$29,753,616 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, 2010, and includes claims that have been incurred but not yet reported (IBNR's). A confidence level is the statistical certainty that an actuary believes funding will be sufficient. For example, a 50% confidence level means that the actuary believes funding will be sufficient in five years out of ten. On May 27 2010, Board of Directors authorized to change the OCFA's confidence level from 80% to 50%.

Following is a summary of changes in workers' compensation claims payable for the years ended June 30, 2011 and 2010, including the current and long-term portions at year-end.

	FYE June 30	
	2011	2010
Unpaid claims at beginning of fiscal year, as previously reported	\$ 27,224,600	\$ 17,649,074
Prior period adjustment	-	14,007,264
Unpaid claims at beginning of fiscal year, as restated	27,224,600	31,656,338
Incurred claims (including IBNR's)	8,011,264	630,421
Claim payments	(5,482,248)	(5,062,159)
Unpaid claims at end of fiscal year	<u>\$ 29,753,616</u>	<u>\$ 27,224,600</u>
Current portion	\$ 5,991,519	\$ 4,353,481
Long-term portion	23,762,097	22,871,119
Unpaid claims at end of fiscal year	<u>\$ 29,753,616</u>	<u>\$ 27,224,600</u>
Confidence level at end of fiscal year	50%	50%

Because of the long-term nature of this liability, it is excluded from the OCFA's governmental fund financial statements under the modified accrual basis of accounting. However, the OCFA has established a fund balance assignment for workers' compensation in the General Fund in the amount of \$35,134,351. This assignment reflects the cumulative difference for multiple years between actual expenditures and budgeted costs, which are based on the annual actuarial valuation. Actual expenditures for workers' compensation cases often occur over multiple years, attributing to the cumulative difference between budgeted costs and expenditures.

(15) 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, 2011:

Members equity, beginning of year	\$ 61,073
Total revenues	121,530
Total expenditures	<u>(168,429)</u>
Members equity, end of year	<u>\$ 14,174</u>
Total assets	\$56,204
Total liabilities	<u>(42,030)</u>
Members equity, end of year	<u>\$ 14,174</u>

(16) 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. Employees hired on or after July 1, 2012, will be included in a new tier plan with a benefit formula of 3% at 55.

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

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

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

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

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

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

General Member Category

The General Member category is also divided into 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. Employees in the General and Supervisory Management Units hired on or after July 1, 2011, will be included in a new tier plan with a benefit formula of 2% at 55.

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

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

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

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

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

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 are to be used to offset future retirement rate increases. During Fiscal Year 2010/11, cumulative excess reimbursements plus accrued interest totaling \$439,092 were used to offset general member retirement costs. The Retirement 2.7% at 55 Fund was then closed and no additional funds are available for future offsets.

(c) Benefits

OCFA plan members who retire at or after age 50 (Safety Members) or 55 (General Members) 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	Employee Contribution Rates (Paid by the OCFA)				Employer Contribution Rates	
	Safety		General		Safety	General
	Tier I	Tier II	Tier I	Tier II		
June 30						
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%
2011	7.83-13.03%	10.79-18.74%	8.11-14.77%	7.77-14.77%	43.10%	24.62%

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	OCFA Payroll		OCFA's Required and Actual Contributions			
	Total	Covered by OCERS	Safety	General	Total	% of Covered Payroll
June 30						
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%
2011	\$129,117,411	\$107,268,263	\$41,695,019	\$3,848,837	\$45,543,856	42.5%

(e) Premium Pay / Asset Reallocation Project

In April 2010, OCERS disclosed that it had uncovered an error in how it handled premium pay salary items, which impacted several plan sponsors including OCFA. The initial result was an \$82 million increase in OCFA's unfunded liability with OCERS. Auditors were hired to review the error and contributions made by all participating agencies. This review ultimately credited OCFA with an additional \$41.7 million in plan assets, which is expected to cause a drop in OCFA's retirement rates in Fiscal Year 2012/13.

(17) 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, 2011, 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	Retirement	<u>Lump Sum Distributions</u>	
<u>June 30</u>	<u>Benefits</u>	<u>Amount</u>	<u>Number of Employees</u>
2009	\$ -	\$41,742	57
2010	\$ -	\$18,099	23
2011	\$ -	\$12,840	12

(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, 2011, totaled \$8,694. 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.

<u>FYE June 30</u>	<u>Required and Actual Contributions</u>
2009	\$29,650
2010	\$12,522
2011	\$ 8,694

(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, 2011:

Statement of Fiduciary Net Assets

Assets:	
Cash and investments – Local Agency Investment Fund	<u>\$44,614</u>
Net assets:	
Assets held in trust for pension benefits	<u>\$44,614</u>

Statement of Changes in Fiduciary Net Assets

Additions:	
Contributions – plan members	\$ 8,694
Net investment income – interest	<u>1,944</u>
Total additions	10,638
Deductions – benefits and refunds paid to plan members and beneficiaries	
	<u>(12,840)</u>
Change in net assets	(2,202)
Net assets, beginning of year	<u>46,816</u>
Net assets, end of year	<u>\$44,614</u>

(18) 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, 2011, there were 427 eligible retirees who received monthly benefits aggregating to an annual total of \$2,351,052. In addition, there were three deferred retirees who received monthly benefits directly from the OCFA totaling \$4,220.

(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, 2011, the OCFA's annual OPEB cost was \$13,303,800, as determined by an actuarial valuation with a measurement date as of July 1, 2010, and was calculated as follows:

Annual Required Contribution (ARC)	\$13,520,048
Interest on the Net OPEB Obligation (NOPEBO)	653,748
Actuary's adjustment on the ARC	<u>(869,996)</u>
Annual OPEB Cost	<u>\$13,303,800</u>

During the year ended June 30, 2011, the OCFA's actual contributions totaled \$4,387,025 resulting in an increase to the NOPEBO of \$8,916,775 (the difference between the Annual OPEB Cost and actual contributions). The outstanding balance of the NOPEBO as of June 30, 2011, was

\$20,803,095. Following is a schedule of employer contributions, *presented as required supplementary information*, as well as a calculation of the OCFA's Net OPEB Asset (Obligation) for the current and previous two fiscal years.

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
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)
2011	\$13,303,800	\$4,387,025	33.0%	\$(8,916,775)	\$(20,803,095)

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

	2011	2010	2009
Amounts irrevocably transferred to OCERS trust	\$3,605,946	\$3,641,699	\$3,558,725
Implicit insurance premiums paid on behalf of retirees	776,859	831,477	723,174
Amounts paid directly to retirees	4,220	2,551	2,314
Total actual contributions	<u>\$4,387,025</u>	<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.

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

(f) Actuarial Methods and Assumptions

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

The annual required contribution for the year ended June 30, 2011, was determined by an actuarial valuation of the Plan dated July 1, 2010. Unfunded liabilities are amortized over a closed period ending June 30, 2036. The principle assumptions and methods used to determine the annual required contribution were as follows:

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

(19) 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 \$462,297 for the year ended June 30, 2011.

(20) Subsequent Event

On August 25, 2011, the OCFA Executive Committee approved the execution of a Lease Agreement with FW Aviation, LLC for a training tower at Fire Station No. 41 Air Operations and Maintenance Facility at Fullerton Airport. The lease term is for ten years, with an optional ten-year extension. The cost is \$1,575 per month (\$18,900 per year) for the training facility, which includes a helicopter training prop, an additional restroom, and approximately 600 square feet of classroom/storage area.

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Supplementary Schedules



2010 Hand Crew Graduation
Pipes & Drums Length of Service Ceremony

Major Governmental Funds

Capital Projects Funds

Facilities Maintenance & Improvements

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

Communications & Information Systems

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

Vehicle Replacement

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

Facilities Replacement

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

ORANGE COUNTY FIRE AUTHORITY
Facilities Maintenance & Improvements
Budgetary Comparison Schedule
Year ended June 30, 2011
(With Comparative Data for Prior Year)

	2011			2010	
	Budget Amounts		Actual Amounts	Variance with Final Budget	
	Original	Final		Positive (Negative)	Actual Amounts
Restated budgetary fund balance, July 1	\$ 4,775,745	\$ 4,775,745	\$ 4,775,745	\$ -	\$ 6,050,236
Resources (inflows):					
Charges for services	107,199	112,213	112,213	-	145,193
Use of money and property	54,894	26,197	25,676	(521)	40,979
Miscellaneous	-	3,067	3,067	-	3,375
Transfers in	-	-	-	-	569,467
Total resources (inflows)	162,093	141,477	140,956	(521)	759,014
Amounts available for appropriations	4,937,838	4,917,222	4,916,701	(521)	6,809,250
Charges to appropriation (outflows):					
Services and supplies	1,061,437	911,437	609,649	301,788	789,589
Capital outlay	14,763	164,763	183,201	(18,438)	-
Total charges to appropriations	1,076,200	1,076,200	792,850	283,350	789,589
Budgetary fund balance, June 30	\$ 3,861,638	\$ 3,841,022	\$ 4,123,851	\$ 282,829	\$ 6,019,661

ORANGE COUNTY FIRE AUTHORITY
Communications & Information Systems
Budgetary Comparison Schedule
Year ended June 30, 2011
(With Comparative Data for Prior Year)

	2011			2010	
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final		Positive (Negative)	
Restated budgetary fund balance, July 1	\$ 26,331,716	\$ 26,331,716	\$ 26,331,716	\$ -	\$ 28,150,818
Resources (inflows):					
Intergovernmental	1,070,000	241,172	261,294	20,122	842,547
Charges for services	-	-	-	-	168,544
Use of money and property	269,599	121,648	126,203	4,555	195,904
Miscellaneous	52,900	228,567	228,567	-	275,769
Transfers in	-	-	-	-	3,657,002
Total resources (inflows)	1,392,499	591,387	616,064	24,677	5,139,766
Amounts available for appropriations	27,724,215	26,923,103	26,947,780	24,677	33,290,584
Charges to appropriation (outflows):					
Services and supplies	3,630,352	4,306,765	3,095,352	1,211,413	3,287,616
Capital outlay	1,005,776	1,431,426	126,236	1,305,190	224,060
Principal retirement	-	-	-	-	536,198
Interest and fiscal charges	-	-	-	-	17,099
Total charges to appropriations	4,636,128	5,738,191	3,221,588	2,516,603	4,064,973
Budgetary fund balance, June 30	\$ 23,088,087	\$ 21,184,912	\$ 23,726,192	\$ 2,541,280	\$ 29,225,611

ORANGE COUNTY FIRE AUTHORITY
Vehicle Replacement
Budgetary Comparison Schedule
Year ended June 30, 2011
(With Comparative Data for Prior Year)

	2011			Variance with Final Budget Positive (Negative)	2010
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 41,139,950	\$ 41,139,950	\$ 41,139,950	\$ -	\$ 48,672,295
Resources (inflows):					
Charges for services	766,332	818,808	818,808	-	655,454
Use of money and property	404,447	171,696	178,777	7,081	311,121
Miscellaneous	-	96,193	96,193	-	195,861
Developer contributions	-	-	-	-	551,365
Transfers in	-	-	-	-	4,664,333
Total resources (inflows)	1,170,779	1,086,697	1,093,778	7,081	6,378,134
Amounts available for appropriations	42,310,729	42,226,647	42,233,728	7,081	55,050,429
Charges to appropriation (outflows):					
Services and supplies	-	96,958	90,458	6,500	428,044
Capital outlay	6,763,798	6,898,721	3,611,322	3,287,399	6,720,701
Principal retirement	1,911,912	1,911,912	1,911,912	-	5,794,388
Interest and fiscal charges	679,473	679,473	679,473	-	967,346
Total charges to appropriations	9,355,183	9,587,064	6,293,165	3,293,899	13,910,479
Budgetary fund balance, June 30	\$ 32,955,546	\$ 32,639,583	\$ 35,940,563	\$ 3,300,980	\$ 41,139,950

ORANGE COUNTY FIRE AUTHORITY
Facilities Replacement
Budgetary Comparison Schedule
Year ended June 30, 2011
(With Comparative Data for Prior Year)

	2011			Variance with Final Budget Positive (Negative)	2010
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Restated budgetary fund balance, July 1	\$ 17,549,126	\$ 17,549,126	\$ 17,549,126	\$ -	\$ 17,051,917
Resources (inflows):					
Intergovernmental	200,811	62,980	62,980	-	200,811
Use of money and property	105,673	59,917	64,356	4,439	114,187
Miscellaneous	-	99,518	99,518	-	110,649
Developer contributions	-	43,200	43,200	-	-
Transfers in	-	4,137,811	4,137,811	-	1,717,475
Total resources (inflows)	306,484	4,403,426	4,407,865	4,439	2,143,122
Amounts available for appropriations	17,855,610	21,952,552	21,956,991	4,439	19,195,039
Charges to appropriation (outflows):					
Salaries and benefits	-	2,468	2,468	-	124,206
Services and supplies	-	50,000	23,898	26,102	324
Capital outlay	2,195,109	8,053,500	5,704,319	2,349,181	2,258,283
Total charges to appropriations	2,195,109	8,105,968	5,730,685	2,375,283	2,382,813
Budgetary fund balance, June 30	\$ 15,660,501	\$ 13,846,584	\$ 16,226,306	\$ 2,379,722	\$ 16,812,226

ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Balance Sheet
June 30, 2011
 (With Comparative Data for Prior Year)

	General Operating Fund	Structural Fire Entitlement	Self Insurance
<u>Assets</u>			
Cash and investments	\$ 26,857,968	\$ 806,890	\$ 35,366,708
Receivables:			
Accounts, net	1,914,898	-	-
Accrued interest	74,898	-	-
Prepaid costs	23,186,680	-	-
Due from other governments, net	7,279,150	-	-
Total assets	\$ 59,313,594	\$ 806,890	\$ 35,366,708
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 1,486,319	\$ 8,955	\$ 232,357
Accrued liabilities	8,507,382	-	-
Deferred revenues	12,064	-	-
Due to other governments	-	-	-
Total liabilities	10,005,765	8,955	232,357
Fund balances:			
Nonspendable - Prepaid costs	23,186,680	-	-
Restricted for:			
Executive Management	79,125	-	-
Operations Department	29,655	-	-
Fire Prevention Department	3,200	-	-
Committed to - Structural fire fund cities enhancement	-	797,935	-
Assigned to:			
Workers' compensation	-	-	35,134,351
Executive Management	34,031	-	-
Operations Department	83,553	-	-
Fire Prevention Department	68,180	-	-
Business Services Department	139,647	-	-
Support Services Department	91,227	-	-
Communications and IT projects	-	-	-
Unassigned	25,592,531	-	-
Total fund balances	49,307,829	797,935	35,134,351
Total liabilities and fund balances	\$ 59,313,594	\$ 806,890	\$ 35,366,708

Eliminations	Total General Fund	
	2011	2010
\$ -	\$ 63,031,566	\$ 73,171,469
-	1,914,898	2,152,024
-	74,898	158,912
-	23,186,680	117,473
-	7,279,150	10,356,147
\$ -	\$ 95,487,192	\$ 85,956,025
\$ -	\$ 1,727,631	\$ 2,205,129
-	8,507,382	7,142,185
-	12,064	42,341
-	-	6,775
-	10,247,077	9,396,430
-	23,186,680	117,473
-	79,125	61,690
-	29,655	49,615
-	3,200	-
-	797,935	861,116
-	35,134,351	36,899,954
-	34,031	196,132
-	83,553	190,846
-	68,180	111,693
-	139,647	195,994
-	91,227	18,322
-	-	8,924
-	25,592,531	37,847,836
-	85,240,115	76,559,595
\$ -	\$ 95,487,192	\$ 85,956,025

ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2011
(With Comparative Data for Prior Year)

	General Operating Fund	Structural Fire Entitlement	Self Insurance
Revenues:			
Taxes	\$ 177,181,086	\$ -	\$ -
Intergovernmental	10,756,345	-	-
Charges for services	55,651,846	-	3,554,638
Use of money and property	261,198	3,785	162,007
Miscellaneous	893,511	-	-
Total revenues	244,743,986	3,785	3,716,645
Expenditures:			
Current - public safety:			
Salaries and benefits	215,354,059	-	-
Services and supplies	18,838,447	66,966	5,482,248
Capital outlay	274,901	-	-
Debt service:			
Interest and fiscal charges	210,594	-	-
Total expenditures	234,678,001	66,966	5,482,248
Excess (deficiency) of revenues over (under) expenditures	10,065,985	(63,181)	(1,765,603)
Other financing sources (uses):			
Transfers out	(4,137,811)	-	-
Sale of capital and other assets	434,914	-	-
Insurance recoveries	8,405	-	-
Total other financing sources (uses)	(3,694,492)	-	-
Net change in fund balances	6,371,493	(63,181)	(1,765,603)
Fund balances, beginning of year, restated	42,936,336	861,116	36,899,954
Fund balances, end of year	\$ 49,307,829	\$ 797,935	\$ 35,134,351

Eliminations	Total General Fund	
	2011	2010
\$ -	\$ 177,181,086	\$ 179,001,919
-	10,756,345	13,158,851
(3,554,638)	55,651,846	54,355,816
-	426,990	679,105
-	893,511	747,516
(3,554,638)	244,909,778	247,943,207
(3,554,638)	211,799,421	206,817,839
-	24,387,661	24,015,552
-	274,901	444,809
-	210,594	335,863
(3,554,638)	236,672,577	231,614,063
-	8,237,201	16,329,144
-	(4,137,811)	(10,228,399)
-	434,914	162,533
-	8,405	71,445
-	(3,694,492)	(9,994,421)
-	4,542,709	6,334,723
-	80,697,406	70,224,872
\$ -	\$ 85,240,115	\$ 76,559,595

**ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Original Budget
Year ended June 30, 2011**

	General Operating Fund	Structural Fire Entitlement	Self Insurance	Eliminations	Total General Fund 2011
Restated budgetary fund balance, July 1	\$ 42,936,336	\$ 861,116	\$ 36,899,954	\$ -	\$ 80,697,406
Resources (inflows):					
Taxes	175,678,682	-	-	-	175,678,682
Intergovernmental	9,174,557	-	-	-	9,174,557
Charges for services	56,456,162	-	3,573,898	(3,573,898)	56,456,162
Use of money and property	736,028	9,719	371,887	-	1,117,634
Miscellaneous	417,000	-	-	-	417,000
Sale of capital and other assets	50,000	-	-	-	50,000
Total resources (inflows)	242,512,429	9,719	3,945,785	(3,573,898)	242,894,035
Amounts available for appropriations	285,448,765	870,835	40,845,739	(3,573,898)	323,591,441
Charges to appropriation (outflows):					
Salaries and benefits	216,815,436	-	-	(3,573,898)	213,241,538
Services and supplies	19,973,519	20,000	5,457,137	-	25,450,656
Capital outlay	19,197	198,743	-	-	217,940
Interest and fiscal charges	237,500	-	-	-	237,500
Total charges to appropriations	237,045,652	218,743	5,457,137	(3,573,898)	239,147,634
Budgetary fund balance, June 30	\$ 48,403,113	\$ 652,092	\$ 35,388,602	\$ -	\$ 84,443,807

ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Final Budget
Year ended June 30, 2011

	General Operating Fund	Structural Fire Entitlement	Self Insurance	Eliminations	Total General Fund 2011
Restated budgetary fund balance, July 1	\$ 42,936,336	\$ 861,116	\$36,899,954	\$ -	\$80,697,406
Resources (inflows):					
Taxes	178,766,181	-	-	-	178,766,181
Intergovernmental	10,874,009	-	-	-	10,874,009
Charges for services	55,472,901	-	3,554,638	(3,554,638)	55,472,901
Use of money and property	272,342	4,302	193,662	-	470,306
Miscellaneous	832,371	-	-	-	832,371
Sale of capital and other assets	360,415	-	-	-	360,415
Insurance recoveries	8,405	-	-	-	8,405
Total resources (inflows)	246,586,624	4,302	3,748,300	(3,554,638)	246,784,588
Amounts available for appropriations	289,522,960	865,418	40,648,254	(3,554,638)	327,481,994
Charges to appropriation (outflows):					
Salaries and benefits	216,893,273	-	-	(3,554,638)	213,338,635
Services and supplies	20,391,738	88,913	6,207,137	-	26,687,788
Capital outlay	553,408	198,743	-	-	752,151
Interest and fiscal charges	210,594	-	-	-	210,594
Transfers out	4,137,811	-	-	-	4,137,811
Total charges to appropriations	242,186,824	287,656	6,207,137	(3,554,638)	245,126,979
Budgetary fund balance, June 30	\$ 47,336,136	\$ 577,762	\$34,441,117	\$ -	\$82,355,015



Orange County Fire Authority Safety Message

**In Case of a Cooking Fire
Put a Lid on It!**

- If you try to fight the fire, be sure others are getting out and that you have a safe way out.
- Keep a lid nearby whenever you are cooking to smother small fires. Smother the fire by carefully sliding the lid over the pan and turning off the stove.
- Keep the pan covered until it is completely cooled (20-30 minutes).
- Only move the pan when it has cooled off. You can spread the fire or burn yourself if the pan and contents are still hot.
- For an oven or microwave fire, turn the oven off and keep the door closed.
- If the fire is growing...
 - ✓ Get out,
 - ✓ Close the door behind you, and
 - ✓ Call 9-1-1 after you leave.

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, 2011
(With Comparative Data for Prior Year)

	<u>Extra Help Retirement</u>	<u>Retirement 2.7% @ 55</u>	<u>Total Pension Trust Funds</u>	
			<u>2011</u>	<u>2010</u>
Assets:				
Cash and investments:				
Local Agency Investment Fund	\$ 44,614	\$ -	\$ 44,614	\$ 485,908
Total assets	44,614	-	44,614	485,908
Liabilities:				
Accounts payable	-	-	-	370,931
Total liabilities	-	-	-	370,931
Net assets:				
Assets held in trust for pension benefits	44,614	-	44,614	114,977
Total net assets	\$ 44,614	\$ -	\$ 44,614	\$ 114,977

ORANGE COUNTY FIRE AUTHORITY
Pension Trust Funds
Combining Statement of Changes in Fiduciary Net Assets
Year ended June 30, 2011
(With Comparative Data for Prior Year)

	<u>Extra Help Retirement</u>	<u>Retirement 2.7% @ 55</u>	<u>Total Pension Trust Funds</u>	
			<u>2011</u>	<u>2010</u>
Additions:				
Contributions:				
Plan members	\$ 8,694	\$ -	\$ 8,694	\$ 12,522
Total contributions	<u>8,694</u>	<u>-</u>	<u>8,694</u>	<u>12,522</u>
Net investment income:				
Interest	1,944	-	1,944	4,717
Total net investment income	<u>1,944</u>	<u>-</u>	<u>1,944</u>	<u>4,717</u>
Total additions	<u>10,638</u>	<u>-</u>	<u>10,638</u>	<u>17,239</u>
Deductions:				
Benefits and refunds paid to plan members and beneficiaries	12,840	68,161	81,001	18,099
Total deductions	<u>12,840</u>	<u>68,161</u>	<u>81,001</u>	<u>18,099</u>
Change in net assets	(2,202)	(68,161)	(70,363)	(860)
Net assets, beginning of year	46,816	68,161	114,977	115,837
Net assets, end of year	<u>\$ 44,614</u>	<u>\$ -</u>	<u>\$ 44,614</u>	<u>\$ 114,977</u>



Orange County Fire Authority Safety Message

Fire Prevention for Seniors

Steps to Safety

- **Give space heaters space!** Keep them at least three feet away from anything that can burn. Unplug them when you shut them off, leave your home, or go to bed.
- **Put it out!** Use large, deep ashtrays. Wet cigarette butts and ashes before throwing them into a wastebasket. Never smoke when you are lying down, drowsy, or in bed. Never smoke in bed or near oxygen tanks.
- **Smoke alarms save lives!** Have smoke alarms installed outside all sleeping areas and on every level of your home. Test your smoke alarms once a month. Make sure everyone can hear your smoke alarms. If you cannot hear an alarm when hearing aids are removed, look into installing special alarms for the hearing impaired.
- **Be stove savvy!** Wear tight fitting or rolled up sleeves when cooking. Use oven mitts to handle hot pans. Never leave cooking unattended. Keep flammable materials such as paper towels and potholders away from burners and flames. If a pan of food catches fire, slide a lid over it and turn off the burner. Don't cook if you are drowsy from alcohol or medication. Mark stove dials with bright colored tape so that you know from a distance if the stove is on or off. Double check the kitchen before you go to bed or leave the house. Never use the oven to heat your home.



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

Fire Prevention for Seniors

Plan Your Escape Around Your Abilities

- **Know your local emergency number!** Have a telephone in your bedroom and post the local emergency number in case you are trapped by a fire. Once you have escaped from a fire, be sure to call 9-1-1 from a neighbor's phone.
- **Plan and practice your escape from a fire!** Know two ways out of every room in your house. Make sure windows and doors open easily. If you use a walker or wheelchair, check all exits to be sure you can get through the doorways. Sleep and live near exits on the ground floor to make your escape easier. Be sure to practice with caregivers and family members.
- **If your clothing catches fire – STOP, DROP, and ROLL!** After gently dropping to the floor, cover your face with your hands and roll over and over to smother flames. Otherwise, smother flames with a blanket or towel.
- **Be prepared to shelter in place!** Be sure to sleep with your doors closed. When alarm goes off, check the door with the back of your hand before opening. If your door is too hot, or you cannot evacuate, you may have to stay in your room and wait for a firefighter to come for you. Be sure to keep emergency supplies, such as a flashlight, by your bed. Place damp towels or sheets in the bottom crack of your closed door. Place bright colored cloth in your window to signal firefighters of your location. Have a phone by the side of your bed to call out for help.

ORANGE COUNTY FIRE AUTHORITY

Financial Trends Information

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

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

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

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

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

	Fiscal Year ended June 30			
	2002	2003	2004	2005
Governmental activities:				
Invested in capital assets, net of related debt	\$ 74,964,776	\$ 84,577,088	\$ 106,274,212	\$ 112,367,478
Restricted	21,984,659	2,806,000	6,040,722	21,697,161
Unrestricted	68,108,433	91,237,276	71,360,573	59,545,780
Total governmental activities net assets	<u>\$ 165,057,868</u>	<u>\$ 178,620,364</u>	<u>\$ 183,675,507</u>	<u>\$ 193,610,419</u>

SOURCE: OCFA Comprehensive Annual Financial Reports

NOTES:

- (1) Restricted net assets pertained to requirements of the revenue bonds issued to construct the Regional Fire Operations and Training Center. Those revenue bonds were issued in Fiscal Year 2001/02 and repaid in full during Fiscal Year 2009/10.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 122,819,640	\$ 138,152,825	\$ 163,340,815	\$ 172,293,178	\$ 183,717,406	\$ 186,297,543
18,673,581	15,179,905	11,331,122	7,394,371	-	-
<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>101,331,828</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>	<u>\$ 287,629,371</u>

(1)

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

Governmental Activities	Fiscal Year ended June 30			
	2002	2003	2004	2005
Expenses - public safety:				
Salaries and benefits	\$ 116,490,090	\$ 130,211,731	\$ 143,977,399	\$ 154,532,819
Services and supplies	23,488,179	18,525,319	26,654,071	26,911,103
Depreciation	4,694,169	4,920,857	5,614,203	7,280,693
Interest on long-term debt	2,294,230	1,829,447	1,611,919	1,539,394
Total program expenses	<u>146,966,668</u>	<u>155,487,354</u>	<u>177,857,592</u>	<u>190,264,009</u>
Program revenues - public safety:				
Charges for services	38,671,750	45,543,494	50,000,805	52,968,895
Operating grants and contributions	8,301,042	3,114,024	3,821,571	4,208,541
Capital grants and contributions	4,377,196	2,910,680	2,002,455	1,445,246
Total program revenues	<u>51,349,988</u>	<u>51,568,198</u>	<u>55,824,831</u>	<u>58,622,682</u>
Net program revenues (expenses)	<u>(95,616,680)</u>	<u>(103,919,156)</u>	<u>(122,032,761)</u>	<u>(131,641,327)</u>
General revenues:				
Property taxes	105,393,301	113,593,644	122,930,589	138,076,307
Use of money and property	5,413,039	3,254,776	1,716,086	2,891,248
Gain on disposal of capital assets	-	-	1,903,942	-
Miscellaneous	2,909,511	639,350	537,287	608,684
Total general revenues	<u>113,715,851</u>	<u>117,487,770</u>	<u>127,087,904</u>	<u>141,576,239</u>
Changes in net assets	<u>\$ 18,099,171</u>	<u>\$ 13,568,614</u>	<u>\$ 5,055,143</u>	<u>\$ 9,934,912</u>

SOURCE: OCFA Comprehensive Annual Financial Reports

NOTE:

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

2006	2007	2008	2009	2010	2011
\$ 166,930,470	\$ 187,129,443	\$ 199,095,873	\$ 209,092,693	\$ 211,729,989	\$ 221,031,439
25,905,315	27,139,113	31,669,603	31,425,592	24,318,065	30,736,034
7,277,623	7,000,915	7,399,902	7,923,947	8,432,793	8,970,508
<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>677,910</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>	<u>261,415,891</u>
56,509,909	61,130,982	69,187,051	67,305,621	63,743,942	61,975,963
6,650,839	5,537,722	6,835,746	5,981,800	5,784,969	5,963,648
<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>395,180</u> (1)
<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>68,334,791</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>	<u>(193,081,100)</u>
152,747,044	166,639,162	182,536,717	184,696,756	179,001,919	177,181,086
4,875,101	7,912,428	6,295,464	3,704,964	1,006,128	611,408
-	-	-	-	-	39,803
<u>573,389</u>	<u>903,992</u>	<u>730,733</u>	<u>1,925,998</u>	<u>890,127</u>	<u>835,021</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>178,667,318</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>	<u>\$ (14,413,782)</u>

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

	Fiscal Year ended June 30			
	2002	2003	2004	2005
General Fund:				
Reserved	\$ 1,050,795	\$ 1,333,839	\$ 1,908,821	\$ 1,610,025
Unreserved	28,119,693	30,058,531	39,531,599	36,571,082
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	\$ 29,170,488	\$ 31,392,370	\$ 41,440,420	\$ 38,181,107
All other governmental funds:				
Reserved	\$ 43,936,761	\$ 19,865,856	\$ 7,716,407	\$ 13,822,050
Unreserved, reported in:				
Special revenue funds	22,513,537	15,764,897	16,849,322	17,029,091
Capital projects funds	16,784,424	23,850,671	21,153,461	9,257,299
Debt service funds	3,401,963	3,593,444	3,678,564	19,267,740
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Total all other governmental funds	\$ 86,636,685	\$ 63,074,868	\$ 49,397,754	\$ 59,376,180

SOURCE: OCFA Comprehensive Annual Financial Reports

NOTES:

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

2006	2007	2008	2009	2010	2011
\$ 2,392,327	\$ 1,476,790	\$ 1,519,961	\$ 1,417,069	\$ -	\$ -
48,163,349	54,391,252	60,436,769	67,926,629	-	-
-	-	-	-	117,473	23,186,680
-	-	-	-	111,305	111,980
-	-	-	-	861,116	797,935
-	-	-	-	37,621,864	35,550,989
-	-	-	-	41,985,648	25,592,531
<u>\$ 50,555,676</u>	<u>\$ 55,868,042</u>	<u>\$ 61,956,730</u>	<u>\$ 69,343,698</u>	<u>\$ 80,697,406</u>	<u>\$ 85,240,115</u>
\$ 12,162,589	\$ 14,066,095	\$ 8,446,422	\$ 14,752,366	\$ -	\$ -
32,488,801	46,998,762	62,633,870	75,515,265	-	-
8,875,958	5,602,562	16,718,235	13,344,809	-	-
16,204,380	12,648,661	8,738,484	4,752,258	-	-
-	-	-	-	567,349	478,449
-	-	-	-	1,015,700	1,515,253
-	-	-	-	87,476,588	78,023,210
<u>\$ 69,731,728</u>	<u>\$ 79,316,080</u>	<u>\$ 96,537,011</u>	<u>\$ 108,364,698</u>	<u>\$ 89,059,637</u>	<u>\$ 80,016,912</u>
				(1)	(1)

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

	Fiscal Year ended June 30			
	2002	2003	2004	2005
Revenues:				
Taxes	\$ 105,393,301	\$ 113,593,644	\$ 122,930,589	\$ 138,076,307
Intergovernmental	8,816,768	7,723,204	10,222,840	9,279,498
Charges for services	38,671,750	40,933,656	43,568,603	47,912,985
Use of money and property	5,413,039	3,254,776	1,716,086	2,891,248
Miscellaneous	3,307,861	650,151	537,287	608,684
Developer contributions	-	2,910,680	642,455	1,445,246
Total revenues	161,602,719	169,066,111	179,617,860	200,213,968
Expenditures:				
Current - public safety:				
Salaries and benefits	115,718,103	129,815,086	143,515,244	151,938,290
Services and supplies	27,859,749	46,231,678	33,541,649	27,100,196
Capital outlay	5,539,873	8,697,468	11,424,732	8,013,300
Debt service:				
Bond issuance costs	356,037	-	-	-
Principal retirement	1,013,288	3,772,207	7,410,710	4,889,349
Interest and fiscal charges	1,906,423	1,889,607	1,605,649	1,620,267
Total expenditures	152,393,473	190,406,046	197,497,984	193,561,402
Excess (deficiency) of revenues over (under) expenditures	9,209,246	(21,339,935)	(17,880,124)	6,652,566
Other financing sources (uses):				
Transfers in	32,721,037	16,103,994	6,361,095	24,457,025
Transfers out	(32,831,037)	(16,103,994)	(6,361,095)	(24,457,025)
Issuance of long-term debt	28,182,489	-	9,147,260	-
Sale of capital and other assets	-	-	3,842,821	66,547
Insurance recoveries	-	-	-	-
Total other financing sources (uses)	28,072,489	-	12,990,081	66,547
Net change in fund balances	\$ 37,281,735	\$ (21,339,935)	\$ (4,890,043)	\$ 6,719,113
Debt service as a percentage of noncapital expenditures	2.2%	3.1%	4.8%	3.5%

SOURCE: OCFA Comprehensive Annual Financial Reports

2006	2007	2008	2009	2010	2011
\$ 152,747,044	\$ 166,639,162	\$ 182,536,717	\$ 184,696,756	\$ 179,001,919	\$ 177,181,086
12,737,022	15,643,174	24,168,953	18,898,459	14,202,209	11,080,619
50,431,293	53,191,997	53,510,278	54,125,964	55,325,007	56,582,867
5,284,539	8,379,245	7,336,664	4,148,889	1,341,991	822,002
581,708	428,475	982,487	2,517,891	1,333,170	1,320,856
2,730,652	1,096,262	1,744,392	-	551,365	43,200
<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>	<u>247,030,630</u>
166,670,733	186,074,623	195,481,030	203,790,256	206,942,045	211,801,889
23,188,784	27,146,936	31,386,487	28,561,308	28,521,125	28,207,018
10,838,654	9,714,765	13,323,621	32,624,294	9,647,853	9,899,979
-	-	-	-	-	-
5,033,119	5,186,766	4,867,453	5,933,911	13,370,586	1,911,912
1,985,533	2,414,453	2,526,877	2,119,347	1,459,383	890,067
<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>252,710,865</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>	<u>(5,680,235)</u>
18,435,635	24,350,337	29,914,910	30,257,506	10,608,277	4,137,811
(18,435,635)	(24,350,337)	(29,914,910)	(30,257,506)	(10,608,277)	(4,137,811)
5,841,858	-	-	21,515,238	-	-
92,824	55,946	93,807	93,480	162,533	434,914
-	-	-	81,576	71,445	8,405
<u>5,934,682</u>	<u>55,946</u>	<u>93,807</u>	<u>21,690,294</u>	<u>233,978</u>	<u>443,319</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>	<u>\$ (5,236,916)</u>
3.6%	3.4%	3.2%	3.3%	5.9%	1.2%



Orange County Fire Authority Safety Message

Protecting Your Pets

- Prepare for every member of your household well before an emergency takes place. Planning is the best way to ensure the safety and well being of all of your loved ones.
 - ✓ Keep a collar/harness and tag or other identification on your animals. Micro-chipping or tattooing is recommended, as collars can come off.
 - ✓ Keep a picture of you/your family with your pet in your emergency kit. This will help identify you as the owner if you should be separated in a disaster. Include detailed information about species, breed, age, sex, color and distinguishing characteristics.
 - ✓ Have a leash, carrier, cage, or kennel for each animal.
 - ✓ Keep vaccination records and a pet information sheet easily accessible and in waterproof containers.
 - ✓ Put together an emergency kit for your animal that includes a two week supply of water, food, and any necessary medications. Materials needed to properly dispose of waste should also be included in your kit.
 - ✓ Keep a list of contact information enclosed in both your pet's emergency supply kit and yours as well (i.e., veterinarian, local humane societies, pet shelters, and emergency animal clinics). Identify several locations where you can take your animals should you have to evacuate your neighborhood, including pet-friendly hotels and motels.
- Keep a removable sign in your window alerting authorities of the types and amount of pets inside your home. Write the words "Evacuated with Pets" across the sign, should you or someone else flee with them.
- Develop a buddy system with a trusted friend, neighbor, or family member to ensure that someone is available to care for or evacuate your pets should you be unable to do so.

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 2001/02	FY 2002/03	FY 2003/04	FY 2004/05
Buena Park	\$ 4,708,003	\$ 4,992,390	\$ 5,241,607	\$ 5,651,721
Placentia	3,017,366	3,261,068	3,499,257	3,792,066
San Clemente	5,886,511	6,831,696	7,738,680	8,748,299
Seal Beach	2,301,742	2,561,374	2,761,755	2,968,854
Stanton	1,253,119	1,332,874	1,456,875	1,590,290
Tustin	5,337,612	5,521,942	5,901,337	6,507,163
Westminster	4,178,647	4,439,818	4,802,251	5,188,197
Total cash contract cities (3)	26,683,000	28,941,162	31,401,762	34,446,590
Aliso Viejo (4)	n/a	4,645,701	5,223,553	5,673,714
Cypress	3,495,315	3,736,602	4,038,709	4,380,633
Dana Point	5,110,623	5,516,436	5,941,465	6,250,662
Irvine	22,710,140	24,858,632	26,799,741	29,634,708
Laguna Hills	3,782,350	3,967,515	4,197,860	4,508,804
Laguna Niguel	7,655,629	8,142,068	8,774,412	9,496,924
Laguna Woods	1,523,257	1,608,653	1,714,358	1,793,619
Lake Forest	6,924,510	7,429,330	8,035,481	8,567,664
La Palma	1,126,504	1,155,782	1,222,653	1,304,664
Los Alamitos	1,008,946	1,055,691	1,126,237	1,221,543
Mission Viejo	8,836,993	9,330,631	9,882,639	10,514,195
Rancho Santa Margarita	4,378,109	4,718,088	5,051,504	5,502,550
San Juan Capistrano	3,600,312	3,824,457	4,060,793	4,424,780
Villa Park	875,017	933,233	990,409	1,069,950
Yorba Linda	6,159,074	6,587,989	7,252,943	7,938,555
Unincorporated	18,931,941	13,236,995	14,178,447	15,890,882
Total SFF jurisdictions (2)	96,118,720	100,747,803	108,491,204	118,173,847
Percentage change from prior year	9.99%	4.82%	7.69%	8.92%
Total assessed valuation	\$ 122,801,720	\$ 129,688,965	\$ 139,892,966	\$ 152,620,437
Total direct tax rate	0.11%	0.11%	0.11%	0.12%

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

NOTES:

- (1) Assessed value is stated at taxable full cash value. These values may include an increased value over the base year for that portion of the city or district which lies within a redevelopment agency.
- (2) Assessed value for these cities is part of the Structural Fire Fund (SFF).
- (3) These cities pay for services on a cash contract basis. Assessed value is shown for comparison only.
- (4) Aliso Viejo joined OCFA upon incorporation on 7/1/2001 (previously part of the County unincorporated).

<u>FY 2005/06</u>	<u>FY 2006/07</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>	<u>FY 2010/11</u>
\$ 6,112,028	\$ 6,750,905	\$ 7,351,653	\$ 7,611,793	\$ 7,438,787	\$ 7,478,553
4,189,586	4,628,986	4,991,175	5,070,123	4,967,651	4,969,023
9,999,404	11,366,168	12,486,976	12,855,038	12,631,337	12,431,717
3,189,870	3,585,301	3,875,902	4,256,884	4,241,221	4,282,032
1,774,670	1,972,744	2,184,177	2,195,788	2,070,815	2,042,112
7,046,325	8,170,655	9,070,627	9,958,561	9,501,069	9,419,294
5,589,577	6,215,306	6,640,057	6,775,451	6,698,153	6,779,972
<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>	<u>47,402,703</u>
6,176,940	6,968,167	7,499,861	7,792,144	7,553,177	7,459,562
4,704,566	5,085,127	5,421,886	5,604,677	5,529,005	5,514,794
6,998,388	7,693,012	8,532,709	8,879,909	8,763,402	8,687,748
33,764,042	39,280,256	44,382,983	47,257,608	47,212,001	46,538,576
4,909,424	5,313,973	5,736,525	5,692,646	5,589,417	5,460,470
10,355,469	11,347,524	12,073,542	12,227,117	11,883,056	11,892,951
1,963,825	2,118,937	2,262,295	2,295,254	2,273,717	2,214,363
9,258,757	10,165,487	10,896,488	11,189,197	10,915,562	10,744,518
1,397,213	1,509,520	1,636,875	1,685,812	1,695,126	1,698,469
1,333,656	1,416,837	1,515,499	1,582,738	1,589,309	1,616,120
11,473,222	12,449,764	13,246,125	13,357,566	13,104,698	13,157,979
5,989,888	6,575,282	6,977,082	6,921,865	6,617,903	6,605,397
4,780,297	5,260,585	5,794,133	5,961,050	5,835,957	5,817,501
1,148,109	1,234,034	1,311,588	1,355,557	1,359,734	1,353,409
8,865,186	9,969,593	10,909,311	11,165,576	10,897,981	10,936,312
17,991,705	19,843,722	21,846,485	22,212,379	21,447,511	21,485,307
<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>	<u>161,183,476</u>
10.95%	11.53%	9.44%	3.21%	-1.76%	-0.67%
<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>	<u>\$208,586,179</u>
0.12%	0.11%	0.11%	0.11%	0.11%	0.11%

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

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

Fiscal Year ended June 30	Tax Rates Per \$100 of Assessed/Full Cash Value		
	Overlapping County-wide Basic Levy - Operating	Direct Orange County - Debt Service	Total
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
2011	1.00000	0.00000	1.00000

SOURCE:

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

NOTE:

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

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

Property Tax Payer	Fiscal Year 2001/02			Fiscal Year 2010/11		
	Actual	Percent of		Actual	Percent of	
	Taxes	Rank	Total Taxes	Taxes	Rank	Total Taxes
	Levied		Levied	Levied		Levied
Irvine Company	\$ 60,511	1	2.13%	\$ 65,842	1	1.38%
Walt Disney World Co.	\$ 35,146	2	1.24%	\$ 44,124	2	0.93%
Irvine Company LLC				\$ 26,654	3	0.56%
So Cal Edison Co.	\$ 11,991	4	0.42%	\$ 24,691	4	0.52%
Irvine Apartment Communities				\$ 9,658	5	0.20%
Pacific Bell Telephone Co.	\$ 12,147	3	0.43%	\$ 7,290	6	0.15%
Heritage Fields El Toro LLC				\$ 7,288	7	0.15%
United Laguna Hills	\$ 5,069	6	0.18%	\$ 6,756	8	0.14%
Irvine Community Development				\$ 6,264	9	0.13%
Bella Terra Associates LLC				\$ 4,681	10	0.10%
Rockwell Semiconductor Systems	\$ 6,098	5	0.22%			
Irvine Company of W VA	\$ 4,902	7	0.17%			
McDonnell Douglas Corp.	\$ 4,360	8	0.15%			
United Airlines	\$ 3,792	9	0.13%			
Boeing	\$ 3,394	10	0.12%			

SOURCE:

County of Orange, Treasurer-Tax Collector, Tax Collector Top 20 Taxpayer List

NOTE:

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

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

Fiscal Year ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of	Collection of Prior Year Levies	Collection of Penalties and Interest			Total Collection to Date		
		Amount	% of Levy	Teeter Plan	Delinquencies and Other	Delinquency Penalties	Interest	Total Amounts Collected	% of Levy
2002	\$ 108,852	\$ 106,020	97.4%	(1)	\$ 222	(2)	(1)	\$ 106,242	97.6%
2003	\$ 113,649	\$ 112,428	98.9%	(1)	\$ 256	(2)	(1)	\$ 112,684	99.2%
2004	\$ 123,841	\$ 121,578	98.2%	(1)	\$ 251	(2)	(1)	\$ 121,829	98.4%
2005	\$ 138,864	\$ 136,787	98.5%	(1)	\$ 250	(2)	(1)	\$ 137,037	98.7%
2006	\$ 154,294	\$ 149,252	96.7%	\$ 2,104	\$ 290	\$ 42	\$ 101	\$ 151,789	98.4%
2007	\$ 168,777	\$ 160,990	95.4%	\$ 4,023	\$ 506	\$ 74	\$ 974	\$ 166,567	98.7%
2008	\$ 182,400	\$ 174,208	95.5%	\$ 6,157	\$ 812	\$ 125	\$ 471	\$ 181,773	99.7%
2009	\$ 184,776	\$ 176,080	95.3%	\$ 5,985	\$ 878	\$ 157	\$ 226	\$ 183,326	99.2%
2010	\$ 179,914	\$ 158,509	88.1%	\$ 3,683	\$ 493	\$ 110	\$ 100	\$ 162,895	90.5% (3)
2011	\$ 178,812	\$ 172,543	96.5%	\$ 2,510	\$ 246	\$ 79	\$ 58	\$ 175,436	98.1%

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

NOTES:

- (1) The Teeter Plan apportions delinquencies on a current year basis for Secured Property Taxes. Prior to Fiscal Year 2005/06, both interest earnings and the apportionment from the Teeter Plan were combined on this schedule with the amount collected within the fiscal year of levy.
- (2) Prior to Fiscal Year 2005/06, collection of delinquent amounts and related penalties were combined for presentation on this schedule.
- (3) Due to a Proposition 1A borrowing by the State, the property tax apportionment in 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 \$177,543,386 (96.2% of levy collected within the fiscal year and 98.7% 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)

Fiscal Year ended June 30	Governmental Activities (A)			(B)	(C)		
	Revenue Bonds	Capital Lease Purchase Agreements	Total Outstanding Debt	County of Orange Median Household Income	Debt as a Percentage of Household Income	Population (OCFA Jurisdiction Only)	Debt per Capita
2002	\$ 28,060	\$ 4,678	\$ 32,738	\$76	43076.3%	1,273	\$26
2003	\$ 25,350	\$ 3,616	\$ 28,966	\$70	41380.0%	1,290	\$22
2004	\$ 22,555	\$ 8,147	\$ 30,702	\$74	41489.2%	1,310	\$23
2005	\$ 19,665	\$ 6,148	\$ 25,813	\$76	33964.5%	1,331	\$19
2006	\$ 16,670	\$ 9,952	\$ 26,622	\$78	34130.8%	1,346	\$20
2007	\$ 13,570	\$ 7,865	\$ 21,435	\$79	27132.9%	1,359	\$16
2008	\$ 10,365	\$ 6,203	\$ 16,568	\$84	19723.8%	1,376	\$12
2009	\$ 7,040	\$ 25,109	\$ 32,149	\$86	37382.6%	1,387	\$23
2010	\$ -	\$ 18,778	\$ 18,778	\$87	21583.9%	1,403	\$13
2011	\$ -	\$ 16,866	\$ 16,866	\$84	20078.6%	1,355	\$12

SOURCES:

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

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

Fiscal Year ended June 30	(A) Population (OCFA Jurisdiction Only)	(B) Assessed Value	(C) Gross Bonded Debt	(D) Amounts Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2002	1,273	\$ 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	1,310	\$ 139,892,966	\$ 22,555	\$ (2,806)	\$ 19,749	0.01%	\$ 15
2005	1,331	\$ 152,620,437	\$ 19,665	\$ (2,806)	\$ 16,859	0.01%	\$ 13
2006	1,346	\$ 169,012,147	\$ 16,670	\$ (2,806)	\$ 13,864	0.01%	\$ 10
2007	1,359	\$ 188,921,885	\$ 13,570	\$ (2,806)	\$ 10,764	0.01%	\$ 8
2008	1,376	\$ 206,643,954	\$ 10,365	\$ (2,806)	\$ 7,559	0.00%	\$ 5
2009	1,387	\$ 213,904,733	\$ 7,040	\$ (2,806)	\$ 4,234	0.00%	\$ 3
2010	1,403	\$ 209,816,589	\$ -	\$ -	\$ -	0.00%	\$ - (1)
2011	1,355	\$ 208,586,179	\$ -	\$ -	\$ -	0.00%	\$ -

SOURCES:

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

NOTE:

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

ORANGE COUNTY FIRE AUTHORITY
Computation of Direct and Overlapping Bonded Debt
June 30, 2011

2010-11 Assessed Valuation	\$208,586,180,604
Redevelopment Incremental Valuation	<u>(17,678,179,500)</u>
Adjusted Assessed Valuation	<u>\$190,908,001,104</u>

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>Total Debt</u>	<u>% Applicable (1)</u>	<u>Authority's Share of Debt 6/30/11</u>
Metropolitan Water District	\$ 227,670,000	10.694%	\$ 24,347,030
Coast Community College District	326,768,867	7.518	24,566,483
North Orange County Joint Community College District	214,514,001	39.429	84,580,725
Rancho Santiago Community College District	309,908,025	19.326	59,892,825
Capistrano Unified School District School Facilities Improvement District No. 1	48,449,930	99.989	48,444,601
Placentia-Yorba Linda Unified School District	273,148,041	82.884	226,396,022
Saddleback Valley Unified School District	134,935,000	100.000	134,935,000
Santa Ana Unified School District	310,984,745	33.544	104,316,723
Anaheim Union High School District	113,873,955	27.778	31,631,907
Other School Districts	1,187,129,216	Various	291,495,808
City of San Juan Capistrano	33,715,000	100.000	33,715,000
Irvine Ranch Water District Improvement Districts	521,210,090	Various	506,350,710
Moulton-Niguel Water District Improvement Districts	37,400,000	100.000	37,400,000
Santa Margarita Water District Improvement Districts	183,060,000	100.000	183,060,000
South Coast Water District	2,965,000	62.557	1,854,815
County Community Facilities Districts	508,619,196	100.000	508,619,196
School Community Facilities Districts	942,392,603	Various	942,303,883
City and Special District Community Facilities Districts	303,004,000	100.000	303,004,000
1915 Act Bonds	937,872,799	100.000	<u>937,872,799</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$4,484,787,527</u>

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	\$316,898,000	51.103%	\$161,944,385
Orange County Pension Obligations	54,682,497	51.103	27,944,396
Orange County Board of Education Certificates of Participation	19,000,000	51.103	9,709,570
Orange County Fire Authority	0	100.000	0
Municipal Water District of Orange County Water Facilities Corporation	14,120,000	60.373	8,524,668
South Orange County Community College District Certificates of Participation	17,375,000	89.699	15,585,201
Unified School District Certificates of Participation	387,828,767	Various	178,089,821
Union High School Districts Certificates of Participation	121,006,090	Various	18,838,313
Elementary School District Certificates of Participation	49,215,000	Various	13,029,822
City General Fund Obligations	140,783,010	100.000	140,783,010
Irvine Ranch Water District Certificates of Participation	81,400,000	85.062	69,240,468
Moulton-Niguel Water District Certificates of Participation	86,805,000	100.000	86,805,000
Other Special District General Fund Obligations	9,670,000	Various	<u>9,564,200</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$740,058,854
Less: MWDOC Water Facilities Corporation Certificates of Participation			<u>(8,524,668)</u>
City Obligations (self-supporting from incremental tax and sales tax revenues)			<u>(38,401,274)</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 693,132,912</u>

GROSS COMBINED TOTAL DEBT (2)	\$5,224,846,381
NET COMBINED TOTAL DEBT	\$5,177,920,439

- (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.

<u>Ratios to 2010/11 Assessed Valuation:</u>	<u>Ratios to Adjusted Assessed Valuation:</u>	
Total Overlapping Tax and Assessment Debt.....	2.15%	0.00%
	Combined Direct Debt	
	Gross Combined Total Debt	2.74%
	Net Combined Total Debt	2.71%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: \$0

SOURCE: California Municipal Statistics, Inc.

ORANGE COUNTY FIRE AUTHORITY

Demographic and Economic Information

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

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

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

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

Calendar Year	(A)	(B)		(C)
	Population (Orange County)	Total Personal Income	Per Capita Income	Unemployment Rate
2002	2,938	\$ 108,413,300	\$ 36,900	6.3
2003	2,980	\$ 117,722,500	\$ 39,504	6.4
2004	3,016	\$ 125,670,100	\$ 41,668	6.0
2005	3,044	\$ 133,031,800	\$ 43,703	5.0
2006	3,062	\$ 141,169,400	\$ 46,104	4.4
2007	3,078	\$ 153,446,600	\$ 49,853	4.8
2008	3,104	\$ 155,068,400	\$ 49,958	6.9
2009	3,135	\$ 148,372,600	\$ 47,328	10.9
2010	3,166	\$ 153,098,600	\$ 48,357	11.9
2011	3,030	\$ 156,755,800	\$ 51,735	11.6

SOURCES:

- (A) California Department of Finance, Population and Housing Estimates as of January
<http://www.dof.ca.gov/research/demographic/reports/estimates>
- (B) Chapman University Economic & Business Review, Annual History and Forecasts
June 2003 (2002 data); June 2007 (2003-2006 data); June 2011 (2007-2011 data)
Most recent year is an estimate.
- (C) Bureau of Labor Statistics (www.bls.gov), Local Area Unemployment Statistics,
Los Angeles-Long Beach-Santa Ana, CA Metropolitan Statistical Area (The 2002-
2010 figures reflect revised inputs, reestimation, and new statewide control. The
2011 figure is for a partial year January - June.)

NOTE:

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

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

Jurisdiction	Population			Housing Units		
	2002	2011	Percent Change	2002	2011	Percent Change
Aliso Viejo	42,587	48,320	13.5%	17,243	19,026	10.3%
Buena Park	79,475	80,868	1.8%	23,752	24,679	3.9%
Cypress	47,587	47,907	0.7%	16,251	16,072	-1.1%
Dana Point	36,012	33,429	-7.2%	15,819	15,944	0.8%
Irvine	157,484	219,156	39.2%	58,192	87,126	49.7%
Laguna Hills	32,626	30,410	-6.8%	11,094	11,049	-0.4%
Laguna Niguel	63,579	63,228	-0.6%	24,130	25,363	5.1%
Laguna Woods	18,094	16,224	-10.3%	13,629	13,016	-4.5%
Lake Forest	76,640	77,490	1.1%	26,310	27,115	3.1%
La Palma	15,855	15,596	-1.6%	5,126	5,223	1.9%
Los Alamitos	11,725	11,474	-2.1%	4,329	4,356	0.6%
Mission Viejo	97,719	93,483	-4.3%	34,061	34,227	0.5%
Placentia	48,348	50,665	4.8%	15,677	16,883	7.7%
Rancho Santa Margarita	48,507	47,947	-1.2%	16,684	17,260	3.5%
San Clemente	57,127	63,743	11.6%	23,250	26,006	11.9%
San Juan Capistrano	34,729	34,734	0.0%	11,432	11,966	4.7%
Seal Beach	24,859	24,215	-2.6%	14,325	14,558	1.6%
Stanton	38,107	38,317	0.6%	11,034	11,300	2.4%
Tustin	69,126	75,781	9.6%	25,674	26,509	3.3%
Villa Park	6,120	5,823	-4.9%	2,014	2,016	0.1%
Westminster	89,735	89,937	0.2%	26,952	27,669	2.7%
Yorba Linda	60,842	64,855	6.6%	19,870	22,477	13.1%
Unincorporated	115,873	121,488	4.8%	40,186	39,968	-0.5%
Total OCFA	1,272,756	1,355,090	6.5%	457,034	499,808	9.4%
Total non-OCFA	1,665,680	1,674,769	0.5%	529,322	554,818	4.8%
Total Orange County	2,938,436	3,029,859	3.1%	986,356	1,054,626	6.9%

SOURCE:

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

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

Employer	Fiscal Year 2001/02			Fiscal Year 2010/11		
	(A)	(B)		(C)	(D)	
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
University of California, Irvine	14,981	3	1.06%	20,650	1	1.53%
Walt Disney Co.	21,275	1	1.50%	20,000	2	1.48%
County of Orange	17,741	2	1.25%	17,655	3	1.30%
St. Joseph Health System	9,435	6	0.67%	11,965	4	0.88%
Boeing Co.	11,179	4	0.79%	8,060	5	0.60%
Bank of America Corp.	4,813	10	0.34%	6,500	6	0.48%
Yum Brands Inc.				6,500	6	0.48%
Supervalu Inc.				5,900	8	0.44%
Kaiser Permanente				5,397	9	0.40%
Target Corp.	4,878	9	0.35%	5,325	10	0.39%
Albertsons, Inc.	9,500	5	0.67%			
Tenet Healthcare Corp.	8,389	7	0.59%			
SBC Communications, Inc.	7,100	8	0.50%			

SOURCES:

- (A) County of Orange, 2002 Facts & Figures Booklet
O.C. Business Journal, Book of Lists (2002)
- (B) Chapman University Economic & Business Review, Annual History and Forecasts,
June 2003 Book, Based on total payroll employment as of December 31, 2001
- (C) County of Orange, 2011 Facts & Figures Booklet
O.C. Business Journal, Book of Lists (2011)
- (D) Chapman University Economic & Business Review, Annual History and Forecasts,
June 2011 Book, Based on total payroll employment as of December 31, 2010

NOTE:

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

ORANGE COUNTY FIRE AUTHORITY

Operating Information

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

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

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

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

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

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

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

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

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

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

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

ORANGE COUNTY FIRE AUTHORITY
Full-time and Part-time Employees by Function/Fund/Department
Last Ten Fiscal Years

Public Safety Fund/Department	Funded and Authorized Positions as of June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Executive Mangement	44	44	44	43	44	44	45	45	45	35
Operations Department	839	834	840	852	857	877	892	902	878	881
Fire Prevention Department	68	76	75	76	76	74	76	72	65	67
Business Services Department	67	76	68	67	74	77	77	77	73	48
Support Services Department	31	32	33	33	33	35	35	35	34	55
General Operating Fund	1,049	1,062	1,060	1,071	1,084	1,107	1,125	1,131	1,095	1,086
Facilities Replacement	1	-	1	1	1	1	1	1	1	-
RFOTC	2	2	2	1	-	-	-	-	-	-
Structural Fire Entitlement	2	2	2	2	2	2	-	-	-	-
Total funded positions	1,054	1,066	1,065	1,075	1,087	1,110	1,126	1,132	1,096	1,086
Unfunded positions	10	12	15	15	4	1	1	50	86	95
Total authorized positions	1,064	1,078	1,080	1,090	1,091	1,111	1,127	1,182	1,182	1,181

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

NOTE:

Effective Fiscal Year 2010/11, the Information Technology Division was transferred from the Business Services Department to the Support Services Department.

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

Unit	Authorized Positions as of June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Firefighter Unit	764	764	764	774	778	792	808	863	863	863
Fire Management Unit	39	40	40	40	40	41	41	41	41	41
General Unit	189	197	198	197	192	198	197	197	197	196
Supervisory Management Unit	25	26	26	27	27	27	28	28	28	28
Supported Employment Unit	-	4	4	4	4	4	4	4	4	4
Personnel & Salary Resolution	47	47	48	48	50	49	49	49	49	49
Total authorized positions	1,064	1,078	1,080	1,090	1,091	1,111	1,127	1,182	1,182	1,181

SOURCE: OCFA Treasury & Financial Planning Division, Budget Section

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

Fiscal Year Ended June 30	(A) Number of Member Agencies	(B) Square Mile Area Served	(C) Population Served	(A) Total Number of Stations (Including Specialty Stations)
2002	23	553	1,272,756	59
2003	23	553	1,289,853	60 (1)
2004	23	553	1,309,858	60
2005	23	551	1,331,008	60 (2)
2006	23	551	1,346,413	61 (3)
2007	23	551	1,358,595	60 (4)
2008	23	550	1,375,509	61 (5)
2009	23	550	1,387,171	62 (6)
2010	23	550	1,403,072	62
2011	23	548	1,355,090	61 (7)

SOURCES:

- (A) Orange County Fire Authority, Clerk of the Authority
- (B) Orange County Fire Authority, Strategic Services
County of Orange Public Works/OCGOV, Survey Department, Geomatics Division
- (C) California Department of Finance, Population and Housing Estimates as of January
<http://www.dof.ca.gov/research/demographic/reports/estimates>

NOTES:

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

ORANGE COUNTY FIRE AUTHORITY
Incidents by Major Category Definitions

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

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

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

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

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

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

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

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

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

SOURCE: Orange County Fire Authority, Operations Department

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

Fiscal Year ended June 30 (1)	Fire/ Explosion	Ruptures	Rescue/ EMS	Hazmat	Service Call	Good Intent	False Alarm	Natural Disaster	Other	Total
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	2,155	179	55,863	1,465	5,475	10,636	4,734	5	209	80,721
2008	1,946	178	57,871	1,353	5,257	10,933	4,835	10	547	82,930
2009	1,795	169	58,358	1,080	5,508	10,839	4,503	3	294	82,549
2010	1,464	164	59,408	1,049	5,703	10,979	4,300	25	349	83,441
2011	1,541	158	61,870	1,011	6,157	12,897	4,293	51	249	88,227

(2)

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

NOTES:

- (1) Response statistics are normally reported on a calendar year basis in other reports. These statistics have been reported on the fiscal year basis, July through June.
- (2) Beginning in Fiscal Year 2010/11, totals were revised to include incidents outside of OCFA jurisdiction that involved OCFA units and personnel (Auto/Mutual Aid Given).

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

Fiscal Year ended June 30 (1)

Member Agency	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Aliso Viejo	1,705	1,813	1,924	1,802	1,993	1,939	2,060	1,998	2,005	2,094
Buena Park	5,350	5,439	5,346	5,530	5,368	5,431	5,528	5,668	5,676	5,652
Cypress	2,313	2,322	2,240	2,359	2,489	2,518	2,552	2,504	2,600	2,490
Dana Point	2,303	2,398	2,529	2,441	2,490	2,660	2,700	2,650	2,787	2,870
Irvine	9,190	8,833	9,293	10,341	10,797	11,216	11,632	11,385	11,981	12,214
La Palma	619	648	736	761	772	798	760	760	754	778
Laguna Hills	2,242	2,238	2,512	2,211	2,373	2,494	2,434	2,421	2,558	2,614
Laguna Niguel	2,799	2,818	2,871	2,866	2,944	3,017	3,101	3,079	3,094	3,255
Laguna Woods	3,772	3,670	3,949	3,955	4,300	4,275	4,349	4,350	4,399	4,560
Lake Forest	4,079	3,922	4,092	4,171	4,103	4,289	4,170	4,272	4,320	4,334
Los Alamitos	963	984	930	971	1,012	1,033	1,032	1,083	1,080	1,055
Mission Viejo	5,630	5,573	5,845	5,577	5,809	5,794	6,139	6,424	6,363	6,379
Placentia	2,269	2,375	2,557	2,577	2,797	2,678	2,829	2,699	2,696	2,837
Rancho Santa										
Margarita	1,790	1,786	1,773	1,914	1,946	1,879	2,002	1,965	2,009	2,015
San Clemente	3,057	3,219	3,508	3,594	3,619	3,684	3,863	3,678	3,961	3,813
San Juan Capistrano	2,253	2,116	2,340	2,418	2,452	2,554	2,569	2,526	2,429	2,580
Seal Beach	2,967	2,720	2,967	3,049	3,257	3,283	3,453	3,388	3,503	3,375
Stanton	2,483	2,495	2,419	2,307	2,368	2,343	2,438	2,420	2,401	2,597
Tustin	3,524	3,644	3,668	3,645	3,608	3,845	3,865	3,761	3,744	4,055
Villa Park	273	274	271	292	309	319	324	329	336	388
Westminster	5,460	5,525	5,618	5,798	5,950	5,684	5,795	5,835	5,724	5,882
Yorba Linda	2,510	2,563	2,653	2,676	2,814	2,991	3,100	3,134	2,937	2,928
Unincorporated	6,223	6,116	6,355	6,013	6,092	5,997	6,235	6,220	6,084	6,087
	<u>73,774</u>	<u>73,491</u>	<u>76,396</u>	<u>77,268</u>	<u>79,662</u>	<u>80,721</u>	<u>82,930</u>	<u>82,549</u>	<u>83,441</u>	<u>84,852</u>
Auto/Mutual Aid Given	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3,375
Total	<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>80,721</u></u>	<u><u>82,930</u></u>	<u><u>82,549</u></u>	<u><u>83,441</u></u>	<u><u>88,227</u></u>

(2)

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

NOTES:

- (1) Response statistics are normally reported on a calendar year basis in other reports. These statistics have been reported on the fiscal year basis, July through June.
- (2) Beginning in Fiscal Year 2010/11, methodology was revised to include incidents outside of OCFA jurisdiction that involved OCFA units and personnel (Auto/Mutual Aid Given).

ORANGE COUNTY FIRE AUTHORITY
Capital Equipment by Category
Last Four Fiscal Years

Category	June 30, 2008		June 30, 2009	
	Historical Cost	Quantity	Historical Cost	Quantity
Air fill station	\$ 53,179	2	\$ 53,179	2
Aboveground storage tank	678,014	8	678,014	8
Audio visual equipment	784,559	25	784,559	25
Boat	36,504	4	36,504	4
Camera, thermal imaging	1,205,722	89	1,205,722	89
Camera, other	47,387	4	47,387	4
Communications equipment	1,456,590	37	1,456,590	37
Computer	85,459	5	91,328	6
Defibrillator	1,324,920	74	1,341,790	75
Exercise equipment	34,177	5	44,260	6
Fleet equipment	162,771	16	162,771	16
Forklift	52,042	3	52,042	3
Generator	564,051	25	553,049	24
GPS equipment (AVL projects)	1,391,000	2	1,391,000	2
Hazmat equipment	248,782	20	248,782	20
Helicopter	7,294,218	2	28,854,977	4
Helicopter, rotor blades	-	-	151,573	2
Helicopter equipment	414,798	15	663,759	36
Kitchen equipment	33,403	4	33,403	4
Laptop	53,782	9	53,782	9
Manikin	73,144	12	73,144	12
Misellaneous equipment	367,581	25	430,428	27
Mobile radio, (FY 2003/04 - FY 2004/05 project)	2,424,594	1	2,424,594	1
Mobile radio	110,199	17	116,008	18
Network equipment	976,386	29	976,386	29
Office equipment	500,659	7	635,138	8
Portable building	179,863	9	219,564	12
Portable radio	-	-	25,640	5
Printer	99,499	9	99,499	9
Projector	34,565	5	34,565	5
Router	25,980	2	37,405	4
Server	1,224,377	72	1,090,643	80
Software	6,636,035	47	6,709,908	52
Switch	232,515	11	232,515	11
Tent	122,237	12	122,237	12
Trailer	419,725	16	433,283	17
Search and rescue equipment	303,153	33	311,826	34
Workstation	1,634,122	24	1,641,243	25
	<u>\$ 31,285,992</u>	<u>680</u>	<u>\$ 53,518,497</u>	<u>737</u>

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

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

June 30, 2010		June 30, 2011	
Historical Cost	Quantity	Historical Cost	Quantity
\$ 53,179	2	\$ 53,179	2
678,014	8	678,014	8
768,132	23	754,726	23
23,412	2	23,412	2
1,205,722	89	1,223,802	91
41,577	3	41,577	3
1,456,590	37	1,479,539	40
82,126	5	82,126	5
1,149,858	90	1,149,858	90
35,622	5	35,622	5
162,771	16	170,441	16
52,042	3	37,146	2
553,049	24	510,078	23
1,391,000	2	1,391,000	2
248,782	20	248,782	20
28,854,977	4	28,854,977	4
319,149	4	319,149	4
741,048	39	763,268	41
33,403	4	33,403	4
53,782	9	47,682	8
73,144	12	67,452	11
478,473	29	542,100	33
2,424,594	1	2,424,594	1
116,008	18	116,008	18
967,465	28	967,465	28
648,440	8	648,440	8
226,348	13	226,348	13
25,640	5	25,640	5
77,218	7	77,218	7
25,838	4	25,838	4
37,405	4	37,405	4
1,148,057	88	1,049,533	82
7,068,488	55	7,068,488	55
264,893	14	282,393	16
122,237	12	122,237	12
423,376	16	423,376	16
339,765	37	429,877	49
1,641,243	25	1,641,243	25
<u>\$ 54,012,867</u>	<u>765</u>	<u>\$ 54,073,436</u>	<u>780</u>

**ORANGE COUNTY FIRE AUTHORITY
Capital Vehicles by Category
Last Four Fiscal Years**

Category	June 30, 2008		June 30, 2009	
	Historical Cost	Quantity	Historical Cost	Quantity
Air Utility	\$ 629,011	3	\$ 629,011	3
Ambulance	464,082	5	464,082	5
Battalion Chief Vehicle	1,203,251	25	1,300,458	26
Brush Chipper	34,289	2	34,289	2
Crew Cab	176,403	4	176,403	4
Crew-Carrying Vehicle	297,336	4	297,336	4
Dump Truck	66,366	1	66,366	1
Fire Command	402,755	2	402,755	2
Fire Dozer	445,205	4	723,403	4
Foam Tender	152,245	1	152,245	1
Fuel Tender	226,392	2	226,392	2
Hazmat Unit	674,962	2	674,962	2
Heavy Rescue Unit	-	-	649,343	1
Hose Tender	103,189	1	103,189	1
Lift Truck	62,201	1	62,201	1
Paramedic Van	1,449,569	22	1,449,569	22
Parade Engine	35,000	2	35,000	2
Patrol	1,539,901	19	1,539,901	19
Patrol, Compressed Air Foam System (CAFS)	-	-	488,603	7
Pickup Truck	1,352,388	42	1,562,434	41
Road Grader	102,396	1	102,396	1
Sedan	123,991	7	123,991	7
Squad	578,998	7	578,998	7
Stakeside	34,289	1	34,289	1
Sport Utility Vehicle (SUV)	2,849,285	104	2,809,830	103
Telesquirt	2,617,035	8	2,617,035	8
Transport Tractor	399,409	5	506,673	5
Truck, 100' Tractor Drawn Aerial	1,737,166	3	4,428,314	5
Truck, 75' Quint	2,717,185	6	2,717,185	6
Truck, 90' Quint	4,827,476	10	4,429,851	9
Truck, Other	427,613	5	427,613	5
Type 1 Engine	22,538,064	87	21,865,361	82
Type 1 Wildland Urban Interface Engine	-	-	-	-
Type 2 Engine	1,862,087	13	1,752,417	12
Type 3 Engine	914,455	8	4,673,626	18
Utility	176,422	5	176,422	5
Van	681,041	29	648,591	27
Water Tender	753,535	5	753,535	5
	<u>\$ 52,654,992</u>	<u>446</u>	<u>\$ 59,684,069</u>	<u>456</u>

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

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

June 30, 2010		June 30, 2011	
Historical Cost	Quantity	Historical Cost	Quantity
\$ 629,011	3	\$ 629,011	3
935,731	8	776,283	6
1,300,458	26	1,488,518	28
34,289	2	34,289	2
139,057	3	139,057	3
297,336	4	297,336	4
66,366	1	66,366	1
402,755	2	402,755	2
723,403	4	723,403	4
152,245	1	152,245	1
226,392	2	226,392	2
674,962	2	674,962	2
658,107	1	658,107	1
103,189	1	103,189	1
133,981	2	133,981	2
1,393,496	21	1,860,604	22
35,000	2	35,000	2
1,539,901	19	1,539,901	19
858,456	12	858,456	12
1,590,978	41	1,590,978	41
102,396	1	102,396	1
83,753	4	61,256	3
578,998	7	578,998	7
34,289	1	34,289	1
2,866,442	107	2,820,880	104
2,358,138	7	2,099,242	6
506,673	5	506,673	5
4,428,314	5	4,428,314	5
2,717,185	6	3,536,736	7
4,429,851	9	4,429,851	9
427,613	5	427,613	5
26,065,677	91	25,031,630	84
1,702,359	4	2,127,949	5
1,020,651	7	305,219	2
4,105,746	13	4,105,746	13
161,801	4	161,801	4
639,778	25	623,608	24
753,535	5	753,535	5
<u>\$ 64,878,312</u>	<u>463</u>	<u>\$ 64,526,569</u>	<u>448</u>

ORANGE COUNTY FIRE AUTHORITY
List of Stations by Member Agency
June 30, 2011

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 Blvd. 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

County of Orange, Unincorporated

Station 8, 10631 Skyline Dr., Santa Ana 92705

Station 11, 259 Emerald Bay, Laguna Beach 92651

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

Station 15, 27172 Silverado Canyon Rd., Silverado 92676

Station 16, 28891 Modjeska Canyon Rd., Silverado 92676

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

Specialty Stations

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

Station 33, 374 Paularino, Costa Mesa 92626
Aircraft Rescue & Firefighting

ORANGE COUNTY FIRE AUTHORITY
Description of the Organization, Programs and Service Delivery
June 30, 2011

EXECUTIVE MANAGEMENT

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

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

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

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

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

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

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

OPERATIONS DEPARTMENT

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

Divisions I, II, III, IV, 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). Division II is also responsible for administration and oversight of the Explorer Program. The battalions are under the command of Battalion Chiefs. Within these battalions are 59 fire stations that provide for regional emergency response to all structure fires, medical aids, rescues, hazardous materials incidents and wildland fires.

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

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

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

Emergency Planning and Coordination (EPAC) – The Emergency Planning and Coordination (EPAC) section coordinates OCFA's emergency planning with federal, state and local jurisdictions and agencies; manages the Department Operations Center (DOC) during major emergencies; serves as the OCFA liaison to any agency requiring information on emergency response or planning; and represents the OCFA on working task forces such as the State and Federal Terrorism Task Force, Orange County Intelligence Assessment Center, Nuclear Power Authority, and Marine Disaster. This section coordinates all United States Forest Service (USFS), California Department of Forestry (CDF) and Fire Protection (CALFIRE) contract issues, contract counties review and automatic aid issues. This section also maintains and updates all city and county emergency plans, the Multi-Agency Mutual Aid Plan, California Emergency Management Agency (CALEMA) Mutual Aid Plan, Orange County Fire Service Operations Area Annex and Mutual Aid Plan, and the OCFA Supplement Response Guidebook.

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

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

FIRE PREVENTION DEPARTMENT

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

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

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

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

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

BUSINESS SERVICES DEPARTMENT

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

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

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

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

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

SUPPORT SERVICES DEPARTMENT

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

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

Information Technology Division – The Information Technology Division is responsible for the development, operation, maintenance and security of OCFA's computers, network and overall technical infrastructure; the development and support of information systems applications and databases; maintenance of centralized enterprise Geographic Information System (GIS) and mapping capabilities; and the acquisition and maintenance of emergency communications equipment. Activities include development and monitoring of IT standards and guidelines; internal and external network development and coordination; and evaluation, selection and deployment for all computers, printers and automation software and hardware purchases, upgrades and replacements. Additional activities include the analysis, design, programming, implementation, maintenance and security for existing and future computer systems; oversight or the installation of radios and Mobile Data Computers (MDC's) in emergency apparatus; oversight for fire station alarm systems; and purchase and maintenance of pagers. The Information Technology Division transitioned from the Business Services Department to the Support Services Department during Fiscal Year 2010/11.

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

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

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



Orange County Fire Authority Safety Message

Be Prepared When the Lights Go Out

- Prepare for the worst. Have enough food, water, flashlights, batteries and other necessities for 72 hours.
- Unplug all appliances and electronics during an outage – even if they are plugged into a surge protector – to prevent damage from a power surge. Leave one light on so you will know when the power is back on.
- Stay home if possible. If you drive, remember to stop at every four-way intersection because traffic signals will be out.
- Have a plan to reunite with family. Know your family's schedules and cell phone numbers. Have a telephone that does not require electricity.
- Have battery operated candles and flashlights – try to avoid using flame candles and matches to prevent a fire. Run generators outside only. Use only fresh gasoline for a generator, because old gasoline will not fire up well.
- The fireplace should be ready to use. Don't burn wood that has paint, stain or is chemically treated.
- Have extra blankets on hand. Do not use barbeques or hibachis inside the home – you can get carbon monoxide poisoning from the fumes.
- Familiarize yourself with your main electrical panel. You may have to trip a reset switch in an outlet or circuit breaker.
- Settings on microwaves, ovens, clocks, DVD players, programmable thermostats and some alarm systems may have to be reset. Be sure to have fresh batteries in your alarm backup system.
- Always unplug old, small appliances when leaving home.
- Buy appliance thermometers to check temperatures. Refrigerators should be at 40 degrees or colder, and freezers should be at zero degrees or colder. Avoid opening the refrigerator and freezer. Generally, food-borne bacteria can multiply in perishable foods that are left at temperatures above 40 degrees.
- Inform the electric company in advance if loss of electricity will create an immediate threat to life or personal safety.