

ORANGE COUNTY FIRE AUTHORITY



*Fiscal Year Ended
June 30, 2013*

Comprehensive Annual Financial Report



*Orange County, California
Business Services — Finance Division*



Orange County Fire Authority Comprehensive Annual Financial Report Year ended June 30, 2013

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June 2013

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Keith Richter
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, 2013**

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INTRODUCTORY SECTION



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

October 9, 2013

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, 2013. This report consists of management's representations concerning the finances of the OCFA and is presented using the financial reporting model outlined in the Governmental Accounting Standards Board (GASB) Statement No. 34. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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

The OCFA's financial statements have been audited by Lance, Soll & Lunghard, LLP, a firm of certified public accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion ("clean") that the OCFA's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

RESIDENTIAL SPRINKLERS AND SMOKE ALARMS SAVE LIVES

Profile of the OCFA

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

The OCFA is the largest regional fire service organization in Orange County and one of the largest in California. Emergency response services are provided to a community of over 1.7 million residents in a 571 square mile area of Orange County. The OCFA's authorized staffing level (including all frozen/unfunded positions) was 1,343 full-time positions for Fiscal Year 2012/13.

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 economic environment within which the OCFA operates.

National Economy – The U.S. “Great Recession” began in December 2007, brought on primarily by the housing downturn that started in 2006.¹ The recession officially ended and recovery began in June 2009.² Since that time, the national economy has been undergoing a slow-growth and weak recovery³ that has been tempered by slow to moderate growth in real Gross Domestic Product (GDP) and relatively high levels of unemployment.⁴ Real GDP increased at a rate of 2.2% in 2012, and is forecasted to increase by a moderate

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

² *California Economic Indicators*, California Department of Finance – May/June 2011

³ *Chapman University Presents 2013 Economic Forecast*, Caitlin Adams, OC Metro – November 28, 2012

⁴ *Economic & Business Review*, A, Chapman University, Volume 30 Number 2 – June 2012

2.8% in 2014.⁵ The national unemployment rate has been steadily falling from its peak of 10.0% in October 2009, but still remained elevated at 7.6% in June 2013.⁶

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 19, 2013, 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 also slightly upgraded its outlook on the economy. Performance of the OCFA's investment portfolio is directly impacted by changes in interest rates set by the Fed. The unchanged federal funds rate has resulted in relatively low investment income for OCFA throughout Fiscal Year 2012/13. The portfolio's year-to-date effective rate of return was 0.39% as the fiscal year began, and declined to 0.31% by year-end. OCFA experienced an overall unrealized investment loss during Fiscal Year 2012/13.

State Economy – The direct influence of the state economy on OCFA's financial condition is in the form of reimbursements (including reimbursements for assistance by hire and state mandates) and its contract with the California Department of Forestry (CALFIRE). The state contracts with OCFA to provide fire suppression services to the State Responsibility Areas (SRA) that are within the OCFA's jurisdiction. Any delays in the State's adoption of its subsequent year's budget can potentially impact the timeliness of payments received by OCFA. However, there have been no significant delays in payment of amounts owed to OCFA by various state agencies due to budget issues as of June 30, 2013.

During Fiscal Year 2012/13, the most significant state-wide event to impact local government agencies was the creation of the Public Employees Pension Reform Act (PEPRA). On September 12, 2012, Governor Brown signed Assembly Bill 340, creating PEPRA and amending certain sections of the 1937 Act under which public retirement systems operate. PEPRA created a new benefit tier for all new public agency employees (including those at OCFA) who commenced public employment for the first time on or after January 1, 2013. Key provisions of the new law were the creation of a single general member benefit formula and three safety member benefit formulas, as well as a requirement that new employees pay at least 50% of the normal retirement cost contributions. It is anticipated that PEPRA could positively impact future OCFA retirement costs as existing employees retire and their positions are filled by new employees.⁷

County Economy – The most significant county economic factor impacting the OCFA is the housing market. Property taxes comprised 58.2% of the OCFA's total governmental funds revenues in Fiscal Year 2012/13. The housing market has shown signs of modest recovery in the past year, which means that property taxes have started to rebound. OCFA's property tax revenues showed a moderate increase for the first time in several years, but were still \$800,000 lower in Fiscal Year 2012/13 than five years ago in Fiscal Year 2007/08.

Orange County's housing prices are rising. In December 2012, the median sales price on single family homes increased to \$582,930, up 20% from the previous year. (For comparison purposes, the price peak was \$747,260 in April 2007 and the price low was \$432,100 in January 2009.) In 2012, the minimum household income needed for a first-time homebuyer to purchase a single-family home priced at 85% of the Orange County median was \$68,650. Approximately 57% of Orange County households could afford to purchase at this price. Even though housing is more affordable than it was ten years ago, Orange County remains less affordable than

⁵ *National Economic Update – Economic Growth Posed to Accelerate*, J.B. Cooke, Federal Reserve Bank of Dallas – March 22, 2013

⁶ *Databases, Tables & Calculators by Subject – Unemployment Rate*, Bureau of Labor Statistics, – June 2013

⁷ *Public Employees Pension Reform Act (PEPRA) Update*, Julie Wyne, Orange County Employees Retirement System – September 21, 2012

all peers compared (with the exception of the San Francisco Bay Area).⁸

Forbes magazine ranked Orange County as 99th in its “2012 Best Places for Business” regional rankings, an improvement of ten places from the previous year. The ranking evaluates areas such as job growth, projected economic growth, crime rates, and cultural opportunities. Even though the county ranked in the top 100, it still ranked poorly in the cost of doing business and job growth. *Forbes* calculated Orange County’s cost of living at 42.8% above the national average.⁹

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 seventeen 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 an early warning of potential financial difficulties.

Historically, OCFA’s method of projecting its property tax revenue was to increase the value of existing structures by the 2% constitutional maximum, increase these values to account for re-sales, and add in the value of any new development. During the recession over the past four years, those techniques were adjusted to incorporate the appreciation or depreciation rate set by the State Board of Equalization, the potential for the County Assessor to reassess existing structures, and the possibility that re-sales might actually decrease the assessed values. However, with the recession now ended and housing showing signs of modest recovery, OCFA has returned to its previous practice for estimating property tax growth.¹⁰

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

⁸ 2013 Community Indicators Report – Home Prices Increase but Remain Relatively Affordable, O.C. Community Indicators Project – March 2013

⁹ 2013 Community Indicators Report – Orange County is Back in Top 100, O.C. Community Indicators Project – March 2013

¹⁰ Rosenow Spavacek Group, Inc. (RSG) Final Property Tax Revenue Projections, Orange County Fire Authority Budget & Finance Committee Agenda Item No. 6 – May 8, 2013

that have been retained by the Board, as well as responsibilities that have been delegated. All authority rests with the Board unless it is delegated by statute or Board action. When delegated, these authorities are further defined by contracts, resolutions, policies and/or other Board actions.

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

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

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

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

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

Major Initiatives and Accomplishments for Fiscal Year 2012/13

Agreements, Studies and Strategic Initiatives:

- **Full-time Firefighter Hand Crew Program** – Previously, the OCFA’s hand crew was classified as seasonal, with planned use during only the first five and last two months of the fiscal year. In May 2011, the Board of Directors approved a one-year pilot program for limited term employment of a 20-member hand crew, working full-time. At the conclusion of the pilot, the program was evaluated for its operational benefit, level of cost recovery, and affordability, and was approved for an extension through December 2012. In July 2012, in conjunction with service reductions approved for the City of Stanton, OCFA entered into a side agreement with the Orange County Professional Firefighters Association, Local 3631, to extend the full-time hand crew through June 2014.
- **Contract Renewal with John Wayne Airport (JWA)** – A new five-year service agreement with John Wayne Airport was finalized in November 2012. Under this agreement, OCFA provides Airport Rescue and Firefighting (ARFF) services from Fire Station No. 33. The Crash 1 unit was replaced with a new Rapid Intervention Vehicle (RIV) that has firefighting agents including water, firefighting foam, and dry chemical. Although a five-year agreement was approved, the County of Orange also initiated a competitive Request for Proposals (RFP) process to explore alternative options for ARFF services. OCFA is participating in the RFP process.
- **Determination of Business Eligible for Refunds of Hazardous Materials Disclosure Fees** – During Fiscal Year 2012/13, OCFA determined that many businesses were eligible for a refund of hazardous materials disclosure fees for inspections that were billed, but for which performance could not be verified. An internal review identified a maximum of \$1.7 million in total potential refunds pertaining to prior fiscal years. Eligible businesses were notified and mailed claim forms to initiate the refund process in July 2013.

- **Progress Made Toward Implementation of Updated Strategic Plan** – With the adoption of OCFA’s updated strategic plan, efforts will continue to move forward with its implementation. The 2010 Strategic Plan is divided into three major goals (Service Delivery, Performance and Accountability, and Technology), with various objectives being addressed within each goal. Multi-disciplinary project teams will continue to be assembled for each objective. Objectives that were substantially or fully completed during Fiscal Year 2012/13 included the Fire Corp (Objective 1-F), Grant Program (Objective 1-K), and Financial Forecasting (Objective 1-L). OCFA’s 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 there have been slow and small improvements in the overall economy, OCFA remains focused on the pursuit of fiscal health, seeking to ensure that the services delivered are sustainable into the future. Specific actions that were taken in Fiscal Year 2012/13 to improve fiscal health included preparation of a long-term liability study to keep OCFA focused on creating solid plans for funding its liabilities (pension, workers’ compensation, compensated absences, and debt financing), as well as completion of a comprehensive Fire Prevention Fee Study to ensure that OCFA pursues accurate cost recovery for services provided by user fees.

Staffing and Personnel:

- **Academies** – Academies are completed as part of the OCFA’s ongoing succession plan to replace retiring employees. In May 2013, 34 new Firefighters graduated as part of Career Firefighter Academy 38. Other internal promotional academies were completed during Fiscal Year 2012/13 for Battalion Chief (October 2012), Fire Apparatus Engineer (September 2012 and June 2013), Fire Captain (December 2012), and Reserve Firefighter (December 2012). In addition, OCFA completed a non-promotional Truck Academy in November 2012 and a Fire Explorer Academy in July 2012, which is designed to provide young adults the opportunity to further their education and skills in pursuit of a fire service career.
- **Operations Training** – During Fiscal Year 2012/13, Operations personnel completed quarterly training sessions for rank-specific training; basement fires and oriented search; defensive driving; structure fire tactics and strategy; and auto extrication. In addition, since becoming a state-certified HazMat training facility, OCFA had the opportunity to host its first Hazardous Materials Technician training in May and June 2013. This four-week class, which was made available to personnel from OCFA and other fire agencies, provided students with the basic knowledge and skills to meet OSHA requirements for certification as a Hazardous Materials Technician.
- **Expansion of Volunteer Roles at OCFA** – With the downsizing of the Reserve Firefighter program, OCFA began developing a community-based volunteer program for non-emergency response needs. OCFA’s Fire Corps volunteer program commenced in Summer 2012. The initial volunteer selection and training process consisted of OCFA orientations, Fire Corps/Citizen Corps program training, and public education training. Currently, the twenty-three Fire Corps volunteers on OCFA’s roster have provided support to the Open House event, fire prevention canvassing events, and the WEFIT program. It is anticipated that the program will continue to expand with future recruitments.

- **Hiring Freeze** – A hiring freeze for positions that do not provide front line service to the public has been in effect since Fiscal Year 2008/09. Each position that becomes vacant is reviewed by Executive Management to determine whether the workload can be reassigned or if it will be necessary to fill the position. A total of 102 authorized positions were frozen as of June 30, 2013, as summarized in the following table.

	<u>Frozen Positions</u>		
	<u>As of June 30</u> <u>2013</u>	<u>2012</u>	<u>+/-</u>
○ Recommendations from the 2008 Santiago After Action Report included the addition of a fourth firefighter on twelve wildland engines, to be phased in over multiple fiscal years. Phase one authorized the addition of 9 positions, which were subsequently frozen pending improved financial condition.	9	9	-
○ 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.	15	15	-
○ Six staff captain positions are frozen (two training officers and Administrative Captains for Divisions 1, 3, 4 and 5), with personnel transitioning to fill vacant suppression field positions.	6	6	-
○ As a result of a service reduction request by the City of Stanton in July 2012, the four-person truck company at Fire Station No. 46 (Stanton) was reconfigured and replaced by a two-person paramedic van, resulting in 3 frozen fire apparatus engineer and 3 frozen fire captain positions.	6	-	6
○ In November 2012, the OCFA's agreement for Aircraft Rescue Firefighting services at John Wayne Airport was amended to reduce daily staffing from seven to six personnel, resulting in 3 frozen fire apparatus engineer positions.	3	-	3
○ Vacancies remain frozen for an additional thirty-three suppression positions:			
✓ Fire Apparatus Engineers (15 positions)*			
✓ Fire Captains (15 positions)*			
✓ Staff Battalion Chiefs (2 positions)			
✓ Heavy Fire Equipment Operator (1 position)			
* <i>Currently being backfilled with overtime</i>	33	33	-
Subtotal – Suppression	72	63	9
○ Vacancies remain frozen for thirty non-suppression positions. During Fiscal Year 2012/13, one WEFIT Program Coordinator position (Operations) was frozen and is currently being filled by a Fire Captain. One Fire Equipment Technician position was frozen in order to establish a new Buyer position (both in Business Services) in Fiscal Year 2013/14. In addition, one Sr. Fire Equipment Technician position and one Fire Equipment Technician position (Business Services) were unfrozen in order to create two new grant-funded Urban Search and Rescue positions (Operations).			
✓ Executive Management/Human Resources	4	4	-
✓ Operations	2	1	1
✓ Fire Prevention	15	15	-
✓ Business Services	5	6	(1)
✓ Support Services	4	4	-
Subtotal – Non-Suppression	30	30	-
Total frozen positions	102	93	9

Facilities and Capital Improvements:

- **Public Safety Systems Project** – OCFA is in the process of a major, multi-year project to replace its 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. During Fiscal Year 2012/13, a professional services contract was awarded to Tritech Software Systems and work commenced to implement the new CAD system portion of the project. The records management portion of the project, which includes both OCFIRS and IFP, is currently in the contract negotiation phase with FDM Software, with a contract award anticipated in Fiscal Year 2013/14.

Additional Major Initiatives and Goals for the Future

Agreements, Studies and Strategic Initiatives:

- **Standards of Cover** – The Standards of Cover includes OCFA's written policies and procedures used to determine the distribution, concentration, and reliability of its response forces for fire, emergency medical, hazardous materials, and other technical responses. A comprehensive review and update of the Standards of Cover was identified in OCFA's recently-adopted Strategic Plan, and in January 2012 the Board of Directors directed that Standards of Cover project be accelerated. During Fiscal Year 2012/13, OCFA entered into a professional service agreement with a consulting firm to oversee the development of an updated Standards of Cover, which is now expected to be completed by January 2014.
- **Complete Labor Negotiations for Expiring Contracts** – The Memorandums of Understanding (MOU) with Orange County Professional Firefighters Association (OCPFA) and Orange County Employees Association (OCEA) expire in June 2014 and December 2014, respectively. Background and education sessions for the Board of Directors have already started, and official negotiation sessions are expected to commence later in Fiscal Year 2013/14.
- **Foster a Positive Labor/Management Relationship within OCFA** – In an effort to maintain a good working relationship between labor and management, periodic meetings will continue to be held in order to promote open communication and transparency relating to various issues that may arise during the course of daily operations of the organization.
- **Complete Equity Working Group Discussions** – In response to concerns from OCFA member agencies about the relationship of financial contributions to level of service received, an Equity Working Group was established to identify methods for mitigating these equity concerns. This group was established by, and is to report back to, the Board of Directors with potential solutions.

Staffing and Personnel:

- **Academies** – Career Firefighter Academy 39 is anticipated to be conducted from January to May 2014. Other academies that are planned for Fiscal Year 2013/14 include promotional academies for Battalion Chief, Fire Captain, Fire Apparatus Engineer, and Reserve Firefighter, as well as a non-promotional Truck Academy and the Fire Explorer Academy.

Facilities and Capital Improvements:

- **Western Portion of Hangar Facilities** – In December 2010, OCFA purchased the eastern portion of a recently-constructed hangar to house the helicopter fleet and replace Specialty Fire Station No. 41 (Fullerton Airport). The eastern portion of the facility was placed into service in March 2011 and houses OCFA's helicopter fleet and Air Operations administrative offices. The purchase of the western portion of the facility, which is partially occupied by various tenants, was finalized in July 2013.
- **New OCFA-Built Fire Station** – Actions have been taken to move forward toward the design and construction of New Fire Station No. 56 (Ortega Valley), including initial design and grading, and an agreement to acquire a one-acre parcel of land. Construction is expected to begin in Fiscal Year 2013/14, pending direction from the Rancho Mission Viejo Company. The new station is being constructed by OCFA and funded by contributions from developers. This will be the first OCFA fire station built using the design/build concept, which allows a single contractor to bid for all aspects of the project in order to provide a single source of accountability, better budget management and communication between design and construction personnel, faster completion, and better quality control.
- **City-Built Fire Station** – During Fiscal Year 2012/13, construction began to replace Fire Station No. 37 (Tustin). The City of Tustin is currently building this replacement fire station at no cost to the OCFA.
- **Developer-Built Fire Stations** – Planning and development of additional 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, 2012. This was the fifteenth consecutive year that the OCFA has received this prestigious award. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and the applicable legal requirements. This certificate is valid for a period of one year only. We believe that our current CAFR continues to meet the program's requirements and we are submitting it to the GFOA to determine its eligibility for this year's award.

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

Respectfully submitted,

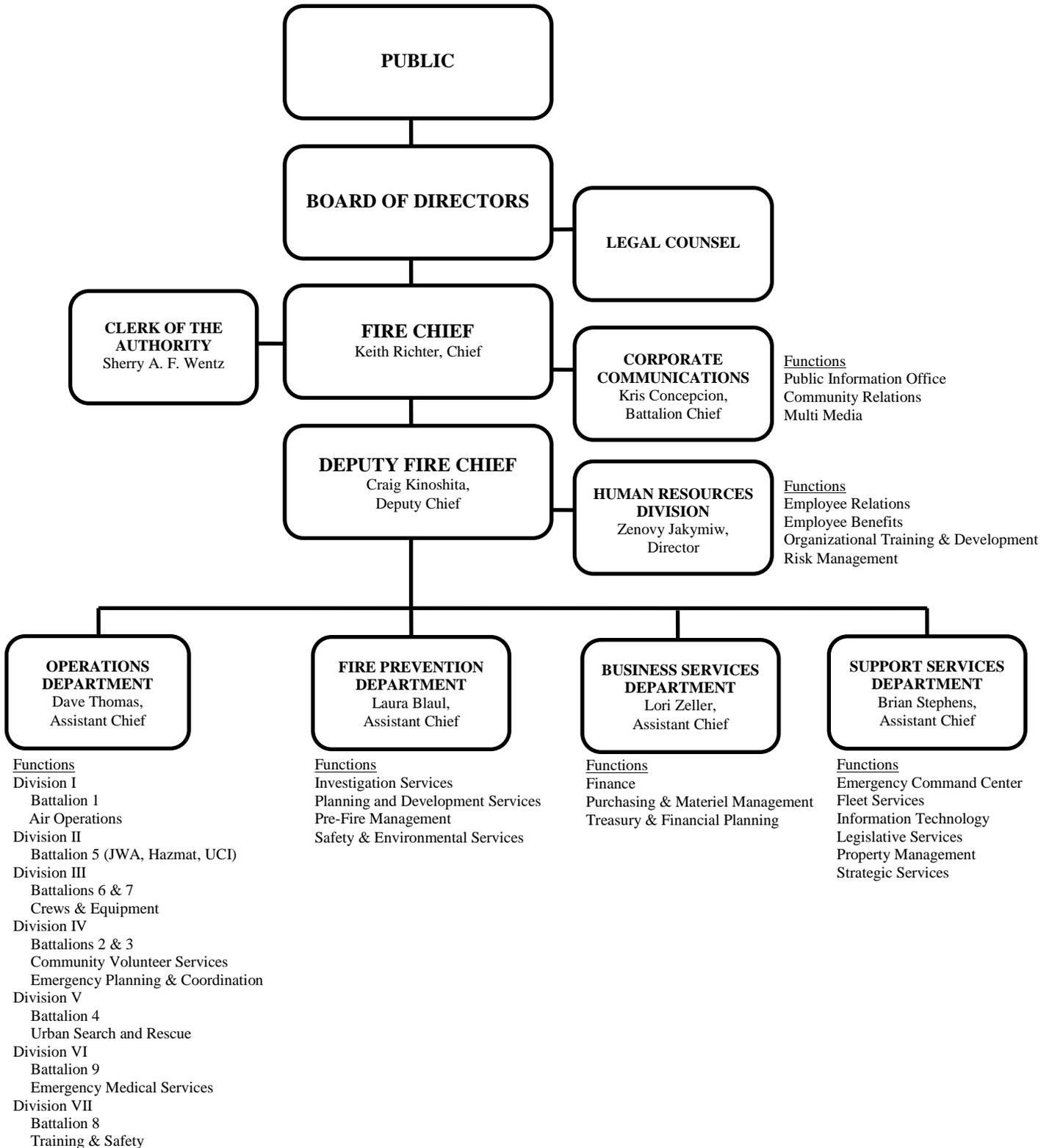


Keith Richter, Fire Chief



Lori Zeller, Assistant Chief
Business Service Department

**ORANGE COUNTY FIRE AUTHORITY
Organization Chart
June 30, 2013**



ORANGE COUNTY FIRE AUTHORITY
Organization of Board of Directors
June 30, 2013

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

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

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

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



Government Finance Officers Association

**Certificate of
Achievement
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in Financial
Reporting**

Presented to

**Orange County Fire Authority
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO



Orange County Fire Authority Safety Message

When to Call 9-1-1

- 9-1-1 is the number to call to get help in a police, fire or medical emergency. A 9-1-1 call goes over dedicated phone lines to the 9-1-1 answering point closest to the caller, and trained personnel then send the emergency help needed.
- 9-1-1 should only be used in emergency situations. An emergency is any situation that requires immediate assistance from the police/sheriff, the fire department or an ambulance. If you are ever in doubt of whether a situation is an emergency, you should call 9-1-1. It's better to be safe and let the 9-1-1 call taker determine if you need emergency assistance.
- If you call 9-1-1 by mistake, do not hang up. Tell the call taker what happened so they know there really isn't an emergency.
- Do **not** call 9-1-1:
 - ✓ For information
 - ✓ For directory assistance
 - ✓ When you're bored
 - ✓ For paying tickets
 - ✓ For your pet
 - ✓ As a prank
- If 9-1-1 fails, you should know these alternative numbers:
 - ✓ OCFA Emergency Number (non 9-1-1)
(714) 538-3501
 - ✓ OC Sheriff's Emergency Number (non 9-1-1)
(714) 288-6740
(949) 770-6011



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Orange County Fire Authority (the OCFA) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the OCFA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 3 to the financial statements, in 2013 the OCFA adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.



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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior Year Comparative Information

The financial statements include summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2012, from which such partial information was derived.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the OCFA's basic financial statements. The introductory section, combining schedules and supplementary budget comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

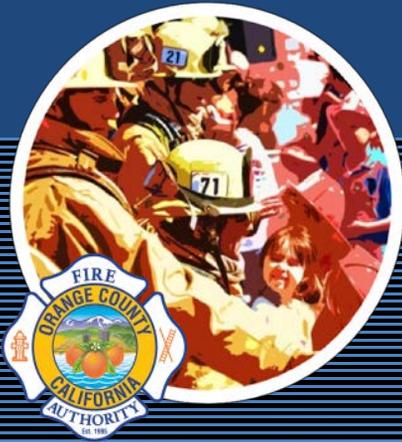
The combining schedules and supplementary budget comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules and supplementary budget comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2013, on our consideration of the OCFA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OCFA's internal control over financial reporting and compliance.

Brea, California
October 9, 2013



MANAGEMENT'S DISCUSSION & ANALYSIS



Career Fire Academy 38 Graduation

ORANGE COUNTY FIRE AUTHORITY
Management's Discussion and Analysis
Year ended June 30, 2013

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, 2013.

Financial Highlights

- **Governmental Activities:** The assets of the OCFA exceeded its liabilities by \$257,564,704 at the end of the current fiscal year. Net position consisted of net investment in capital assets in the amount of \$181,363,364 (70.4%); restricted for capital projects and other purposes in the amount of \$1,690,858 (0.7%); and unrestricted net position in the amount of \$74,510,482 (28.9%). The result of current fiscal year operations caused total net position to decrease by \$8,972,452 from the prior fiscal year.
- **Governmental Funds:** As of the close of the current fiscal year, the OCFA's governmental funds showed combined ending fund balances totaling \$176,807,734, an increase of \$14,515,290 from the prior fiscal year. (Current year operations increased fund balance by \$16,266,334, but beginning fund balance was decreased by \$1,751,044 for a prior period adjustment.) Of the total ending fund balance, \$25,782,851 (14.6%) was available for funding future operational needs (unassigned fund balance).
- **General Fund:** At the end of the current fiscal year, total fund balance for the General Fund was \$107,585,144, which included the following amounts:

❖ Prepaid costs in a nonspendable form	\$ 26,727,849
❖ Restricted for federal grants, donations, and other restricted revenue programs	137,676
❖ Committed to service enhancement projects in over-funded structural fire fund cities	1,268,160
❖ Assigned to future obligations for self-insured workers' compensation claims	53,230,384
❖ Assigned to various unperformed contracts for goods or services	438,224
❖ Unassigned and available for future spending:	
Set aside for future economic uncertainties	25,530,226
All other residual amounts available for any purpose	<u>252,625</u>
Fund balance of the General Fund as of June 30, 2013	<u>\$107,585,144</u>

Overview of the Financial Statements

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

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the OCFA's finances, in a manner similar to a private-sector business. All public safety activities of the OCFA are reported as governmental activities, since they are principally supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 23-24 of this report.

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

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

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

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

The OCFA maintains five individual governmental funds. Information is presented separately in the fund financial statements for all five governmental funds, since the OCFA has elected to classify all governmental funds as major funds. The OCFA adopts an annual appropriated budget for each governmental fund. Budgetary comparison statements and schedules have been provided for the governmental funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 26-34 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 35-36 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 37-76 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 77-87 of this report.

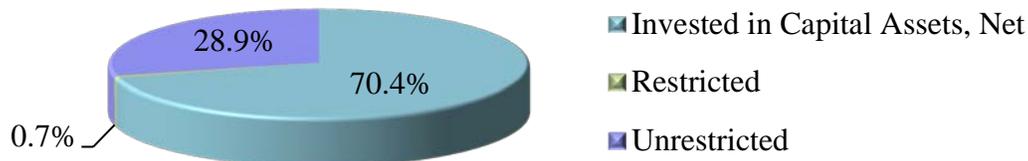
Government-wide Financial Analysis

Net Position: As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of OCFA, assets exceeded liabilities by \$257,564,704 at the end of the most recent fiscal year, a 4.0% decrease from the prior fiscal year. Following is a summary of the OCFA's net position as of June 30, 2013 and 2012:

ORANGE COUNTY FIRE AUTHORITY's Net Position

Governmental Activities	June 30, 2013	June 30, 2012	Increase (Decrease)	
			Amount	%
Assets:				
Current and other assets	\$ 199,310,209	\$ 180,113,835	\$ 19,196,374	10.7%
Capital assets	194,306,205	198,690,035	(4,383,830)	-2.2%
Total assets	<u>393,616,414</u>	<u>378,803,870</u>	<u>14,812,544</u>	3.9%
Liabilities:				
Long-term liabilities	116,564,191	96,694,605	19,869,586	20.5%
Other liabilities	19,487,519	13,821,065	5,666,454	41.0%
Total liabilities	<u>136,051,710</u>	<u>110,515,670</u>	<u>25,536,040</u>	23.1%
Net position:				
Net investment in capital assets	181,363,364	183,584,385	(2,221,021)	-1.2%
Restricted for:				
Capital projects	1,553,182	1,553,182	-	0.0%
Self-contained breathing apparatus grant	-	1,501,712	(1,501,712)	-100.0%
Other purposes	137,676	198,075	(60,399)	-30.5%
Unrestricted	<u>74,510,482</u>	<u>81,450,846</u>	<u>(6,940,364)</u>	-8.5%
Total net position	<u>\$ 257,564,704</u>	<u>\$ 268,288,200</u>	<u>\$ (10,723,496)</u>	-4.0%

Net Position of Governmental Activities at June 30, 2013



- At the end of the current and prior fiscal years, the OCFA reported positive balances in all three categories of governmental activities net position:
 - At June 30, 2013, the largest portion of OCFA's net position (70.4%) reflects its investment in capital assets, less related outstanding debt used to acquire those assets. The OCFA uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the OCFA's investment in its capital assets is reported net of related debt, it should be noted that the repayment of any debt issued to acquire capital assets must be from other sources. The OCFA cannot sell the assets to obtain funding.

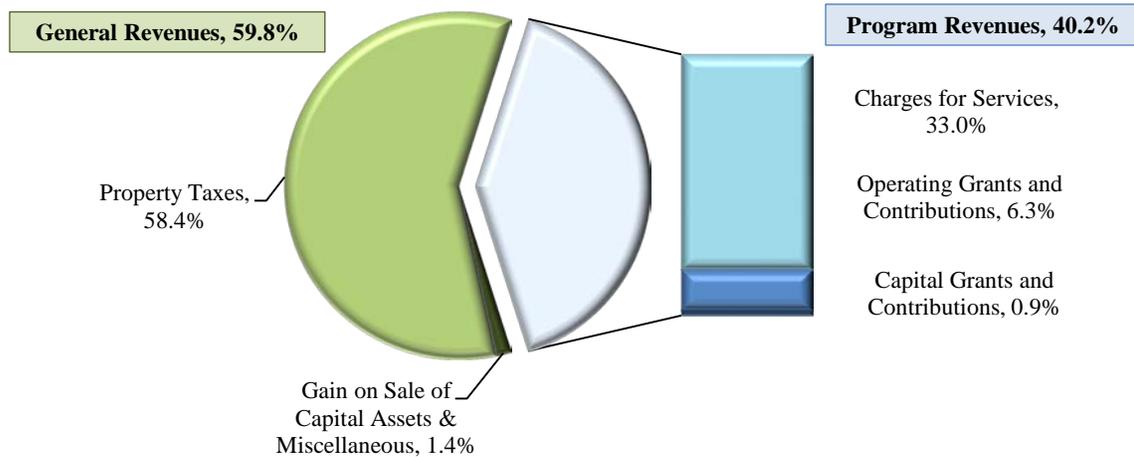
- An additional portion of OCFA’s net position (0.7%) represents resources that are subject to external restrictions on how they may be used. Restricted net assets relate to developer contributions and CALFIRE contract revenues that are legally restricted for new fire station development or improvements to existing fire stations, as well as donations received for specific programs and unperformed purchase orders and contracts for grant-funded programs.
- The remaining balance of net position is considered unrestricted (28.9%) and may be used to meet the OCFA’s ongoing obligations to citizens and creditors.

Changes in Net Position: Governmental activities decreased the OCFA’s net position by \$10,723,496 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 position for Fiscal Year 2012/13 and Fiscal Year 2011/12:

ORANGE COUNTY FIRE AUTHORITY's Changes in Net Position

Governmental Activities	FY 2012/13	FY 2011/12	Increase (Decrease)	
			Amount	%
Program revenues:				
Charges for services	\$ 102,875,410	\$ 76,347,126	\$ 26,528,284	34.7%
Operating grants and contributions	19,523,853	6,580,681	12,943,172	196.7%
Capital grants and contributions	2,811,180	3,926,275	(1,115,095)	-28.4%
General revenues:				
Property taxes	181,720,253	177,728,290	3,991,963	2.2%
Investment income	(136,493)	524,602	(661,095)	-126.0%
Gain on sale of capital assets	11,924	79,705	(67,781)	-85.0%
Miscellaneous	4,329,603	2,420,723	1,908,880	78.9%
Total revenues	<u>311,135,730</u>	<u>267,607,402</u>	<u>43,528,328</u>	16.3%
Public safety expenses:				
Salaries and benefits	264,067,489	240,084,607	23,982,882	10.0%
Services and supplies	45,879,501	37,069,099	8,810,402	23.8%
Depreciation and amortization	9,793,491	9,300,853	492,638	5.3%
Interest on long-term debt	367,701	494,014	(126,313)	-25.6%
Total expenses	<u>320,108,182</u>	<u>286,948,573</u>	<u>33,159,609</u>	11.6%
Change in net assets	(8,972,452)	(19,341,171)	10,368,719	-53.6%
Net position, beginning of year	268,288,200	287,629,371	(19,341,171)	
Prior period adjustment	(1,751,044)	-	(1,751,044)	
Net position, end of year	<u>\$ 257,564,704</u>	<u>\$ 268,288,200</u>	<u>\$ (10,723,496)</u>	-4.0%

Revenues of Governmental Activities - by Source Fiscal Year 2012/13



- Program revenues, which totaled \$125,210,443 for Fiscal Year 2012/13 and accounted for 40.2% of total revenues, increased by \$38,356,361 (44.2%) over the prior fiscal year. Following is a description of each program revenue type, followed by an explanation of what contributed to the net increase or decrease from the prior fiscal year.
 - Charges for services include amounts received from those who purchase, use or directly benefit from or are affected by a program. These revenues increased by \$26,528,284 (34.7%) over the prior fiscal year.

Amount	Reason for Increase / Decrease
+\$24,500,000	Charges to cash contract cities increased by \$24.5 million. Since the City of Santa Ana became a member of the OCFA in April 2012, total revenue for the first full year of service in Fiscal Year 2012/13 increased by \$23.9 million. This increase reflected all base contract charges, net of decreases for one-time start-up costs and general leave bank reimbursements that were recognized as revenue in the prior fiscal year. Charges for all other cash contract cities, except the City of Stanton, also increased by \$1.07 million per terms of the Joint Powers Agreement. At the city's request, OCFA's Board of Directors approved service reductions within the City of Stanton in July 2012, resulting in a \$470,000 reduction in their annual contract charge.
+\$825,000	Fee-based fire prevention revenues increased by \$825,000, primarily due to planning and development fees for increased fire sprinkler permit activity.
+\$1,000,000	Reimbursements for state and federal incidents increased by \$1.0 million. State assistance by hire services performed for the California Department of Forestry (CALFIRE) and the California Emergency Management Agency (CAL EMA) increased by \$600,000. Reimbursements for state incidents were more in the current fiscal year, primarily due to major Fiscal Year 2012/13 incidents such as the Ponderosa Fire and Vallecito Lightning Complex Fires in August 2012, and the Powerhouse Fire in June 2013. Federal assistance by hire services performed for Cleveland National Forest increased by \$400,000, primarily due to major Fiscal Year 2012/13 incidents such as the North Pass and Fort Complex Fires in August 2012, and the Powerhouse Fire in June 2013.
+\$175,000	Revenues for ambulance transport and supplies reimbursement increased by \$175,000.
+\$26,500,000	Charges for services – net increase

- Operating grants and contributions include grants, contributions, donations and similar items that are restricted to one or more specific program. These revenues increased by \$12,943,172 (196.7%) over the prior fiscal year.

Amount	Reason for Increase / Decrease
+\$12,300,000	Tax increment passed through from member cities and one-time tax increment passed through from the County of Orange increased by \$1.6 million and \$10.7 million, respectively. In Fiscal Year 2011/12, the State of California dissolved its 60-year old redevelopment program, and city redevelopment agencies were replaced with successor agencies to manage the wind-down of the program. Property tax increment that was formerly passed through to OCFA by various member cities has now been deposited into the newly formed Redevelopment Property Tax Trust Fund, from which the County of Orange Auditor/Controller makes disbursements.
+\$400,000	Because of the increase in the number of firefighters that transitioned from the City of Santa Ana in April 2012, revenue from Santa Ana College for student enrollment increased by \$400,000.
+\$320,000	Reimbursements for federal operating grants increased by \$320,000. Reimbursements from the Federal Emergency Management Agency for the Urban Search and Rescue program increased by \$170,000. Also, reimbursements passed through the Orange County Sheriff's Department for a Terrorism Liaison Officer position funded by the Homeland Security grant program increased by \$150,000.
-\$70,000	Miscellaneous state revenue decreased by \$70,000, primarily due a Fiscal Year 2011/12 reimbursement from the California Fire and Rescue Training Authority for a mobilization and deployment exercise (MOBEX) conducted in December 2011.
+\$12,950,000	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 \$1,115,095 (28.4%) from the prior fiscal year.

Amount	Reason for Increase / Decrease
-\$3,900,000	Capital assets contributed to the OCFA decreased by \$3,900,000, primarily due to the acquisition of various fire apparatus, vehicles and equipment from the City of Santa Ana during Fiscal Year 2011/12.
+\$2,270,000	Revenues from federal capital grants increased by \$2,270,000. In Fiscal Year 2012/13, OCFA received \$1.39 million from the Assistance to Firefighters grant program for the purchase of 447 self-contained breathing apparatus; \$810,000 from the Homeland Security grant program for the purchase of two command trailers and tow vehicles; and \$70,000 from the Urban Search and Rescue program for the purchase of one pickup truck. There were no capital-related grants received in Fiscal Year 2011/12.
+\$530,000	Revenues from developer contributions increased by \$530,000, per the terms of two Secured Fire Protection Agreements. In Fiscal Year 2011/12, OCFA received the first of three contributions from LR8 in the amount of \$10,000 for the Lambert Ranch development in the City of Irvine. In Fiscal Year 2012/13, two additional contributions from LR8 were received totaling \$90,000, as well as a \$450,000 contribution from Heritage Fields El Toro LLC for development at the Great Park in the City of Irvine.
-\$1,100,000	Capital grants and contributions – net decrease

- General revenues, which totaled \$185,925,287 for Fiscal Year 2012/13 and accounted for 59.8% of total revenues, increased by \$5,171,967 (2.9%) over the prior fiscal year. Following is a description of each general revenue type and an explanation of what contributed to the net increase or decrease from the prior fiscal year.
 - The largest general revenue, property taxes, increased by \$3,991,963 (2.2%) over the prior fiscal year, primarily due to increases in secured property taxes.
 - Investment income decreased by \$661,095 (126.0%). An overall declining rate of return on the investment portfolio attributed to approximately \$100,000 of the decrease. The OCFA’s year-to-date effective rate of return as of June 30, 2013 was 0.31%, as compared to 0.39% as of June 30, 2012. In addition, in accordance with GASB Statement No. 31, OCFA adjusts its investments to market value as of June 30 each year. This resulted in an overall investment loss in Fiscal Year 2012/13, and attributed to approximately \$550,000 of the decrease in total investment income as compared to the prior fiscal year. The market value adjustment is a “paper only” transaction, and no actual investment losses have been recognized since OCFA typically holds its investments to maturity. The components of investment income are summarized below:

	FY 2012/13	FY 2011/12	Increase (Decrease)
Portfolio earnings	\$ 428,067	\$526,037	\$(97,970)
Market value gain (loss)	(564,560)	(1,435)	(563,125)
Total fiscal year revenue	\$(136,493)	\$524,602	\$(661,095)

- Gain on sale of capital assets decreased by \$67,781 (85.0%). A net gain on the sale of various fully-depreciated fire apparatus and other vehicles was recognized in both the current and prior fiscal years. However, only two vehicles were sold in Fiscal Year 2012/13, as compared to seventeen vehicles sold in Fiscal Year 2011/12.
- Miscellaneous revenues increased by \$1,908,880 (78.9%), primarily relating to amounts received from the Orange County Professional Firefighters Association IAFF Local 3631 in connection with the contract governing OCFA’s contributions to the firefighter medical trust.

**Expenses of Governmental Activities - by Type
Fiscal Year 2012/13**



- Total expenses increased by \$33,159,609 (11.6%) 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 \$23,982,882 (10.0%) over the prior fiscal year.

Amount	Reason for Increase / Decrease
+\$26,850,000	The reasons for increases and decreases to the following categories of salaries and benefits are further explained in the <i>Major Governmental Funds – General Fund</i> portion of this Management’s Discussion and Analysis: <ul style="list-style-type: none"> ➤ Regular pay: +\$10,900,000 ➤ Retirement: +\$5,500,000 ➤ Overtime: +\$4,300,000 ➤ Employee group health insurance and other benefits: +\$3,000,000 ➤ Other pay: +\$1,950,000 ➤ Vacation and sick leave payouts: +\$700,000 ➤ Other benefits: +\$400,000 ➤ Extra help: +\$100,000
-\$3,200,000	Compensated absences for earned but unused leave balances decreased by \$3,200,000 in Fiscal Year 2012/13. When the City of Santa Ana became a member city in April 2012, a general leave bank was established for transitioning personnel. OCFA pays amounts due to employees as time is used, and the city then reimburses those amounts to OCFA. The initial leave bank amount of \$2.4 million was recognized as an expense and an increase to OCFA’s overall compensated absences liability in the prior fiscal year, which caused a significant decrease to the expense when compared to the current fiscal year.
+\$350,000	Other post-employment benefit (OPEB) cost for the defined benefit Retiree Medical Plan increased by \$350,000. 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 completed every other year.
+\$24,000,000	Salaries and benefits – net increase

- Services and supplies increased by \$8,810,402 (23.8%) over the prior fiscal year.

Amount	Reason for Increase / Decrease																
+\$7,000,000	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 of Directors. The change in the actuarial liability estimate, plus actual cash claims paid, is recognized as an expense. Workers’ compensation expense increased by \$7.0 million as follows: <table border="1" style="margin-left: 40px; margin-top: 10px;"> <thead> <tr> <th></th> <th style="text-align: center;">FY 2012/13</th> <th style="text-align: center;">FY 2011/12</th> <th style="text-align: center;">Increase (Decrease)</th> </tr> </thead> <tbody> <tr> <td>Actual claims paid</td> <td style="text-align: right;">\$ 6.0 million</td> <td style="text-align: right;">\$ 6.2 million</td> <td style="text-align: right;">\$(0.2) million</td> </tr> <tr> <td>Change in actuarial estimate</td> <td style="text-align: right;">13.3 million</td> <td style="text-align: right;">6.1 million</td> <td style="text-align: right;">7.2 million</td> </tr> <tr> <td>Total fiscal year expense</td> <td style="text-align: right;">\$19.3 million</td> <td style="text-align: right;">\$12.3 million</td> <td style="text-align: right;">\$ 7.0 million</td> </tr> </tbody> </table>		FY 2012/13	FY 2011/12	Increase (Decrease)	Actual claims paid	\$ 6.0 million	\$ 6.2 million	\$(0.2) million	Change in actuarial estimate	13.3 million	6.1 million	7.2 million	Total fiscal year expense	\$19.3 million	\$12.3 million	\$ 7.0 million
	FY 2012/13	FY 2011/12	Increase (Decrease)														
Actual claims paid	\$ 6.0 million	\$ 6.2 million	\$(0.2) million														
Change in actuarial estimate	13.3 million	6.1 million	7.2 million														
Total fiscal year expense	\$19.3 million	\$12.3 million	\$ 7.0 million														
+\$2,050,000	Special department expenses increased by \$2,050,000, which was primarily due to the purchase of 447 self-contained breathing apparatus (SCBA), and mass casualty incident supplies for the Metropolitan Medical Response System (MMRS). These purchases were funded by federal grants, with the MMRS grant being assumed from the City of Santa Ana.																

(Continued on next page)

Amount	Reason for Increase / Decrease
<i>(Continued)</i>	
-\$1,300,000	The City of Santa Ana agreed to reimburse OCFA for up to \$1,580,439 of start-up costs relating to the transition of fire and emergency medical services in April 2012. As of June 30, 2012, OCFA had incurred \$1,551,040 of those start-up costs, with an additional \$133,884 incurred during Fiscal Year 2012/13. OCFA's total actual start-up costs exceeded the reimbursable amount by \$104,485. The following summarizes the change in start-up costs between the current and prior fiscal years:
	Increase (Decrease)
Description	FY 2012/13 FY 2011/12
Various special department expenses (i.e., portable VHF radios, hand tools, physical fitness equipment, station alarm electrical and installation, etc.)	\$ 35,000 \$ 380,000 \$(345,000)
Clothing and personal supplies	20,000 290,000 (270,000)
Employee physicals	- 200,000 (200,000)
Computer programming / maintenance and data processing	65,000 200,000 (135,000)
Medical and advanced life support supplies	- 95,000 (95,000)
Office equipment and supplies	- 90,000 (90,000)
Equipment and building maintenance	- 80,000 (80,000)
Miscellaneous professional services and other expenses	- 85,000 (85,000)
Subtotal – services and supplies	\$120,000 \$1,420,000 \$(1,300,000)
Staff overtime and extra help	5,000 90,000 (85,000)
Capitalized equipment	5,000 40,000 (35,000)
Total start-up costs	\$130,000 \$1,550,000 \$(1,420,000)
+\$600,000	Equipment and computer maintenance increased by \$600,000, primarily due to vehicle maintenance on 23 vehicles acquired from the City of Santa Ana in April 2012. In addition, significant helicopter maintenance projects occurred in Fiscal Year 2012/13, including a ten-year overhaul of a hoist assembly and a five-year inspection of one of the newer Bell helicopters.
+\$400,000	Utilities and communications charges increased by \$400,000, primarily due to rising rates and the April 2012 transition of ten new fire stations in the City of Santa Ana. In addition, electricity and water utilities increased for the Regional Fire Operations and Training Center (RFOTC) due to higher rates and usage, respectively. The increased water usage was necessitated by a water tender academy, an engineer's academy, and flowing the swift water pit.
+\$350,000	Professional services increased by \$350,000. The most significant individual increase pertained to the annual property tax administration fee assessed by the County of Orange, which increased by \$250,000 over the prior fiscal year.
-\$285,000	During Fiscal Year 2011/12, OCFA incurred \$285,000 of issuance costs to refinance the 2008 helicopter lease purchase agreement.
+\$8,815,000	Services and supplies – net increase

- Depreciation and amortization expense, which had no impact on the OCFA's cash balances, increased by \$492,638 (5.3%). Fiscal Year 2012/13 was the first full year of service for vehicles and equipment acquired from the City of Santa Ana in April 2012, resulting in increased depreciation in the amounts of \$460,000 for vehicles and \$75,000 for equipment. These increases were partially offset by decreases for

vehicles and equipment that reached the end of their useful lives during Fiscal Year 2011/12, including two 1995 Quints (\$35,000) and two 2005 trailers (\$10,000).

- Interest on long-term debt decreased by \$126,313 (25.6%) from the prior fiscal year. The lease terms for the 2008 helicopter lease purchase agreement were refinanced during Fiscal Year 2011/12, resulting in a lower interest rate and lower overall monthly debt service payments.

Financial Analysis of the OCFA’s Funds

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

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

At the end of Fiscal Year 2012/13, OCFA’s governmental funds reported combined ending fund balances of \$176,807,734, an increase of \$14,515,290 in comparison with the prior fiscal year. Approximately 14.6% constitutes unassigned fund balance, which is available for spending for any purpose. The remaining 85.4% 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 2012/13, the General Fund’s fund balance totaled \$107,585,144.
 - Unassigned fund balance totaling \$25,782,851 (24.0%) is available for future spending. The remaining \$81,802,293 (76.0%) 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.
 - Total fund balance of the OCFA’s General Fund increased by \$23,040,378 during the current fiscal year. The prior fiscal year’s fund balance increased by \$1,055,695, a difference of \$21,984,683.

Impact on Fund Balance	Description
+\$4,000,000	Revenue from property taxes increased by \$4.0 million, primarily due to an increase in secured property taxes.
+\$15,100,000	Intergovernmental revenue increased by \$15.1 million. The most significant increase pertained to ongoing tax increment passed through from member cities (\$1.6 million) and one-time tax increment passed through from the County of Orange (\$10.7 million), due to the dissolution of the State of California redevelopment program during Fiscal Year 2011/12. Other significant increases in Fiscal Year 2012/13 included various federal grant reimbursements (\$1.8 million), and state and federal assistance by hire revenue due to increased emergency response activity (\$1.0 million).
+\$29,970,000	Charges for services increased by \$29.97 million, primarily due to significant increases in cash contract city operating charges and leave balance reimbursements brought about by the addition of the City of Santa Ana as a member city in April 2012 (\$28.5 million). Operating charges for all other cash contract cities, except the City of Stanton, also increased per terms of the Joint Powers Agreement (\$1.1 million). Service reductions were requested by the City of Stanton and approved by OCFA's Board of Directors in July 2012, resulting in a reduction in the city's annual operating charge (\$455,000). Planning and development fees increased in Fiscal Year 2012/13 by \$825,000, primarily due to increased permit activity for fire sprinklers.
-\$320,000	Use of money and property decreased by \$320,000 due to an overall declining rate of return on the investment portfolio, as well as a \$290,000 market value investment loss that was allocated to the General Fund.
+\$2,450,000	Miscellaneous revenue increased by \$2,450,000, primarily due to amounts received from the Orange County Professional Firefighters Association IAFF Local 3631 in connection with the contract governing OCFA's contributions to the firefighter medical trust. Other increases were due to student enrollment revenue from Santa Ana College and a one-time reimbursement from the County of Orange for underground storage tank clean-up.
-\$26,850,000	Salaries and benefits expenditures increased by \$26.85 million over the prior fiscal year. <ul style="list-style-type: none"> <li style="margin-left: 20px;">-\$10,900,000 ➤ The \$10.9 million increase in regular pay was due primarily to 197 employees hired from the City of Santa Ana effective April 20, 2012. <li style="margin-left: 20px;">-\$5,500,000 ➤ Retirement costs increased by \$5.5 million. Employer contributions for new Santa Ana employees caused costs to increase by \$5.2 million. There was also a \$300,000 decline in the annual savings achieved by pre-paying a portion of the subsequent fiscal year's contributions to OCERS. <li style="margin-left: 20px;">-\$4,300,000 ➤ Overtime costs increased by \$4.3 million, which included backfill for open/vacant suppression positions, as well as backfill for suppression personnel on workers' compensation or those utilizing leave balances. Other significant increases included overtime for emergency incident response, training, and academies. <li style="margin-left: 20px;">-\$3,000,000 ➤ Employee group health insurance and other benefits increased by \$3.0 million, due primarily to increases in firefighter health insurance premiums associated with additional suppression personnel hired from the City of Santa Ana.

(Continued on next page)

Impact on Fund Balance	Description
<i>(Continued)</i>	
-\$1,950,000	➤ Other pay for educational incentives, paramedic and EMT bonuses, bilingual pay, and other specialty pay, increased by \$2.35 million. This increase was due primarily to the increase in the number of suppression personnel hired from the City of Santa Ana. Other pay for employees on workers' compensation decreased by \$400,000. Although the total number of employees utilizing workers' compensation increased during Fiscal Year 2012/13, there were fewer long-term claims for large dollar amounts.
-\$700,000	➤ Vacation and sick leave payouts increased by \$700,000, primarily due to the retirement of several long-term personnel.
-\$400,000	➤ Other benefits increased by \$400,000, which primarily pertained to Medicare and FICA paid increases for new employees hired from the City of Santa Ana.
-\$100,000	➤ Extra help costs increased by \$100,000, primarily due to staff temporarily hired to fill in vacant positions in Human Resources and Fire Prevention, as well as additional hours worked by part-time Multimedia staff. These increases were offset by reductions for the elimination of several part-time Urban Search and Rescue positions, which were converted to two permanent positions during Fiscal Year 2012/13.
-\$2,050,000	Services and supplies expenditures increased by \$2.05 million over the prior fiscal year.
-\$1,945,000	➤ Special department expenditures increased by \$1.945 million, which was primarily due to the purchase of 447 self-contained breathing apparatus (SCBA), and mass casualty incident supplies for the Metropolitan Medical Response System (MMRS). These purchases were funded by federal grants, with the MMRS grant being assumed from the City of Santa Ana.
+\$1,300,000	➤ In Fiscal Year 2011/12, OCFA incurred \$1.42 million of reimbursable services and supplies cost relating to the transition of fire and emergency medical services from the City of Santa Ana. The transition occurred in April 2012, with an additional \$120,000 of start-up costs for services and supplies incurred in Fiscal Year 2012/13.
-\$560,000	➤ Equipment maintenance increased by \$560,000, primarily due to vehicle maintenance on 23 vehicles acquired from the City of Santa Ana in April 2012. In addition, significant helicopter maintenance projects occurred in Fiscal Year 2012/13, including a ten-year overhaul of a hoist assembly and a five-year inspection of one of the newer Bell helicopters.
-\$400,000	➤ Utilities and communications charges increased by \$400,000, primarily due to rising rates and the April 2012 transition of ten new fire stations in the City of Santa Ana. In addition, electricity and water utilities increased for the Regional Fire Operations and Training Center (RFOTC) due to higher rates and usage, respectively. The increased water usage was necessitated by a water tender academy, an engineer's academy, and flowing the swift water pit.
<i>Continued on next page</i>	

Impact on Fund Balance	Description
<i>(Continued)</i>	
-\$370,000	➤ Professional services increased by \$370,000. Significant increases pertained to the annual property tax administration fee assessed by the County of Orange; employee physicals necessitated by new employees from the City of Santa Ana; the annual workers' compensation assessment charge; the Standards of Cover project; pre-employment background checks; audit fees; and the internal inspection of OCFA's hazardous materials inspection files. These increases were partially offset by decreases in legal fees and workers' compensation claims paid.
+\$135,000	➤ Small tools and instruments decreased by \$135,000, primarily due to the purchase of flashlights and swift water gear in Fiscal Year 2011/12.
-\$125,000	➤ More medical supplies were purchased in Fiscal Year 2012/13 due to the addition of Santa Ana as an OCFA member city, resulting in a \$125,000 expenditure increase.
-\$85,000	➤ The cost of employee travel increased by \$85,000, due primarily to training classes relating to the helicopter program, the Urban Search and Rescue grant program, and arson investigation.
+\$170,000	Capital outlay decreased by \$170,000, primarily due to fourteen spreaders and five defibrillators that were purchased in Fiscal Year 2011/12. The most significant purchase in Fiscal Year 2012/13 was a pickup truck for use in the Urban Search and Rescue program.
-\$90,000	Proceeds from the sale of capital and other assets decreased by \$90,000, primarily due to the sale of two vehicles in Fiscal Year 2012/13, as compared to seventeen vehicles sold in Fiscal Year 2011/12.
-\$380,000	Transfers out to other funds increased by \$380,000.
+\$22,000,000	General Fund – net impact on fund balance

- The *Facilities Maintenance & Improvements Fund* had total fund balance of \$2,584,684 at the end of Fiscal Year 2012/13.
 - Fund balance was assigned to the capital improvement program (\$2,577,414) and various facilities projects (\$7,270).
 - Total fund balance decreased by \$695,037 during the current fiscal year. The prior fiscal year's fund balance decreased by \$844,130, a difference of \$149,093.

Impact on Fund Balance	Description
+\$40,000	Charges for services increased by \$40,000 due primarily to amounts charged to John Wayne Airport and cash contract cities for improvements at Airport-owned and city-owned fire stations.
-\$15,000	Use of money and property decreased by \$15,000, due primarily to a market value investment loss allocated to the fund.

Continued on next page

Impact on Fund Balance	Description
<i>(Continued)</i>	
+\$125,000	Services and supplies expenditures pertaining to building maintenance decreased by \$125,000. During Fiscal Year 2011/12, there was a significant project to overhaul the kitchen at Station No. 4 (Irvine). Significant maintenance projects during Fiscal Year 2012/13 included the installation of privacy sleeping cubicles at Station No. 73 (Santa Ana) and various repair and/or replacement projects at Station No. 49 (Laguna Niguel), such as air conditioning, a wood patio, and the fire alarm system.
+\$150,000 Facilities Maintenance & Improvements Fund – net impact on fund balance	

- The *Communications & Information Systems Fund* had total fund balance of \$19,079,126 at the end of Fiscal Year 2012/13.
 - Fund balance pertaining to prepaid items (\$124,314) was classified as nonspendable. The remaining fund balance was assigned to the capital improvement program (\$17,181,281) and various communications and information technologies projects (\$1,773,531).
 - Total fund balance decreased by \$3,128,061 during the current fiscal year. The prior fiscal year’s fund balance decreased by \$1,519,005, a difference of \$1,609,056.

Impact on Fund Balance	Description
-\$100,000	Use of money and property decreased by \$100,000, due primarily to a market value investment loss allocated to the fund.
-\$70,000	Miscellaneous revenue decreased by \$70,000 primarily due to the cost share paid to OCFA by other fire agencies participating in the web-based mapping (GIS) and regional Automated Vehicle Location (AVL) systems. Beginning in Fiscal Year 2012/13, those annual charges were accounted for in the General Fund in order to match revenues with associated operating costs.
+\$210,000	Services and supplies expenditures decreased by \$210,000. Significant Fiscal Year 2011/12 costs included the purchase of mobile data computers and mobile radios, along with the cost of installation onto fire apparatus. In Fiscal Year 2012/13, a Data Center contractor filled a vacant full-time position, resulting in a temporary decline in professional service costs until the contractor position could be re-filled. The most significant purchase in Fiscal Year 2012/13 was more than 100 Airlink AVL modems.
-\$1,990,000	Capital outlay expenditures increased by \$1,990,000, primarily pertaining to the Computer Aided Dispatch portion of the Public Safety Systems Project, which commenced development in Fiscal Year 2012/13. Other significant current year projects and purchases included the Wireless Network project, servers and virtual storage, and a new asset management system for communications and information systems equipment.
+\$340,000	Transfers in from the General Fund increased by \$340,000.
-\$1,610,000 Communications & Information Systems Fund – net impact on fund balance	

- The **Vehicle Replacement Fund** had total fund balance of \$30,875,249 at the end of Fiscal Year 2012/13.
 - Fund balance pertaining to prepaid items (\$228,004) was classified as nonspendable. The remaining fund balance was assigned to the capital improvement program (\$28,588,494) and purchase of various fire apparatus and vehicles (\$2,058,751).
 - Total fund balance decreased by \$3,497,873 during the current fiscal year. The prior fiscal year's fund balance decreased by \$1,567,441, a difference of \$1,930,432.

Impact on Fund Balance	Description
+\$880,000	Intergovernmental revenue increased by \$880,000, which related to reimbursements for one pickup truck and two command trailers and tow vehicles that were purchased with federal grant funding via the Urban Search and Rescue and Homeland Security grant programs, respectively.
+\$345,000	Charges for services increased by \$345,000, primarily due to the full annual amount charged to the City of Santa Ana for its share of OCFA's vehicle replacement costs. Cash contract vehicle charges also increased for the cities of Buena Park, Placentia, San Clemente, Seal Beach, and Tustin, in accordance with the terms of the Joint Powers Agreement. These increases were offset by decreases in the annual charge to the City of Stanton (due to service reductions approved by the Board of Directors in July 2012), and the City of Westminster (due to the removal of OCFA's emergency transport units in July 2012).
-\$165,000	Use of money and property decreased by \$165,000, due primarily to a market value investment loss allocated to the fund.
-\$75,000	Services and supplies increased by \$75,000, primarily due to the purchase of various non-capital equipment items needed to outfit the two new command trailers and tow vehicles.
-\$2,955,000	Capital outlay expenditures to purchase and outfit vehicles increased by \$2.955 million. Significant purchases in Fiscal Year 2012/13 included three Type 1 wildland interface engines, two Type 3 engines, two command trailers and tow vehicles, five pickup trucks, and one dozer transport trailer. In addition, a portable satellite and two portable receivers were purchased as stand-alone equipment to outfit the two new command trailers.
+\$40,000	Transfers in from the General Fund increased by \$40,000.
-\$1,930,000	Vehicle Replacement Fund – net impact on fund balance

- The **Facilities Replacement Fund** had total fund balance of \$16,683,531 at the end of Fiscal Year 2012/13.
 - Fund balance pertaining to developer contributions received for future fire station construction (\$1,553,182) was classified as restricted. The remaining fund balance was assigned to the capital improvement program (\$15,130,349).
 - Total fund balance increased by \$546,927 during the current fiscal year. The prior fiscal year's fund balance decreased by \$89,702, a difference of \$636,629.

Impact on Fund Balance	Description
-\$40,000	Intergovernmental revenue decreased by \$40,000, which related to the capital portion of OCFA's State Responsibility Area (SRA) contract with CALFIRE.
-\$75,000	Use of money and property decreased by \$75,000, due primarily to a market value investment loss allocated to the fund.
+\$530,000	Developer contributions increased by \$530,000. In Fiscal Year 2011/12, OCFA received the first of three contributions from LR8 in the amount of \$10,000 for the Lambert Ranch development in the City of Irvine. In Fiscal Year 2012/13, two additional contributions from LR8 were received totaling \$90,000, as well as a \$450,000 contribution from Heritage Fields El Toro LLC for development at the Great Park in the City of Irvine.
+\$235,000	Services and supplies and capital outlay expenditures decreased by a combined total of \$235,000. In both the current and prior fiscal years, all expenditures pertained to parking lot construction at new Fire Station No. 17 (Cypress). The new station was placed into service in February 2011, while the subsequent parking lot improvements were placed into service in October 2011.
+\$650,000	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 2012/13.

	Original Budget	Increase (Decrease)	Final Budget	Variance Positive (Negative)	Actual Amounts
Salaries and benefits	\$253,009,466	\$4,869,873	\$257,879,339	\$2,577,426	\$255,301,913
Services and supplies	33,040,057	4,257,045	37,297,102	7,447,283	29,849,819
Capital outlay	114,099	331,798	445,897	195,325	250,572
Interest and fiscal charges	116,250	-	116,250	313	115,937
Transfers out	-	381,222	381,222	-	381,222
	<u>\$286,279,872</u>	<u>\$9,839,938</u>	<u>\$296,119,810</u>	<u>\$10,220,347</u>	<u>\$285,899,463</u>

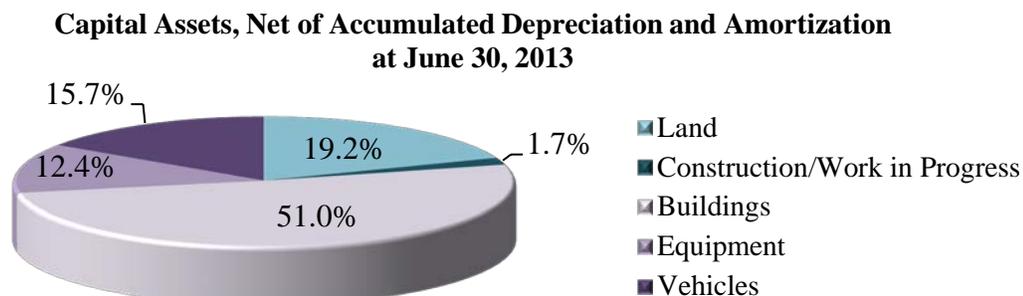
- Budgeted General Fund appropriations increased by \$9,839,938 from the time the original budget was adopted until the end of the fiscal year. Adjustments typically pertained to activities that occurred throughout the year but were either unknown or for which reliable estimates could not be determined at the time of the original budget adoption. Significant adjustments are listed below:

Reason for Adjustment to Original Budget	Amount
State and federal assistance by hire activities	\$3,750,000
Grant activities	2,700,000
Service reductions in the City of Stanton and John Wayne Airport	(1,400,000)
Rising workers' compensation costs	950,000
Extension of the hand crew for six months	800,000
Uncompleted structural fire entitlement projects re-budgeted from the prior fiscal year	550,000
Leave bank usage for employees transitioning from the City of Santa Ana	450,000
Transfers to other funds to fund the capital improvement program	400,000
Rising utility costs	350,000
Ballistic vests and uniform shirts	350,000
Various other appropriations	900,000
Total adjustments	\$9,800,000

- Final budgeted General Fund expenditures exceeded actual amounts by \$10,220,347.
 - The positive variance in salaries and benefits is attributed primarily to \$1.76 million of overtime appropriations approved by the Board of Directors in June 2013 for state and federal assistance by hire activities. OCFA experienced increased fire assistance activity in May and June 2013, and the exact financial impact was unknown at the time. The additional appropriations were approved to ensure that actual costs would not exceed budgeted amounts once all fire claims were processed.
 - The positive variance in services and supplies is attributed primarily to \$3.6 million of workers' compensation costs. The amount budgeted for workers' compensation is based on an actuarially-determined estimate. Actual expenditures for workers' compensation cases typically occur over multiple years, which often attributes to a difference between budgeted costs and actual expenditures during any given fiscal year. In Fiscal Year 2012/13, actual claims paid from the General Fund were substantially less than the actuarial estimate. In addition, \$1.1 million of structural fire fund entitlement projects were budgeted in Fiscal Year 2012/13, but were not actually completed and claimed for reimbursement by the member cities. These expenditures savings, along with \$1.2 million for other uncompleted projects, will be re-budgeted as needed to Fiscal Year 2013/14.

Capital Assets and Debt Administration

Capital Assets: The OCFA's investment in capital assets for its government activities at the end of Fiscal Year 2012/13 totaled \$194,306,205 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, equipment, vehicles, work in progress and construction in progress. Net capital assets decreased from the prior fiscal year by \$4,383,830 (2.2%). Following is a summary of net capital assets by type for the current and prior fiscal years.



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

Governmental Activities

	Land	Work in Progress	Buildings	Equipment	Vehicles	Total
Historical cost	\$ 37,387,850	\$ 3,384,527	\$ 129,326,927	\$ 54,832,732	\$ 69,509,766	\$ 294,441,802
Accumulated depreciation	-	-	(30,239,987)	(30,805,925)	(39,089,685)	(100,135,597)
Net as of June 30, 2013	<u>\$ 37,387,850</u>	<u>\$ 3,384,527</u>	<u>\$ 99,086,940</u>	<u>\$ 24,026,807</u>	<u>\$ 30,420,081</u>	<u>\$ 194,306,205</u>
Historical cost	\$ 37,387,850	\$ 41,197	\$ 129,326,927	\$ 54,569,962	\$ 68,624,259	\$ 289,950,195
Accumulated depreciation	-	-	(27,377,368)	(28,357,381)	(35,525,411)	(91,260,160)
Net as of June 30, 2012	<u>\$ 37,387,850</u>	<u>\$ 41,197</u>	<u>\$ 101,949,559</u>	<u>\$ 26,212,581</u>	<u>\$ 33,098,848</u>	<u>\$ 198,690,035</u>
Historical cost	\$ -	\$ 3,343,330	\$ -	\$ 262,770	\$ 885,507	\$ 4,491,607
Accumulated depreciation	-	-	(2,862,619)	(2,448,544)	(3,564,274)	(8,875,437)
Increase (decrease)	<u>\$ -</u>	<u>\$ 3,343,330</u>	<u>\$ (2,862,619)</u>	<u>\$ (2,185,774)</u>	<u>\$ (2,678,767)</u>	<u>\$ (4,383,830)</u>
	0.0%	8115.5%	-2.8%	-8.3%	-8.1%	-2.2%

Major capital asset additions during Fiscal Year 2012/13 included the following:

- Work in progress (WIP) accounted for twelve projects during Fiscal Year 2012/13, one of which was placed into service and eleven 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 2012/13 were for two Type 3 engines (\$780,000), two command trailers (\$420,000) and two tow vehicles (\$160,000). One vehicle improvement, a compressed air foam system (\$20,000) installed on a 100' tractor drawn aerial truck from the City of Santa Ana, was completed and transferred to the vehicles category during Fiscal Year 2012/13.
 - Communications and information system projects are also classified as WIP at year-end if they are implemented over the span of multiple fiscal years. The most significant additions were for the replacement Computer Aided Dispatch system (\$1.5 million) and the Wireless Project (\$330,000), both of which were classified as WIP at year-end.
- The most significant equipment purchases during Fiscal Year 2012/13 were eleven servers and virtual storage (\$125,000); a portable satellite (\$50,000) and two portable receivers (\$100,000) for use on the new command trailers; a Cozad trailer (\$75,000); ten portable radios (\$50,000) and two chemical agent detectors (\$20,000) for the Urban Search and Rescue cache; and a new asset management system (\$40,000).
- Five vehicles and one vehicle improvement were added to the OCFA's fleet during Fiscal Year 2012/13, including one that was transferred from WIP (\$20,000), and five that were purchased and placed into service during the fiscal year (\$1,500,000). The vehicle additions were as follows:

Type of Vehicle or Vehicle Improvement	Transferred from WIP	New Purchases	Total
Engine, Type 1 Wildland Interface	-	3	3
Pickup Truck	-	2	2
Compressed Air Foam System	1	-	1
Total vehicle additions	1	5	6

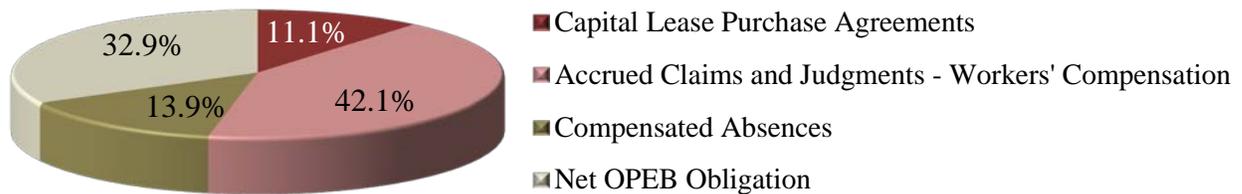
Major capital asset deletions during Fiscal Year 2012/13 included the following:

- Twenty-six capital equipment items were sold, scrapped, or written off during Fiscal Year 2012/13, including eight thermal imaging cameras (\$140,000), eleven servers (\$130,000), and three chemical agent detectors (\$20,000).
- Five vehicles, most of which were fully depreciated, were removed from OCFA’s fleet during Fiscal Year 2012/13. One sport utility vehicle (\$20,000) and one Telesquirt engine (\$350,000) were sold. Two Type 3 engines (\$230,000) were donated to the cities of Orange and Fullerton, and one 110’ tractor drawn aerial (\$5,000) originally purchased in 1988 and acquired by OCFA during the transition was returned to the City of Santa Ana.

Additional information pertaining to the OCFA’s capital assets can be found in Note 8 of the accompanying Notes to the Financial Statements.

Long-term Debt: Total long-term liabilities increased by net \$19,869,586 (20.5%) during Fiscal Year 2012/13.

Long-term Liabilities at June 30, 2013



- The most significant increases to long-term liabilities were for the net other post-employment benefit (OPEB) obligation (\$8.9 million) and workers’ compensation (\$13.3 million).
 - The OPEB obligation pertains to OCFA’s defined benefit Retiree Medical Plan, which provides a monthly grant towards the cost of retirees’ health insurance coverage. The difference between OCFA’s actual contributions and an actuarially-determined annual cost is recorded as an addition to the liability each fiscal year. During Fiscal Year 2012/13, OCFA’s actuarial annual cost was \$13.6 million, but 4% employee withholdings contributed to the plan totaled only \$4.7 million, resulting in an \$8.9 million shortfall.
 - OCFA is self-insured for workers’ compensation, and an actuarial study is completed every year to determine OCFA’s outstanding claims liability. During Fiscal Year 2012/13, the actuarial liability for incurred claims increased by \$19.3 million, but was offset by \$6.0 million of actual claim

payments made during the fiscal year. The net difference of \$13.3 million was recorded as an addition to the outstanding claims liability.

- The most significant decrease to long-term liabilities was for debt service paid on the capital lease obligation, which reduced the total outstanding liability by \$2.2 million.

Additional information on the OCFA’s long-term liabilities can be found in Note 10 of the accompanying Notes to the Financial Statements.

Next Year’s Budget

The Fiscal Year 2013/14 General Operating Fund adopted expenditure budget is approximately \$289.0 million, which is a net decrease of \$1.8 million (0.1%) from the final Fiscal Year 2012/13 General Operating Fund budget totaling \$290.8 million. (These amounts exclude unspent, encumbered appropriations from the prior fiscal year that are effectually re-appropriated in the ensuing year’s budget). The net decrease reflects the impact of the following:

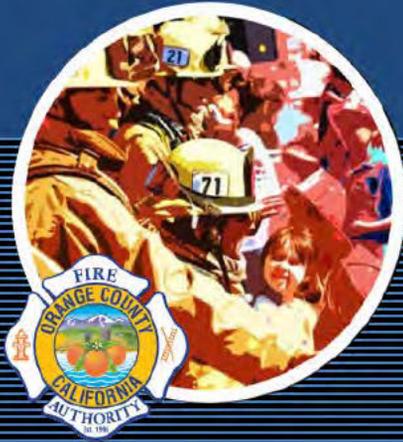
- Budgeted salaries and benefits increased by \$4.1 million. The increase primarily relates to benefits for workers’ compensation and medical insurance, partially offset by decreases for retirement costs.
- Budgeted one-time or grant-related expenditures decreased by \$5.9 million. These items are budgeted as-needed throughout the fiscal year, but are not incorporated into the original base budget at the time of adoption.

The total number of authorized positions in the Fiscal Year 2013/14 budget is 1,342, a decrease of one position from the final, authorized position list as of June 30, 2013. However, the budget reflects funding for only 1,236 of those authorized positions, since frozen vacancies, grant-funded and limited term positions are not included at the time the original budget is adopted. Changes in authorized positions by unit are summarized as follows:

Unit	FY 2013/14 Budget	FY 2012/13 Final	Increase (Decrease)
Firefighter Unit	1,011	1,011	-
Fire Management Unit	45	45	-
General Unit	205	205	-
Supervisory Management Unit	27	28	(1)
Supported Employment Unit	4	4	-
Personnel & Salary Resolution	50	50	-
Total authorized positions	1,342	1,343	(1)

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



2012 Open House

ORANGE COUNTY FIRE AUTHORITY
Statement of Net Position
June 30, 2013
(With Comparative Data for Prior Year)

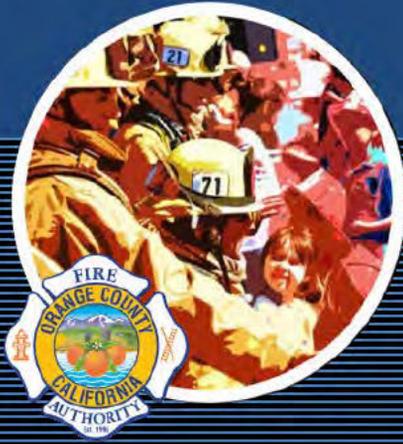
	<u>Primary Government</u>		<u>Component Unit</u>	
	<u>Governmental Activities</u>		<u>OCFA Foundation</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Assets:				
Cash and investments (Note 5)	\$156,668,154	\$144,070,710	\$77,200	\$47,905
Receivables:				
Accounts, net (Note 6)	2,944,138	1,803,896	-	-
Accrued interest	101,712	152,321	3	24
Prepaid costs	27,080,167	23,162,524	162	157
Due from other governments, net (Note 7)	12,516,038	10,924,384	-	-
Capital assets (Note 8):				
Land	37,387,850	37,387,850	-	-
Work in progress	3,384,527	41,197	-	-
Capital assets, net of accumulated depreciation/amortization	153,533,828	161,260,988	-	-
Total assets	393,616,414	378,803,870	77,365	48,086
Liabilities:				
Accounts payable	3,647,221	2,868,663	20	-
Accrued liabilities	12,853,555	10,915,134	-	-
Accrued interest	7,259	8,472	-	-
Unearned revenue (Note 9)	2,956,116	28,796	-	-
Due to other governments	23,368	-	-	-
Long-term liabilities (Note 10):				
Due within one year	13,478,367	12,619,559	-	-
Due beyond one year	103,085,824	84,075,046	-	-
Total liabilities	136,051,710	110,515,670	20	-
Net position:				
Net investment in capital assets (Note 8)	181,363,364	183,584,385	-	-
Restricted for (Note 12b):				
Capital projects	1,553,182	1,553,182	-	-
Self-contained breathing apparatus grant	-	1,501,712	-	-
Other purposes	137,676	198,075	28,810	413
Unrestricted	74,510,482	81,450,846	48,535	47,673
Total net position	\$257,564,704	\$268,288,200	\$77,345	\$48,086

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Statement of Activities
Year ended June 30, 2013
(With Comparative Data for Prior Year)

	<u>Primary Government</u>		<u>Component Unit</u>	
	<u>Governmental Activities</u>		<u>OCFA Foundation</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Expenses:				
Public safety:				
Salaries and benefits	\$ 264,067,489	\$ 240,084,607	\$ -	\$ -
Services and supplies	45,879,501	37,069,099	7,253	684
Depreciation and amortization	9,793,491	9,300,853	-	-
Interest on long-term debt	367,701	494,014	-	-
Total program expenses	320,108,182	286,948,573	7,253	684
Program revenues:				
Public safety:				
Charges for services	102,875,410	76,347,126	-	-
Operating grants and contributions	19,523,853	6,580,681	36,565	750
Capital grants and contributions	2,811,180	3,926,275	-	-
Total program revenues	125,210,443	86,854,082	36,565	750
Net program (expenses) revenues	(194,897,739)	(200,094,491)	29,312	66
General revenues:				
Property taxes	181,720,253	177,728,290	-	-
Investment income	(136,493)	524,602	(53)	185
Gain on sale of capital assets	11,924	79,705	-	-
Miscellaneous	4,329,603	2,420,723	-	-
Total general revenues	185,925,287	180,753,320	(53)	185
Change in net position	(8,972,452)	(19,341,171)	29,259	251
Net position at beginning of year, as restated (Note 4)	266,537,156	287,629,371	48,086	47,835
Net position at end of year	\$ 257,564,704	\$ 268,288,200	\$ 77,345	\$ 48,086

See Notes to the Financial Statements



FUND FINANCIAL STATEMENTS



Delivery of Grant Funded Communications Trailer



Orange County Fire Authority Safety Message

Home Escape Plans

(Part 1 of 3)

In the event of a fire, time is of the essence, every second counts! Escape plans help you get out of your home quickly. Once a fire starts in a home, there is no time to plan on how to get out. You may have only 1-2 minutes to get out safely. Sit down with your family and make a step-by-step plan for escaping a fire in your home.

- **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. This is a spot where you 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.
 - ✓ Make sure you 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.

ORANGE COUNTY FIRE AUTHORITY
Governmental Funds
Balance Sheet
June 30, 2013
(With Comparative Data for Prior Year)

	General Fund	Facilities Maintenance & Improvements
Assets:		
Cash and investments	\$ 87,493,792	\$ 2,761,858
Receivables:		
Accounts, net	2,944,138	-
Accrued interest	32,796	-
Prepaid costs	26,727,849	-
Due from other governments, net	9,674,957	4,750
Total assets	\$ 126,873,532	\$ 2,766,608
Liabilities:		
Accounts payable	\$ 2,471,418	\$ 173,591
Accrued liabilities	12,853,555	-
Unearned revenue	2,905,626	8,333
Due to other governments	23,368	-
Total liabilities	18,253,967	181,924
Deferred Inflows of Resources:		
Unavailable revenue (Note 9)	1,034,421	-
Total deferred inflows of resources	1,034,421	-
Fund balances (Note 12):		
Nonspendable - Prepaid costs	26,727,849	-
Restricted for:		
Capital improvement program	-	-
Executive Management	7,865	-
Operations Department	127,193	-
Fire Prevention Department	2,618	-
Business Services Department	-	-
Committed to - SFF cities enhancements	1,268,160	-
Assigned to:		
Capital improvement program	-	2,577,414
Workers' compensation	53,230,384	-
Executive Management	24,832	-
Operations Department	62,583	-
Fire Prevention Department	55,138	-
Business Services Department	161,126	-
Support Services Department	134,545	-
Facilities projects	-	7,270
Communications and IT projects	-	-
Fire apparatus and other vehicles	-	-
Fire station construction	-	-
Unassigned	25,782,851	-
Total fund balances	107,585,144	2,584,684
Total liabilities, deferred inflows of resources, and fund balances	\$ 126,873,532	\$ 2,766,608

See Notes to the Financial Statements

Capital Projects Funds				
Communications				
& Information Systems	Vehicle Replacement	Facilities Replacement	Total Governmental Funds	
			2013	2012
\$ 19,165,539	\$ 30,622,213	\$ 16,624,752	\$ 156,668,154	\$ 144,070,710
-	-	-	2,944,138	1,803,896
10,137	-	58,779	101,712	152,321
124,314	228,004	-	27,080,167	23,162,524
-	848,537	-	10,528,244	8,529,530
\$ 19,299,990	\$ 31,698,754	\$ 16,683,531	\$ 197,322,415	\$ 177,718,981
\$ 220,864	\$ 781,348	\$ -	\$ 3,647,221	\$ 2,868,663
-	-	-	12,853,555	10,915,134
-	42,157	-	2,956,116	28,796
-	-	-	23,368	-
220,864	823,505	-	19,480,260	13,812,593
-	-	-	1,034,421	1,613,944
-	-	-	1,034,421	1,613,944
124,314	228,004	-	27,080,167	23,162,524
-	-	1,553,182	1,553,182	1,553,182
-	-	-	7,865	60,391
-	-	-	127,193	113,056
-	-	-	2,618	24,628
-	-	-	-	1,501,712
-	-	-	1,268,160	1,372,789
17,181,281	28,588,494	15,130,349	63,477,538	71,446,027
-	-	-	53,230,384	34,146,268
-	-	-	24,832	45,140
-	-	-	62,583	134,227
-	-	-	55,138	49,224
-	-	-	161,126	232,335
-	-	-	134,545	94,138
-	-	-	7,270	42,833
1,773,531	-	-	1,773,531	173,997
-	2,058,751	-	2,058,751	2,377,933
-	-	-	-	10,912
-	-	-	25,782,851	25,751,128
19,079,126	30,875,249	16,683,531	176,807,734	162,292,444
\$ 19,299,990	\$ 31,698,754	\$ 16,683,531	\$ 197,322,415	\$ 177,718,981

ORANGE COUNTY FIRE AUTHORITY
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2013
(With Comparative Data for Prior Year)

	2013	2012
Fund balances of governmental funds	\$ 176,807,734	\$ 162,292,444
<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</p>		
Capital assets	294,441,802	289,950,195
Accumulated depreciation/amortization	(100,135,597)	(91,260,160)
<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. A portion of OCFA's long-term liability for compensated absences is reimbursable by the City of Santa Ana, and therefore offset by a long-term receivable. Long-term receivables are not available to fund the activities of the current period, and are likewise not reported as governmental fund assets. All assets and liabilities, both current and long-term, are reported in the Statement of Net Assets.</p>		
Capital lease purchase agreements	(12,942,841)	(15,105,650)
Accrued claims and judgments	(49,064,929)	(35,798,565)
Compensated absences	(16,239,283)	(16,403,273)
Long-term receivable for compensated absences	1,987,794	2,394,854
Net OPEB obligation	(38,317,138)	(29,387,117)
<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>		
	(7,259)	(8,472)

ORANGE COUNTY FIRE AUTHORITY
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
(Continued)

	<u>2013</u>	<u>2012</u>
Unavailable revenues are reported in the governmental funds if not collected or expected to be collected within the OCFA's availability period. However, amounts relating to unavailable revenues are not reported in the Statement of Net Assets since revenue recognition is not based upon measurable and available criteria.		
Due from other governments - grants	86,158	62,904
Due from other governments - Santa Ana start-up costs	948,263	1,551,040
Net position of governmental activities	<u>\$ 257,564,704</u>	<u>\$ 268,288,200</u>

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2013
(With Comparative Data for Prior Year)

	General Fund	Facilities Maintenance & Improvements
Revenues:		
Taxes	\$ 181,720,253	\$ -
Intergovernmental	28,004,583	-
Charges for services	94,292,648	278,656
Use of money and property	25,305	(1,951)
Miscellaneous	4,785,472	-
Developer contributions	-	-
Total revenues	308,828,261	276,705
Expenditures:		
Current - public safety:		
Salaries and benefits	255,301,913	-
Services and supplies	29,849,819	961,247
Capital outlay	250,572	10,495
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	115,937	-
Issuance costs	-	-
Total expenditures	285,518,241	971,742
Excess (deficiency) of revenues over (under) expenditures	23,310,020	(695,037)
Other financing sources (uses):		
Transfers in (Note 13)	-	-
Transfers out (Note 13)	(381,222)	-
Issuance of capital lease	-	-
Refinanced debt	-	-
Sale of capital and other assets	58,051	-
Insurance recoveries	53,529	-
Total other financing sources (uses)	(269,642)	-
Net change in fund balances	23,040,378	(695,037)
Fund balances, beginning of year as restated (Note 4)	84,544,766	3,279,721
Fund balances, end of year	\$ 107,585,144	\$ 2,584,684

See Notes to the Financial Statements

Capital Projects Funds				
Communications & Information Systems	Vehicle Replacement	Facilities Replacement	Total Governmental Funds	
			2013	2012
\$ -	\$ -	\$ -	\$ 181,720,253	\$ 177,728,290
-	879,066	-	28,883,649	12,894,882
-	1,332,748	-	95,904,052	65,556,905
(11,991)	(18,644)	(13,275)	(20,556)	660,621
148,011	90,839	87,586	5,111,908	2,753,421
-	-	538,260	538,260	10,140
136,020	2,284,009	612,571	312,137,566	259,604,259
-	-	-	255,301,913	228,452,010
1,562,993	173,434	65,644	32,613,137	30,737,551
2,044,523	3,114,512	-	5,420,102	932,034
-	2,162,809	-	2,162,809	2,139,694
-	368,914	-	484,851	635,351
-	-	-	-	286,599
3,607,516	5,819,669	65,644	295,982,812	263,183,239
(3,471,496)	(3,535,660)	546,927	16,154,754	(3,578,980)
343,435	37,787	-	381,222	-
-	-	-	(381,222)	-
-	-	-	-	16,756,078
-	-	-	-	(16,377,093)
-	-	-	58,051	146,317
-	-	-	53,529	89,095
343,435	37,787	-	111,580	614,397
(3,128,061)	(3,497,873)	546,927	16,266,334	(2,964,583)
22,207,187	34,373,122	16,136,604	160,541,400	165,257,027
\$ 19,079,126	\$ 30,875,249	\$ 16,683,531	\$ 176,807,734	\$ 162,292,444

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, 2013
(With Comparative Data for Prior Year)

	2013	2012
Net change in fund balances - total governmental funds	\$ 16,266,334	\$ (2,964,583)
<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	5,420,102	932,034
Capitalized labor, included in salaries and employee benefits	455	-
Depreciation/amortization expense	(9,793,491)	(9,300,853)
<p>Capital assets received through grant or donation are recognized as revenue in the Statement of Activities at their estimated fair value at time of receipt.</p>		
	-	3,916,135
<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	(928,950)	(2,690,942)
Accumulated depreciation/amortization on disposals	918,054	2,669,759
<p>Proceeds of long-term debt and refinanced debt are recorded as other financing sources and uses, respectively, in the governmental funds. In the government-wide financial statements, these amounts increase or decrease the outstanding balance of long-term liabilities.</p>		
Issuance of debt - capital lease purchase agreement	-	(16,756,078)
Refinanced debt - capital lease purchase agreement	-	16,377,093
<p>Repayment of long-term debt principal on the capital lease purchase agreements is reported as an expenditure in governmental funds. Principal payments reduce the long-term liability in the Statement of Net Assets and do not result in an expense in the Statement of Activities.</p>		
	2,162,809	2,139,694
<p>Interest expenditures are reported when paid in the governmental funds, while the net change in accrued interest incurred for the period is recognized as interest expense in the Statement of Activities.</p>		
	1,213	5,318

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)

	2013	2012
Other long-term liabilities are reported in the Statement of Net Assets. The net annual change in the liability is recognized as an expense in the Statement of Activities. Long-term liabilities do not require the use of current financial resources and are not reported as expenditures in the governmental funds.		
Accrued claims and judgments - workers' compensation	(13,266,364)	(6,044,949)
Compensated absences - Santa Ana general leave	407,060	(2,394,854)
Compensated absences - other leave balances	(243,070)	(653,721)
A long-term receivable has been established in the Statement of Net Assets for the portion of compensated absences reimbursable by the City of Santa Ana. The receivable balance is reduced over time as leave balances are used by employees and subsequently reimbursed by the city. Those reimbursements are reported as revenue in the governmental funds.	(407,060)	2,394,854
Contributions to the defined benefit retiree medical plan are made on a pay-as-you-go basis in the governmental fund financial statements. If actual contributions are less than the actuarially-determined required amount, the difference is reported as an expense in the Statement of Activities.	(8,930,021)	(8,584,022)
Certain receivables and grants that have been accrued but not collected are reflected as unavailable revenue in the governmental funds. All earned revenue is recognized in the Statement of Activities regardless of when collected.		
Intergovernmental revenue - grants	(1,527,786)	62,904
Charges for services - Santa Ana start-up costs	948,263	1,551,040
Transactions between governmental funds are eliminated for presentation in the government-wide financial statements.		
Transfers in	(381,222)	-
Transfers out	381,222	-
Use of money and property	(115,937)	(136,019)
Interest and fiscal charges	115,937	136,019
Change in net assets of governmental activities	\$ (8,972,452)	\$ (19,341,171)

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
General Fund
Budgetary Comparison Statement
Year ended June 30, 2013
(With Comparative Data for Prior Year)

	2013		Variance with Final Budget Positive (Negative)	2012	
	Budget Amounts			Actual Amounts	Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$84,544,766	\$84,544,766	\$ 84,544,766	\$ -	\$85,240,115
Resources (inflows):					
Taxes	180,025,636	181,204,709	181,720,253	515,544	177,728,290
Intergovernmental	8,453,724	28,848,491	28,004,583	(843,908)	12,856,953
Charges for services	94,314,465	92,831,219	94,292,648	1,461,429	64,332,052
Use of money and property	387,213	321,407	25,305	(296,102)	344,630
Miscellaneous	2,519,243	4,547,615	4,785,472	237,857	2,326,680
Sale of capital and other assets	50,000	50,000	58,051	8,051	146,317
Insurance recoveries	-	25,776	53,529	27,753	89,095
Total resources (inflows)	285,750,281	307,829,217	308,939,841	1,110,624	257,824,017
Amounts available for appropriations	370,295,047	392,373,983	393,484,607	1,110,624	343,064,132
Charges to appropriation (outflows):					
Salaries and benefits	253,009,466	257,879,339	255,301,913	2,577,426	228,452,010
Services and supplies	33,040,057	37,297,102	29,849,819	7,447,283	27,761,638
Capital outlay	114,099	445,897	250,572	195,325	418,655
Interest and fiscal charges	116,250	116,250	115,937	313	136,019
Transfers out	-	381,222	381,222	-	-
Total charges to appropriations	286,279,872	296,119,810	285,899,463	10,220,347	256,768,322
Budgetary fund balance, June 30	\$84,015,175	\$96,254,173	\$ 107,585,144	\$ 11,330,971	\$86,295,810

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2013
(With Comparative Data for Prior Year)

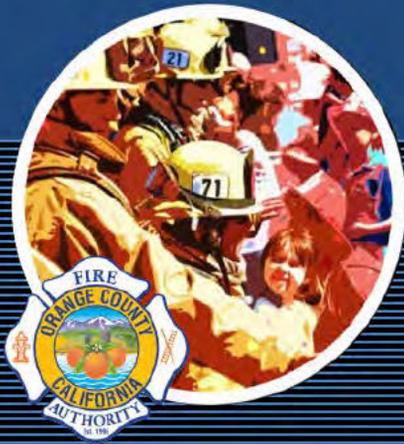
	Pension Trust Funds	Total Pension Trust Funds	
	Extra Help Retirement	2013	2012
Assets:			
Cash and investments (Note 5):			
Local Agency Investment Fund	\$ 56,895	\$ 56,895	\$ 49,842
Total assets	56,895	56,895	49,842
Net position:			
Assets held in trust for pension benefits	56,895	56,895	49,842
Total net position	\$ 56,895	\$ 56,895	\$ 49,842

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
Year ended June 30, 2013
(With Comparative Data for Prior Year)

	Pension		
	Trust Funds	Total Pension Trust Funds	
	Extra Help Retirement	2013	2012
Additions:			
Contributions:			
Plan members	\$ 15,587	\$ 15,587	\$ 10,268
Total contributions	<u>15,587</u>	<u>15,587</u>	<u>10,268</u>
Net investment income:			
Interest	2,275	2,275	2,156
Total net investment income	<u>2,275</u>	<u>2,275</u>	<u>2,156</u>
Total additions	<u>17,862</u>	<u>17,862</u>	<u>12,424</u>
Deductions:			
Benefits and refunds paid to plan members and beneficiaries	10,809	10,809	7,196
Total deductions	<u>10,809</u>	<u>10,809</u>	<u>7,196</u>
Change in net position	7,053	7,053	5,228
Net position, beginning of year	49,842	49,842	44,614
Net position, end of year	<u>\$ 56,895</u>	<u>\$ 56,895</u>	<u>\$ 49,842</u>

See Notes to the Financial Statements



NOTES TO THE FINANCIAL STATEMENTS



Fire Corp Volunteer Program

ORANGE COUNTY FIRE AUTHORITY
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Year ended June 30, 2013

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Orange County Fire Authority Safety Message

Home Escape Plans (Part 2 of 3)

In the event of a fire, time is of the essence, every second counts! Escape plans help you get out of your home quickly. Once a fire starts in a home, there is no time to plan on how to get out. You may have only 1-2 minutes to get out safely. Sit down with your family and make a step-by-step plan for escaping a fire in your home.

- **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 (window, sliding door, etc.) way out.

- **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!**
 - ✓ Once you are out, do not go back in for any reason. If people are trapped, the 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.

ORANGE COUNTY FIRE AUTHORITY

Notes to the Financial Statements

Year ended June 30, 2013

(1) Summary of Significant Accounting Policies

(a) Description of the Reporting Entity

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

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

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

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

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

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

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

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

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

The Foundation's Board of Directors consists of no less than three and no more than seven members, the exact number determined by resolution of the Foundation Board. Foundation Board members must have been active in or had significant prior experience in governmental or community organizations, or the fire service. The Foundation Board may consist of any combination of members of the public, OCFA employees, and/or past or current OCFA Board members. Initially, the Chair of the OCFA's Board appointed the first three Foundation Directors from among existing OCFA Board members. As of June 30, 2013, there were five non-OCFA Board members on the Foundation's Board. Additional members may be appointed by the Foundation Board at a future date via a simple majority vote.

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

(b) Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

(c) Major Funds and Other Fund Types

Major Governmental Funds

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

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

Fiduciary Fund Types

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

(d) Deposits and Investments

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

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

(e) Receivables

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

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

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

(f) Prepaid Costs and Inventories

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. OCFA accounts for all prepaid items (i.e., warranties, annual maintenance fees, and professional memberships) under the "consumption method." This means that expenditures are recognized proportionately over the period that the services are provided. 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.

OCFA accounts for all supplies inventories (i.e., office supplies, automotive parts, vehicle and jet fuel, etc.) under the "purchase method." This means that expenditures are recognized at the time they are purchased, rather than when they are consumed or used.

(h) 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 and with 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

(i) Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Financial Position of governmental activities and the Balance Sheet of governmental funds may report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position or fund balance that apply to future period(s) and so will not be recognized as outflows of resources (expenses or expenditures) during the current fiscal year. OCFA does not have any items that qualify for reporting in this category.

In addition to liabilities, the Statement of Financial Position of governmental activities and the Balance Sheet of governmental funds may report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position or fund balance that apply to future period(s) and so will not be recognized as inflows of resources (revenues) during the current fiscal year. Currently, unavailable revenue in the governmental funds, which arises under the modified accrual basis of accounting, is the only item that qualifies for reporting in this category. OCFA's governmental funds report unavailable revenues from two sources – intergovernmental and charges for services. These amounts will be recognized as an inflow of resources in the period that the amounts become available.

(j) 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).

(k) 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 Position, and issuance costs are recognized as an expense in the Statement of Activities in the period incurred. Bond premiums and discounts 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.

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.

(l) Fund Equity

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

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

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

Committed fund balance includes amounts whose use is constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest level of decision-making authority. The Board of Directors serves as the OCFA's highest level of decision-making authority and has the authority to establish, modify or rescind a fund balance commitment via a minutes order, which may or may not be documented by a written Board resolution.

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. OCFA's Board of Directors has established a *Fund Balance Assignment Policy* which establishes the authority by which OCFA may set aside cumulative resources in fund balance for an intended future use. The Board of Directors has the authority to assign fund balance, and has delegated its authority to assign amounts for workers' compensation and the capital improvement program to the Assistant Chief of Business Services, or her designee, in accordance with the parameters outlined in the policy and subject to annual review and concurrence by the Budget and Finance Committee.

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.

(m) Operating Contingency

In June 1998, the OCFA established a General Fund Contingency Reserve ("operating contingency") at 15% of budgeted operating revenues, which was subsequently revised to 10% of budgeted non-grant operating expenditures. The OCFA's policy states that the operating contingency be used only for operating contingencies, emergencies caused by calamitous events and economic uncertainty. As of June 30, 2013, the operating contingency's balance of \$25,530,226 was included within the unassigned fund balance category of the General Fund.

(n) 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.

(o) 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, 2013.

	Fund Balance as of <u>June 30, 2013</u>
Budgetary basis:	
General Operating Fund	\$ 53,086,600
Structural Fire Entitlement	1,268,160
Self Insurance	<u>53,230,384</u>
General Fund for financial statement presentation	<u>\$107,585,144</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	\$286,279,872	\$9,839,938	\$296,119,810
Facilities Maintenance & Improvements	1,720,217	(445,000)	1,275,217
Communications & Information Systems	14,701,730	(6,234,420)	8,467,310
Vehicle Replacement	10,083,626	1,859,756	11,943,382
Facilities Replacement	<u>2,212,812</u>	<u>68,863</u>	<u>2,281,675</u>
Total budgeted governmental funds	<u>\$314,998,257</u>	<u>\$5,089,137</u>	<u>\$320,087,394</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, 2013; 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 Standards

During the year ended June 30, 2013, the OCFA implemented GASB Statements No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65 *Items Previously Reported as Assets and Liabilities*. These statements establish standards for reporting deferred outflows of resources, deferred inflows of resources, and net position, and for reclassifying certain items that were previously reported as assets and liabilities.

Previously, debt issuance costs were capitalized as a deferred asset in the Statement of Net Position and amortized over the life of the debt. However, under GASB Statement No. 65, debt issuance costs are recognized as an expense in the Statement of Activities in the period incurred. During the year ended June 30, 2013, OCFA restated its beginning net position of governmental activities by \$256,951, in order to eliminate deferred issuance costs from the Statement of Net Position. Those deferred issuance costs pertained to the refinance of OCFA's aircraft capital lease during Fiscal Year 2011/12. This restatement had no impact on OCFA's fund balances, as debt issuance costs have always been recognized when paid in the year of issue in governmental funds.

(4) Prior Period Adjustments

During the year ended June 30, 2013, the OCFA restated beginning fund balances of governmental funds and net position of governmental activities as follows:

	Fund Balances of Governmental Funds - <u>General Fund</u>	Primary Government Net Position of <u>Governmental Activities</u>
As previously reported	\$86,295,810	\$268,545,151
Deferred issuance costs (a)	<u>-</u>	<u>(256,951)</u>
Subtotal	86,295,810	268,288,200
Refunds for fire prevention activities (b)	<u>(1,751,044)</u>	<u>(1,751,044)</u>
As restated	<u>\$84,544,766</u>	<u>\$266,537,156</u>

- (a) OCFA retroactively restated its beginning net position of governmental activities by \$256,951, in order to eliminate deferred issuance costs from the Statement of Net Position, in conjunction with the implementation of GASB Statement No. 65. Additional information regarding this new accounting standard is included in Note 3.
- (b) During Fiscal Year 2012/13, OCFA completed an internal review of its inspection records from all 71 fire stations and the Fire Prevention Department for Fiscal Years 2005/06 through 2011/12. Upon completion of that review, it was determined that certain businesses were billed a hazardous materials verification fee, but the performance of a corresponding inspection by OCFA personnel could not be verified through review of the inspection records (either via paper records and/or computer entries). In June 2013, the Board of Directors authorized refunds to those businesses. Because revenues relating to these unperformed inspections were overstated in prior fiscal years, OCFA has restated its beginning fund balances and net position and established an accrued liability for \$1,751,044, which is the total estimated amount of potential refunds due to hazardous materials services businesses and authorized for refund by the Board of Directors.

(5) 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, 2013, are reported in the accompanying financial statements as follows:

Statement of Net Position:	
Governmental activities	\$156,668,154
Discretely presented component unit – OCFA Foundation	77,200
Statement of Fiduciary Net Position:	
Fiduciary funds	<u>56,895</u>
Total cash and investments	<u>\$156,802,249</u>

Cash and investments consist of the following as of June 30, 2013:

Petty cash / cash on hand	\$ 11,647
Demand deposits	3,199,590
Investments	<u>153,591,012</u>
Total cash and investments	<u>\$156,802,249</u>

(b) Demand Deposits

At June 30, 2013, the carrying amount of the OCFA's demand deposits was \$3,199,590 and the bank balance was \$3,626,151. The \$426,561 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "agent of depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government. The OCFA Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC.

(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% ^(1,2)	15% ^(1,2)
Local Agency Investment Fund	n/a	75% ⁽¹⁾	75% ⁽¹⁾

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

(2) No limit on automatic overnight sweep

(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 2012/13.

(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	Rating at Year-End			Fair Value
	Required	Aaa / AA+	P1 / A1+	Unrated	
Federal agency securities	N/A	\$86,507,220	\$ -	\$ -	\$ 86,507,220
Commercial paper	P1/A1/F1	-	8,997,030	-	8,997,030
Money market mutual funds	Aaa/AAA	-	-	8,073,102	8,073,102
LAIF	N/A	-	-	50,013,660	50,013,660
Total		<u>\$86,507,220</u>	<u>\$8,997,030</u>	<u>\$58,086,762</u>	<u>\$153,591,012</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, 2013, 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, 2013, 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, 2013, are summarized below.

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
Federal Home Loan Bank (FHLB)	\$50,614,590	33.0%
Federal Farm Credit Bank (FFCB)	17,894,610	11.7%
Freddie Mac	8,999,280	5.9%
Federal National Mortgage Association (FNMA)	8,998,740	5.9%
General Electric	8,997,030	5.9%

(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, 2013, 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	\$35,997,930	\$ -	\$35,827,830	\$14,681,460	\$86,507,220
Commercial paper	8,997,030	-	-	-	8,997,030
Money market mutual funds	8,073,102	-	-	-	8,073,102
LAIF	-	50,013,660	-	-	50,013,660
Total	<u>\$53,068,062</u>	<u>\$50,013,660</u>	<u>\$35,827,830</u>	<u>\$14,681,460</u>	<u>\$153,591,012</u>

As of June 30, 2013, the OCFA's investments included the following callable investments, which are considered to be exposed to interest rate risk:

<u>Issuer</u>	<u>Call Date(s)</u>	<u>Yield to Call</u>	<u>Maturity Date</u>	<u>Fair Value</u>
Federal Home Loan Bank (FHLB)	7/9/2013	0.584%	11/9/2017	\$8,833,140
Federal Farm Credit Bank (FFCB)	7/22/2013	0.424%	4/22/2016	8,915,040
Federal Farm Credit Bank (FFCB)	Anytime	0.375%	6/26/2015	8,979,570
Federal Home Loan Bank (FHLB)	Anytime	0.325%	8/20/2015	5,996,820
Federal Home Loan Bank (FHLB)	Anytime	0.477%	3/7/2016	11,936,400
Federal Home Loan Bank (FHLB)	Anytime	0.624%	8/9/2017	5,848,320

(6) Accounts Receivable

Accounts receivable, net of an allowance for doubtful accounts, consists of the following as of June 30, 2013:

	<u>General Fund</u>
Fire prevention / late fees	\$ 955,581
Ambulance / other reimbursements	2,011,541
Other / miscellaneous	<u>23,748</u>
Subtotal	2,990,870
Allowance for doubtful accounts	<u>(46,732)</u>
Accounts receivable, net	<u>\$2,944,138</u>

(7) Due from Other Governments

Amounts due from other governments, net of an allowance for doubtful accounts, consist of the following as of June 30, 2013:

	<u>Governmental Funds</u>			
	<u>General Fund</u>	<u>Facilities Maintenance & Improvements</u>	<u>Vehicle Replacement</u>	<u>Governmental Activities</u>
Fire protection and other services:				
Cash contract cities	\$2,227,131	\$4,750	\$ 34,597	\$4,254,272
State responsibility area	1,011,951	-	-	1,011,951
Airport rescue firefighting	357,160	-	-	357,160
Other services	<u>128,913</u>	-	-	<u>128,913</u>
Subtotal	3,725,155	4,750	34,597	5,752,296
Assistance by hire / activation	1,512,398	-	-	1,512,398
Grants	595,445	-	813,940	1,409,385
Property taxes / tax increment	3,833,571	-	-	3,833,571
Other / miscellaneous	<u>8,388</u>	-	-	<u>8,388</u>
Due from other governments	9,674,957	4,750	848,537	12,516,038
Allowance for doubtful accounts	-	-	-	-
Due from other governments, net	<u>\$9,674,957</u>	<u>\$4,750</u>	<u>\$848,537</u>	<u>\$12,516,038</u>

(8) Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Capital assets not depreciated/amortized:					
Land	\$ 37,387,850	\$ -	\$ -	\$ -	\$ 37,387,850
Work in progress	<u>41,197</u>	<u>3,365,739</u>	<u>-</u>	<u>(22,409)</u>	<u>3,384,527</u>
Total capital assets not depreciated/amortized	<u>37,429,047</u>	<u>3,365,739</u>	<u>-</u>	<u>(22,409)</u>	<u>40,772,377</u>
Capital assets depreciated/amortized:					
Buildings	129,326,927	-	-	-	129,326,927
Equipment	54,569,962	583,442	(320,672)	-	54,832,732
Vehicles	<u>68,624,259</u>	<u>1,471,376</u>	<u>(608,278)</u>	<u>22,409</u>	<u>69,509,766</u>
Subtotal	<u>252,521,148</u>	<u>2,054,818</u>	<u>(928,950)</u>	<u>22,409</u>	<u>253,669,425</u>
Less accumulated depreciation/amortization for:					
Buildings	(27,377,368)	(2,862,619)	-	-	(30,239,987)
Equipment	(28,357,381)	(2,759,986)	311,442	-	(30,805,925)
Vehicles	<u>(35,525,411)</u>	<u>(4,170,886)</u>	<u>606,612</u>	<u>-</u>	<u>(39,089,685)</u>
Subtotal	<u>(91,260,160)</u>	<u>(9,793,491)</u>	<u>918,054</u>	<u>-</u>	<u>(100,135,597)</u>
Total capital assets depreciated/amortized, net	<u>161,260,988</u>	<u>(7,738,673)</u>	<u>(10,896)</u>	<u>22,409</u>	<u>153,533,828</u>
Governmental activities capital assets, net	<u>\$198,690,035</u>	<u>\$(4,372,934)</u>	<u>\$(10,896)</u>	<u>\$ -</u>	<u>\$194,306,205</u>

Capital Assets Acquired Under Capital Lease

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

Equipment	\$22,118,301
Vehicles	<u>15,974,690</u>
Total capital assets acquired under capital lease	<u>\$38,092,991</u>

Net Investment in Capital Assets

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

Capital assets, net of accumulated depreciation/amortization	\$194,306,205
Capital-related debt – 2011 aircraft lease refinance	<u>(12,942,841)</u>
Net investment in capital assets	<u>\$181,363,364</u>

Depreciation/Amortization Expense

Depreciation/amortization expense of \$9,793,491 was charged to Public Safety in the Statement of Activities.

(9) Unearned and Unavailable Revenue

Unavailable revenue in the governmental funds consists of amounts that 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. Unearned and unavailable revenues consist of the following as of June 30, 2013:

	Governmental Funds			Governmental Activities
	General Fund	Facilities Maintenance & Improvements	Vehicle Replacement	
Unearned revenue:				
City of Santa Ana - July 2013	\$2,858,491	\$8,333	\$42,157	\$2,908,981
Developer deposits	27,475	-	-	27,475
AVL & web application costs	15,124	-	-	15,124
Civil witness deposits	1,650	-	-	1,650
Miscellaneous cash advances	2,886	-	-	2,886
Total unearned revenue	<u>\$2,905,626</u>	<u>\$8,333</u>	<u>\$42,157</u>	<u>\$2,956,116</u>
Unavailable revenue:				
City of Santa Ana start-up costs	\$ 948,263			
Grant receivables	86,158			
Total unavailable revenue	<u>\$1,034,421</u>			

(10) Long-term Liabilities

Long-term liability activity for the year ended June 30, 2013, is summarized in the table below. Accrued claims and judgments, compensated absences and the net OPEB obligation are normally liquidated by the General Fund. The capital lease purchase agreement is liquidated by the Vehicle Replacement Fund.

<u>Governmental Activities</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Capital lease purchase agreements:					
Aircraft Lease Refinance-2011	\$15,105,650	\$ -	\$(2,162,809)	\$12,942,841	\$ 2,219,152
Accrued claims and judgments for workers' compensation	35,798,565	19,277,576	(6,011,212)	49,064,929	8,238,869
Compensated absences	16,403,273	13,938,940	(14,102,930)	16,239,283	3,020,346
Net OPEB obligation	<u>29,387,117</u>	<u>13,689,125</u>	<u>(4,759,104)</u>	<u>38,317,138</u>	<u>-</u>
Total governmental activities	<u>\$96,694,605</u>	<u>\$46,905,641</u>	<u>\$(27,036,055)</u>	<u>\$116,564,191</u>	<u>\$13,478,367</u>

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

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

On November 16, 2011, the terms of the Agreement were amended to reflect a reduction in the annual interest rate from 3.7609% to 2.58%. A 1.75% prepayment premium totaling \$286,599, plus accrued interest for the period September 22, 2011 through November 16, 2011 totaling \$92,386, were added to the outstanding principal balance to be repaid over the remaining life of the lease. Rental payments are payable quarterly commencing March 22, 2009, and terminating on December 22, 2018. During the year ended June 30, 2013, the OCFA made principal and interest payments totaling \$2,162,809 and \$368,914, respectively. The outstanding balance of the capital lease liability was \$12,942,841 as of June 30, 2013. Future annual lease payment requirements are as follows:

<u>FYE June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,219,152	\$ 312,571	\$ 2,531,723
2015	2,276,963	254,760	2,531,723
2016	2,336,279	195,444	2,531,723
2017	2,397,140	134,583	2,531,723
2018	2,459,589	72,134	2,531,723
2019	<u>1,253,718</u>	<u>12,144</u>	<u>1,265,862</u>
Total	<u>\$12,942,841</u>	<u>\$981,636</u>	<u>\$13,924,477</u>

Compensated Absences

OCFA is obligated to its employees for the following accumulated earned but unused leave benefits as of June 30, 2013:

	<u>Vacation</u>	<u>Comp/Other</u>	<u>Sick Leave</u>	Santa Ana <u>General Leave</u>	<u>Total</u>
Safety Members	\$ 8,589,135	\$161,961	\$1,660,609	\$1,987,794	\$12,399,499
General Members	<u>1,740,774</u>	<u>291,376</u>	<u>1,807,634</u>	-	<u>3,839,784</u>
	<u>\$10,329,909</u>	<u>\$453,337</u>	<u>\$3,468,243</u>	<u>\$1,987,794</u>	<u>\$16,239,283</u>

Sick leave includes only those amounts that OCFA is obligated to reimburse employees at the end of their active service life. On March 5, 2012, OCFA and the City of Santa Ana entered into an agreement to establish a general leave bank for transitioning personnel from the Santa Ana Fire Management Association and the Santa Ana Fire Benevolent Association with more than ten years of service. Under the terms of the agreement, transitioning employees are required to exhaust their respective OCFA accrued leave banks before utilizing general leave transferred from the city. OCFA will pay amounts due to transitioning employees who use time from the general leave bank, and the City of Santa Ana will then reimburse those amounts to OCFA. General leave is not eligible to be cashed out by employees in lieu of

using the time, and is available for use through April 13, 2017. Any amounts remaining at that time will no longer be available for use by transitioning employees. The portion of OCFA's compensated absences long-term liability that is reimbursable by the City of Santa Ana is offset by a long-term receivable of an equal amount. The beginning balance of compensated absences has been adjusted to reflect an additional \$2,394,854 pertaining to the Santa Ana general leave bank that was not previously reported as of June 30, 2012.

(11) Commitments and Contingencies

(a) Outstanding Encumbrances / Commitments with Vendors

As of June 30, 2013, commitments for outstanding encumbrances (unperformed purchase orders and contracts for goods and services) by major governmental fund are as follows:

General Fund	\$ 560,761
Facilities Maintenance & Improvements	7,270
Communications & Information Systems	1,773,531
Vehicle Replacement	<u>2,058,751</u>
Total outstanding encumbrances	<u>\$4,400,313</u>

Significant individual commitments with vendors as of June 30, 2013 are identified below.

<u>Fund / Vendor</u>	<u>Description</u>	<u>Original Commitment</u>	<u>Spent- to-Date</u>	<u>Remaining C ommitment</u>
<u>General Fund:</u>				
Galls, Inc.	500 Ballistic Vests	\$ 148,495	\$ -	\$ 148,495
Meridian Medical Technologies	2,400 Duodote Auto Injectors	100,881	-	100,881
Emergency Services Consulting Group, Inc.	Standards of Cover	161,919	104,998	56,921
RBF Consulting	GIS Technician	50,000	5,075	44,925
Moore Medical	175 O2 Bags	26,838	3,067	23,771
Buxton Company	Community information	25,000	-	25,000
<u>Communications & Information Systems:</u>				
Tritech Software Systems	Computer Aided Dispatch	2,272,740	772,031	1,500,709
QPCS	100 Airlink GPS Systems	83,210	-	83,210
Deltawrx	Public Safety Systems	541,347	459,846	81,501
Technology Integration Group	Network Equipment	59,061	-	59,061
<u>Vehicle Replacement:</u>				
KME Fire Apparatus	4 Type 1 Pumpers	2,053,421	-	2,053,421

(b) Purchase and Sale Agreement

On June 14, 2010, the OCFA entered into a Purchase and Sale Agreement with the FW Aviation, LLC for a new hangar facility at Fullerton Municipal Airport to replace existing Fire Station No. 41. The hangar is being acquired in two phases. The eastern portion of the facility was acquired in December 2010 to house the OCFA's helicopter fleet and Air Operations administrative offices. The western portion of the facility is currently being occupied by various tenants of FW Aviation, who are expected to be relocated to a separate hangar in early 2014. 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, 2013 is \$2,221,788, which includes \$23,738 of accrued interest.

(12) Fund Balance of Governmental Funds

(a) Nonspendable Fund Balance

In January 2012 and 2013, OCFA prepaid a portion of its retirement contributions to the Orange County Employees Retirement System (OCERS) totaling \$22,300,403 and \$25,564,031, respectively. The prepayments produced savings of over \$1.7 million in Fiscal Year 2012/13, and are expected to produce savings of over \$1.9 million in Fiscal Year 2013/14. Due to the timing of the pay period calendar, the unamortized balance of the January 2012 prepayment totaled \$857,708 as of June 30, 2013. The entire amount of the January 2013 prepayment was unamortized as of June 30, 2013. Other prepaid items as of June 30, 2013, included various equipment warranties on mobile data computers, laptops, desktop computers, pagers, tablets, and defibrillators; and other miscellaneous amounts such as annual maintenance and support fees, subscriptions, and professional memberships. Nonspendable fund balance consists of the following as of June 30, 2013:

<u>Prepaid Item</u>	<u>General Fund</u>	<u>Communications & Information Systems</u>	<u>Vehicle Replacement</u>	<u>Total</u>
Retirement contributions:				
Fiscal Year 2013/14	\$25,564,031	\$ -	\$ -	\$25,564,031
Fiscal Year 2012/13	857,708	-	-	857,708
Warranties	61,573	69,442	228,004	359,019
Maintenance and support	177,086	53,979	-	231,065
Subscriptions and memberships	42,351	-	-	42,351
Other	25,100	893	-	25,993
Total	<u>\$26,727,849</u>	<u>\$124,314</u>	<u>\$228,004</u>	<u>\$27,080,167</u>

(b) Restricted Fund Balance

Restricted fund balance in the General Fund includes donations for specific programs (\$15,139) and grant-funded or other restricted, unexpended encumbrances outstanding at year-end (\$122,537). 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. Restricted fund balance consists of the following as of June 30, 2013:

	General Fund				<u>Facilities Re placement</u>
	<u>Executive M anagement</u>	<u>Operations Department</u>	<u>Fire Prevention Department</u>	<u>Total</u>	
Community relations and education	\$7,598	\$ -	\$ -	\$ 7,598	\$ -
Smoke alarm program	267	-	-	267	-
MMRS grant program	-	100,881	-	100,881	-
USAR grant program	-	21,656	-	21,656	-
Disaster preparation academy	-	4,571	-	4,571	-
Canine program	-	85	-	85	-
Fire F.R.I.E.N.D.S.	-	-	2,618	2,618	-
Station 56 (Ortega Valley)	-	-	-	-	1,019,950
CALFIRE station(s)	-	-	-	-	533,232
	<u>\$7,865</u>	<u>\$127,193</u>	<u>\$2,618</u>	<u>\$137,676</u>	<u>\$1,553,182</u>

(c) Committed Fund Balance

In July 1999, the Board of Directors authorized that \$4,405,086 be set aside to fund OCFA-related service or resource enhancement projects in certain structural fire fund cities. In January 2012, the Board of Directors authorized an additional \$622,106 to be set aside for the same purpose. As of June 30, 2013, the remaining unspent amount totaling \$1,268,160 was reported as a fund balance commitment in the General Fund. The funds are committed for projects in the following cities:

<u>City</u>	<u>General Fund</u>
Aliso Viejo	\$ 28,804
Dana Point	48,405
Irvine	1,031,405
Laguna Niguel	52,232
Rancho Santa Margarita	17,457
San Juan Capistrano	5,915
Villa Park	8,191
County of Orange	75,751
	<u>\$1,268,160</u>

(d) Assigned Fund Balance

Assigned fund balance pertaining to unexpended encumbrances outstanding as of June 30, 2013 is summarized below for each governmental fund:

Purpose of Encumbrance	General Fund					Total
	Executive Management	Operations Department	Fire Prevention Department	Business Services Department	Support Services Department	
Ballistic vests	\$ -	\$ -	\$ -	\$157,669	\$ -	\$157,669
Standards of cover	-	-	-	-	56,921	56,921
GIS temporary staffing	-	-	-	-	44,925	44,925
Medical supplies	-	32,942	-	-	-	32,942
Community information	-	-	25,000	-	-	25,000
Education supplies	-	-	12,287	-	-	12,287
ECC chairs and TV's	-	-	-	-	12,261	12,261
Hurst cutters	-	11,923	-	-	-	11,923
Repair truck tools	-	-	-	-	10,894	10,894
Hazardous materials clothing and equipment	-	9,967	-	-	-	9,967
Multimedia equipment	8,720	-	-	-	-	8,720
Test booklets and scoring	8,306	-	-	-	-	8,306
Multifamily software	-	-	7,781	-	-	7,781
Inspection code books	-	-	5,978	-	-	5,978
Actuary services	5,500	-	-	-	-	5,500
Equipment maintenance	-	-	-	-	5,388	5,388
Helicopter dolly	-	5,495	-	-	-	5,495
Other	2,306	2,256	4,092	3,457	4,156	16,267
	<u>\$24,832</u>	<u>\$62,583</u>	<u>\$55,138</u>	<u>\$161,126</u>	<u>\$134,545</u>	<u>\$438,224</u>

Purpose of Encumbrance	Facilities Maintenance & Improvements	Communications & Information Systems	Vehicle Replacement
	Type 1 pumbers	\$ -	\$ -
Computer aided dispatch	-	1,506,045	-
MDC and mobile data network upgrade	-	83,210	-
Public safety systems	-	81,501	-
Network equipment and installation	-	68,451	-
Wireless network	-	15,371	-
Inventory tracking system	-	13,300	-
Other	<u>\$7,270</u>	<u>5,653</u>	<u>5,330</u>
	<u>\$7,270</u>	<u>\$1,773,531</u>	<u>\$2,058,751</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 \$63,477,538 as of June 30, 2013 and is reported in the Facilities Maintenance & Improvements Fund (\$2,577,414), Communications & Information Systems Fund (\$17,181,281), Vehicle Replacement Fund (\$28,588,494) and Facilities Replacement Fund (\$15,130,349).

- 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 \$53,230,384 as of June 30, 2013.

(e) Unassigned Fund Balance

Unassigned fund balance in the General Fund consists of the following as of June 30, 2013:

10% Operating Contingency	\$25,530,226
All other residual amounts available for any purpose	<u>252,625</u>
Total	<u>\$25,782,851</u>

(13) 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, 2013, transfers totaling \$381,222 were made from the General Fund to the Communications & Information Systems Fund (\$343,435) and the Vehicle Replacement Fund (\$37,787) for current and future capital improvement projects identified in the Capital Improvement Plan.

(14) Operating Leases

(a) Operating Lease Revenue

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

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

OCFA began collecting base rent in July 2012, and rent for a second carrier in June 2013. Rental revenue totaled \$15,008 for Fiscal Year 2012/13. Future potential rental revenue, assuming rent for the four additional carriers will commence January 1, 2014, is as follows:

<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>
2013/14	\$ 15,437	\$ 12,345	\$ 6,180	\$ 6,180	\$ 6,180	\$ 6,180	\$ 52,502
2014/15	15,904	12,716	12,716	12,716	12,716	12,716	79,484
2015/16	16,384	13,100	13,100	13,100	13,100	13,100	81,884
2016/17	16,876	13,495	13,495	13,495	13,495	13,495	84,351
2017/18	17,379	13,903	13,903	13,903	13,903	13,903	86,894
2018/19 - 2022/23	95,079	76,047	76,047	76,047	76,047	76,047	475,314
2023/24 - 2027/28	110,230	88,153	88,153	88,153	88,153	88,153	550,995
2028/29 - 2032/33	127,824	102,199	102,199	102,199	102,199	102,199	638,819
2033/34 - 2037/38	118,059	94,397	94,397	94,397	94,397	94,397	590,044
	<u>\$533,172</u>	<u>\$426,355</u>	<u>\$420,190</u>	<u>\$420,190</u>	<u>\$420,190</u>	<u>\$420,190</u>	<u>\$2,640,287</u>

(b) Operating Lease Obligations

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

- Twenty-seven city-owned stations are leased for \$1 per year through June 30, 2030. In addition, OCFA leases land from three cities for three OCFA-owned stations. The station land leases are for \$1 per year and extend through June 30, 2030 (Station 6); November 26, 2057 (Station 17); and April 30, 2045 (Station 36).
- 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 \$3,154 for the western half of the building commences July 2013. Total monthly rent will increase annually by an amount equal to the change in CPI, from a minimum of 3% to a maximum of 5%. The term of the agreement extends forty years through July 2050, with a fifteen year extension option through July 2065.
- On August 25, 2011, the OCFA Executive Committee approved the execution of a Lease Agreement with FW Aviation, LLC for a training tower at Fire Station No. 41 Air Operations and Maintenance Facility at Fullerton Airport, which includes a helicopter training prop, an additional restroom, and approximately 600 square feet of classroom/storage area. The lease term is for ten years commencing September 2011, with an optional ten-year extension. Initial monthly rent of \$1,575 will increase by \$18 each year.
- OCFA leases a radio tower site from the Laguna Beach County Water District for \$2,400 per year. The current lease term expires August 13, 2016.

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

<u>Fiscal Year(s)</u>	<u>City-Owned Stations/ Land Leases</u>	<u>Airport Land Lease</u>	<u>Airport Training Tower</u>	<u>Radio Tower Site</u>	<u>Total</u>
2013/14	\$ 30	\$ 102,840	\$ 19,296	\$ 2,400	\$ 124,566
2014/15	30	105,924	19,512	2,400	127,866
2015/16	30	109,092	19,728	2,400	131,250
2016/17	30	112,356	19,944	400	132,730
2017/18	30	115,728	20,160	-	135,918
2018/19 – 2022/23	150	632,832	65,250	-	698,232
2023/24 – 2027/28	150	733,620	-	-	733,770
2028/29 – 2032/33	66	850,524	-	-	850,590
2033/34 – 2037/38	10	986,004	-	-	986,014
2038/39 – 2042/43	10	1,142,988	-	-	1,142,998
2043/44 – 2047/48	7	1,325,016	-	-	1,325,023
2048/49 – 2052/53	5	740,784	-	-	740,789
2053/54 – 2057/58	4	-	-	-	4
	<u>\$552</u>	<u>\$6,957,708</u>	<u>\$163,890</u>	<u>\$7,600</u>	<u>\$7,129,750</u>

(15) Insurance

(a) Coverage Limits

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

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

At June 30, 2013, 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, 2013, accrued claims and judgments for workers' compensation totaled \$49,064,929 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, 2012, 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, the 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, 2013 and 2012, including the current and long-term portions at year-end.

	<u>Fiscal Year Ended June 30,</u>	
	<u>2013</u>	<u>2012</u>
Unpaid claims at beginning of fiscal year	\$35,798,565	\$29,753,616
Incurred claims (including IBNR's)	19,277,576	12,288,305
Claim payments	<u>(6,011,212)</u>	<u>(6,243,356)</u>
Unpaid claims at end of fiscal year	<u>\$49,064,929</u>	<u>\$35,798,565</u>
Current portion	\$ 8,238,869	\$ 7,511,799
Long-term portion	<u>40,826,060</u>	<u>28,286,766</u>
Unpaid claims at end of fiscal year	<u>\$49,064,929</u>	<u>\$35,798,565</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 \$53,230,384. 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.

(16) 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 Orange County-Cities Hazardous Materials Emergency Response Authority (OCCHMERA) Joint Powers Authority. The agreement was amended in November 2000 and the City of Newport Beach is no longer a participant. With Santa Ana joining the OCFA in April 2012, OCCHMERA has been reduce to three provider agencies (Anaheim, Huntington Beach and OCFA). The provider agencies provide hazardous materials incident response to the OCCHMERA's subscriber agencies, which include the cities of Brea, Costa Mesa, Fountain Valley, Fullerton, Garden Grove, Laguna Beach, Newport Beach and Orange. On November 15, 2012, OCFA's Board of Directors authorized the withdrawal of OCFA from OCCHMERA effective July 1, 2013.

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 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 provider agency 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 distributed to each of the provider members in accordance with the percentages stated in the agreement. Separate financial statements can be obtained from the City of Anaheim, 201 South Anaheim Boulevard, Suite 300, Anaheim, California 92805.

The following is summarized financial information of OCCHMERA for the year ended June 30, 2012, which is the most recent financial data available:

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

(17) Retirement Plan for Full-Time Employees

(a) Plan Description

The OCFA participates in the Orange County Employees' Retirement System (OCERS), a cost-sharing multiple-employer, defined benefit pension plan covering substantially all employees of the County of Orange (County) and the following agencies: City of San Juan Capistrano; Orange County Cemetery District; Orange County Children and Families Commission; Orange County Department of Education; Orange County Employees Retirement System; Orange County Fire

Authority (OCFA); Orange County In-Home Supportive Services Public Authority; Orange County Local Agency Formation Commission; Orange County Public Law Library; Orange County Sanitation District; Orange County Superior Court; Orange County Transportation Authority; Transportation Corridor Agencies; University of California, Irvine Medical Center and Campus. The participating entities share proportionally in all risks and costs, including benefit costs.

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

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

(b) Funding Policy

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

The OCFA contributes toward two employee categories identified as Safety Members and General Members. Safety Members are defined as those employees actively involved in fire suppression work and General Members are employees not actively involved in fire suppression work. Within the two categories of Safety and General Members, there are retirement plans which separate Tier I and Tier II members. They differ in that the final retirement allowance for an employee in Tier I is calculated using the employee's single highest year of compensation, while the final retirement allowance for an employee in Tier II is calculated using the employee's average three highest years of compensation.

California Public Employees' Pension Reform Act

On September 12, 2012, California Governor Brown signed Assembly Bill 340, which created the California Public Employees' Pension Reform Act of 2012 (PEPRA) and amended sections of the 1937 Act under which OCERS operates. The law created a benefit tier for new employees entering public agency employment and public retirement system membership, effective January 1, 2013.

One of the many changes brought about by PEPRA involves new retirement formulas for newly hired employees who do not establish reciprocity with OCERS. These new formulas are 2.7% at age 57 for Safety Members and 2% at age 62 for General Members. Another change brought about by

PEPRA requires employees who do not establish reciprocity to pay 50% of the normal retirement costs from the beginning of their employment.

Safety Member Category

Employees under the Safety Member category include those in the Firefighter Unit (represented by the Orange County Professional Firefighters Association, IAFF-Local 3631); the Fire Management Unit (represented by the Orange County Fire Authority Chief Officers Association); and unrepresented members of Executive Management occupying suppression positions. The four Safety Member plans are summarized below:

Plan	Tier	Benefit Formula	Employee Hire Date		
			Firefighter Unit	Fire Management Unit	Executive Management in Suppression Positions
E	I	3.0% at 50	Prior to July 1, 2012	Prior to July 1, 2012	Prior to July 1, 2011
F	II	3.0% at 50	Prior to July 1, 2012	Prior to July 1, 2012	Prior to July 1, 2011
R	II	3.0% at 55	July 1, 2012 – December 31, 2012	July 1, 2012 – December 31, 2012	July 1, 2011 – December 31, 2012
			- OR -	- OR -	- OR -
			On or After January 1, 2013 (with reciprocity)	On or After January 1, 2013 (with reciprocity)	On or After January 1, 2013 (with reciprocity)
V	II	2.7% at 57	On or After January 1, 2013 (without reciprocity)	On or After January 1, 2013 (without reciprocity)	On or After January 1, 2013 (without reciprocity)

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 have agreed to reimburse OCFA for a portion of their retirement costs. The retirement reimbursement is deducted from the employee's compensation earnable and continues throughout the employee's entire term of employment with the OCFA. Employee reimbursement rates vary depending on the individual employee's hire date and bargaining group, as follows:

- Employees in the Firefighter and Fire Management Units hired on or after January 1, 2011, reimburse 9% upon commencement of employment. Upon expiration of their respective Memorandums of Understanding, all employees may reimburse 50% of normal retirement costs, regardless of hire date. Memorandums of Understanding expire on June 30, 2014, for the Firefighter Unit, and on December 11, 2015, for the Fire Management Unit.
- Executive Management occupying suppression positions who were hired on or after January 1, 2013, with no reciprocal retirement benefits, contribute 50% of normal retirement costs upon commencement of employment.
- For employees hired prior to January 1, 2011 (Firefighter and Fire Management Units), or July 1, 2011 (Executive Management), the 9% contribution/reimbursement is being phased in, as summarized in the following table:

Phased-In Retirement Reimbursement Rates for Safety Members					
Firefighter Unit (Hired Prior to January 1, 2011)		Fire Management Unit (Hired Prior to January 1, 2011)		Executive Management in Suppression Positions (Hired Prior to July 1, 2011)	
Effective	%	Effective	%	Effective	%
October 2010	2.50%	January 2011	2.75%	January 2011	2.75%
October 2011	5.00%	January 2012	5.50%	January 2012	5.50%
October 2012	7.00%*	January 2013	8.25%	January 2013	9.00%
October 2013	9.00%**	February 2014	9.00%		

* 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.

** 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

Employees under the General Member category include those in the General and Supervisory Management Unit (represented by the Orange County Employees Association); unrepresented employees identified as Administrative Management; and unrepresented members of Executive Management occupying non-suppression positions. The four General Member plans are summarized below:

Plan	Tier	Benefit Formula	Employee Hire Date	
			General and Supervisory Management	Administrative Management and Executive Management in Non-Suppression Positions
I	I	2.7% at 55	Prior to July 1, 2011	Prior to December 1, 2012
J	II	2.7% at 55	Prior to July 1, 2011	Prior to December 1, 2012
N	II	2.0% at 55	On or After July 1, 2011 (with reciprocity)	December 1, 2012 – December 31, 2012 - OR - On or After January 1, 2013 (with reciprocity)
U	II	2.0% at 62	On or After January 1, 2013 (without reciprocity)	On or After January 1, 2013 (without reciprocity)

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 have agreed to reimburse OCFA for a portion of their retirement costs. This reimbursement continues throughout an employee’s entire term of employment with the OCFA.

All employees in the General Member category began reimbursing 6% of their compensation earnable to the OCFA in July 2004. Currently, employee reimbursement rates vary depending on the individual employee’s hire date and bargaining group, as follows:

- Employees in the General and Supervisory Management Unit hired on or after July 1, 2011, reimburse 9% upon commencement of employment. Upon expiration of the current Memorandum of Understanding on December 18, 2014, all employees may reimburse 50% of normal retirement costs, regardless of hire date.
- Administrative Management and non-suppression Executive Management employees hired December 1, 2012 through December 31, 2012, (or those hired on or after January 1, 2013, with reciprocal retirement benefits), contribute 9% upon commencement of employment. Those hired on or after January 1, 2013, with no reciprocal retirement benefits, contribute 50% of normal retirement costs upon commencement of employment.
- Employees hired prior to July 1, 2011 (General and Supervisory Management Unit), and December 1, 2012 (Administrative Management and non-suppression Executive Management), are phasing in increases to their reimbursement rate from 6% to 9%, as summarized in the following table:

<i>Phased-In Retirement Reimbursement Rates for General Members</i>					
General and Supervisory Management (Hired Prior to July 1, 2011)		Administrative Management (Hired Prior to December 1, 2012)		Executive Management in Non-Suppression Positions (Hired Prior to December 1, 2012)	
Effective	%	Effective	%	Effective	%
January 2011	7.25%	January 2013	8.25%	January 2013	9.00%
July 2011	8.50%	February 2014	9.00%*		
February 2012	9.00%	February 2015	9.00%*		
		December 2015	9.00%**		

* If a salary adjustment is implemented

** If not already at 9.00%

(c) Benefits

OCFA plan members who retire at or after the age applicable to their retirement formula and 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.

Plan	FYE June 30, 2013 Contribution Rates		FYE June 30, 2012 Contribution Rates		FYE June 30, 2011 Contribution Rates	
	Employee (Paid by OCFA)	Employer	Employee (Paid by OCFA)	Employer	Employee (Paid by OCFA)	Employer
Safety Members						
Plan E	n/a*	45.46%	n/a*	48.53%	7.83-13.03%	43.10%
Plan F	10.77-18.71%	45.46%	10.78-18.73%	48.53%	10.79-18.74%	43.10%
Plan R	10.20-17.71%	42.22%	n/a	n/a	n/a	n/a
Plan V	10.75-21.50%	38.45%	n/a	n/a	n/a	n/a
General Members						
Plan I	8.10-14.74%	27.99%	8.11-14.76%	26.53%	8.11-14.77%	24.62%
Plan J	7.75-14.74%	27.99%	7.76-14.76%	26.53%	7.77-14.77%	24.62%
Plan N	5.73-11.98%	27.25%	5.73-11.98%	25.66%	n/a	n/a
Plan U	5.75-11.50%	23.50%	n/a	n/a	n/a	n/a

* All Tier I safety employees have more than 30 years of service; thus, no additional employee contributions were required for Fiscal Year 2011/12 and 2012/13.

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

FYE June 30	OCFA Payroll		OCFA’s Required and Actual Contributions				% of Covered Payroll
	Total	Covered by OCERS	Safety	General	Total		
2011	\$129,135,389	\$107,268,263	\$41,676,672	\$3,877,060	\$45,553,732	42.5%	
2012	\$137,346,503	\$107,364,722	\$46,268,131	\$3,808,623	\$50,076,754	46.6%	
2013	\$156,517,074	\$103,095,697	\$49,648,079	\$4,201,170	\$53,849,249	52.2%	

(18) Retirement Plan for Part-Time Employees

(a) Plan Description

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

(b) Funding Policy

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

(c) Benefits

Annual retirement benefits are calculated at the rate of 2% of career earnings. Upon retirement, participants are eligible to receive their benefit either as a lump sum payment or as a monthly payment. As of June 30, 2013, there were no participants eligible to collect these retirement benefits.

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

The Plan has 66 active participants as of June 30, 2013. Currently, there are no active participants eligible to collect Plan retirement benefits. Past participants who have terminated employment with OCFA and received lump sum distributions are not entitled to receive any additional future Plan retirement benefits. Following is a summary of benefits for the current and the five preceding years:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Retirement</u> <u>Benefits</u>	<u>Lump Sum Distributions to</u> <u>Terminated Employees</u>	
		<u>Amount</u>	<u>Number of</u> <u>Employees</u>
2008	\$ -	\$25,394	35
2009	\$ -	\$41,742	57
2010	\$ -	\$18,099	23
2011	\$ -	\$12,840	12
2012	\$ -	\$ 7,196	16
2013	\$ -	\$10,809	10

(d) Contributions

Employee required contribution rates, which range from 2.5% to 7.5%, are determined by a formula based on the age of the employee. The employee contribution requirement for the year ended June 30, 2013, totaled \$15,587. OCFA does not make any employer contributions to the Plan. The table below, *presented as required supplementary information*, summarizes contribution information for the current and the preceding five fiscal years. For all five years, the actual contributions were equal to 100% of the required contributions.

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Required and Actual</u> <u>Employee Contributions</u>
2008	\$35,737
2009	\$29,650
2010	\$12,522
2011	\$ 8,694
2012	\$10,268
2013	\$15,587

(e) Funded Status and Funding Progress

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

<u>Fiscal Year Ended June 30</u>	<u>Plan Assets (Cash and Investments)</u>	<u>Number of Participants As of June 30</u>
2008	\$60,115	98
2009	\$50,337	66
2010	\$46,816	49
2011	\$44,614	45
2012	\$49,842	55
2013	\$56,895	66

(e) Concentration of Plan Investments

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

(19) 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, 2013, there were 528 eligible retirees who received monthly benefits aggregating to an annual total of \$2,981,599. In addition, there were three deferred retirees who received monthly benefits directly from the OCFA totaling \$4,780.

(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, 2013, the OCFA's annual OPEB cost was \$13,689,125, as determined by an actuarial valuation with a measurement date as of July 1, 2012, and was calculated as follows:

Annual Required Contribution (ARC)	\$14,307,307
Interest on the Net OPEB Obligation (NOPEBO)	1,616,291
Actuary's adjustment on the ARC	<u>(2,234,473)</u>
Annual OPEB Cost	<u>\$13,689,125</u>

During the year ended June 30, 2013, the OCFA's actual contributions totaled \$4,759,104 resulting in an increase to the NOPEBO of \$8,930,021 (the difference between the Annual OPEB Cost and actual contributions). The outstanding balance of the NOPEBO as of June 30, 2013, was \$38,317,138. 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.

<u>FYE</u>	<u>Annual</u>	<u>Actual</u>	<u>% of Annual</u>	<u>Net Increase to</u>	<u>Cumulative Net</u>
<u>June 30</u>	<u>OPEB Cost</u>	<u>Contributions</u>	<u>OPEB Cost</u>	<u>Net OPEB</u>	<u>OPEB Obligation</u>
			<u>Contributed</u>	<u>Obligation</u>	<u>at June 30</u>
2011	\$13,303,800	\$4,387,025	33.0%	\$8,916,775	\$20,803,095
2012	\$13,141,576	\$4,557,554	34.7%	\$8,584,022	\$29,387,117
2013	\$13,689,125	\$4,759,104	34.8%	\$8,930,021	\$38,317,138

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Amounts irrevocably transferred to OCERS trust	\$3,526,937	\$3,670,501	\$3,605,946
Implicit insurance premiums paid on behalf of retirees	1,227,387	882,372	776,859
Amounts paid directly to retirees	<u>4,780</u>	<u>4,681</u>	<u>4,220</u>
Total actual contributions	<u>\$4,759,104</u>	<u>\$4,557,554</u>	<u>\$4,387,025</u>

(e) Funded Status and Funding Progress

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

	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/c
	Actuarial	Actuarial	Unfunded	Funded	Covered	UAAL as
As of	Value of	Accrued	AAL	Ratio	Payroll	a % of
<u>July 1</u>	<u>Assets</u>	<u>Liability (AAL)</u>	<u>(UAAL)</u>			<u>Covered</u>
						<u>Payroll</u>
2006	\$ 7,435,632	\$ 60,807,597	\$ 53,371,965	12.23%	\$95,608,358	55.82%
2008	\$21,525,051	\$ 94,124,900	\$ 72,599,849	22.87%	\$80,624,028	90.05%
2010	\$21,549,574	\$147,709,326	\$126,159,752	14.59%	\$81,391,495	155.00%
2012	\$28,910,090	\$156,623,184	\$127,713,094	18.46%	\$75,432,000	169.31%

(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, 2013, was determined by an actuarial valuation of the Plan dated July 1, 2012. 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, 2012
- Actuarial cost method Entry age normal
- Amortization method 30 years beginning July 1, 2006, closed, level dollar
- Remaining amortization period 24 years as of July 1, 2012
- Asset valuation method Market value

- Actuarial assumptions:

Investment rate of return/discount rate	5.5%
Projected salary increases	N/A
Inflation	3.5%
Increase in retiree medical grant	5.0%
- Plan membership:

Current retirees and surviving spouses	471
Current active members	804
Terminated participants entitled but not yet eligible	9

(20) 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 \$1,356,966 for the year ended June 30, 2013.

(21) Subsequent Events

(a) Transition of California Accidental Release Plans and Hazardous Materials Disclosure Programs

On February 28, 2013, OCFA's Board of Directors approved the transition of the California Accidental Release Plans (CalARP) program and the Hazardous Materials Disclosure (HMD) program to the Orange County Health Care Agency (HCA), effective July 1, 2013. The CalARP program implements the federal and state requirements for toxic and flammable materials. The HMD program manages inventories of all facilities with hazardous materials stored and handled in quantities above state reporting thresholds within the OCFA's jurisdiction, and maintains that information so that it is accessible to the public. The main goal of both programs is environmental and community/first responder awareness. The programs are being transitioned to HCA, since the programs more closely align with the core mission of the HCA than that of OCFA. OCFA will continue to provide first responders with hazardous materials information from its ongoing inspection program, and will continue to have access to information collected by HCA. Beginning in Fiscal Year 2013/14, OCFA will no longer recognize revenues associated with these discontinued

programs. In addition, two OCFA staff positions that were previously assigned to these programs became vacant and may be eliminated in Fiscal Year 2013/14.

(b) Purchase of Hangar Facility – Western Portion

On July 1, 2013, OCFA finalized acquisition of the western portion of the new hangar facility at Fullerton Municipal Airport, and a net payment totaling \$2,168,757 was released from the escrow account to FW Aviation, LLC. The residual amount in the escrow account totaling \$53,031 was subsequently remitted to the OCFA's general checking account and the escrow account was closed. Following is a summary of escrow account transactions that occurred after June 30, 2013:

Account balance as of June 30, 2013	<u>\$2,221,788</u>
Released to FW Aviation, LLC on July 1, 2013:	
Total consideration and closing costs	2,201,950
July 2013 land lease payment	2,237
Tenant rents and security deposits	<u>(35,430)</u>
	<u>2,168,757</u>
Residual remitted to checking account on July 8, 2013	<u>\$ 53,031</u>

(c) Withdrawal from Orange County-Cities Hazardous Materials Emergency Response Authority

On November 15, 2012, OCFA's Board of Directors authorized the withdrawal of OCFA from the Orange County-Cities Hazardous Materials Emergency Response Authority (OCCHMERA) Joint Powers Authority. The withdrawal became effective July 1, 2013.

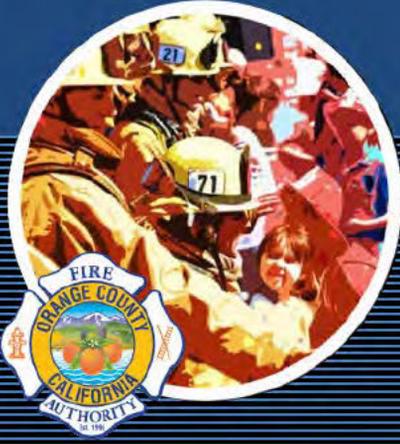
(d) Contract with John Wayne Airport for Airport Rescue and Firefighting Services

In November 2012, OCFA finalized a new five-year service agreement with John Wayne Airport (JWA) to provide Airport Rescue and Firefighting (ARFF) services from Fire Station No. 33. While the contract was established with OCFA, JWA was also in the process of reviewing its other options for service through a request for proposals. On July 26, 2013, OCFA received notice from JWA of their intent to recommend award of a new ARFF contract to JJ Protection Services. On July 31, 2013, OCFA submitted a protest to the County of Orange's Purchasing Department challenging the recommended vendor as a qualified respondent. The basis for the protest was that OCFA General Counsel has opined that the County of Orange is not authorized through the California Government Code to contract with a private provider for ARFF services. On August 1, 2013, the County of Orange placed the contract award on hold until further notice, pending review of OCFA's protest.

(e) Insurance Proceeds for Repair of Engine 61

On March 13, 2013, OCFA's Engine 61 was involved in a solo vehicle accident while responding to an emergency incident. As of June 30, 2013, OCFA had not made a determination as to whether the engine would be repaired or replaced, and was in the process of negotiating a settlement agreement with its insurance carrier. The Type 1 engine was purchased for \$367,000 in 2007, and had a net book value of \$228,000 as of June 30, 2013. In September 2013, a final settlement agreement was reached, and OCFA received an advance from its insurance carrier totaling \$241,000 to be used toward the repair of Engine 61.

SUPPLEMENTARY SCHEDULES



Grant Funded Breathing Apparatus

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, 2013
(With Comparative Data for Prior Year)**

	2013			Variance with Final Budget Positive (Negative)	2012
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 3,279,721	\$ 3,279,721	\$ 3,279,721	\$ -	\$ 4,123,851
Resources (inflows):					
Charges for services	144,708	278,656	278,656	-	237,328
Use of money and property	12,776	9,257	(1,951)	(11,208)	16,016
Miscellaneous	-	-	-	-	3,332
Total resources (inflows)	157,484	287,913	276,705	(11,208)	256,676
Amounts available for appropriations	3,437,205	3,567,634	3,556,426	(11,208)	4,380,527
Charges to appropriation (outflows):					
Services and supplies	1,240,217	1,250,217	961,247	288,970	1,084,611
Capital outlay	480,000	25,000	10,495	14,505	16,195
Total charges to appropriations	1,720,217	1,275,217	971,742	303,475	1,100,806
Budgetary fund balance, June 30	\$ 1,716,988	\$ 2,292,417	\$ 2,584,684	\$ 292,267	\$ 3,279,721

ORANGE COUNTY FIRE AUTHORITY
Communications & Information Systems
Budgetary Comparison Schedule
Year ended June 30, 2013
(With Comparative Data for Prior Year)

	2013			2012	
	Budget Amounts		Actual Amounts	Variance with Final Budget	
	Original	Final		Positive (Negative)	Actual Amounts
Budgetary fund balance, July 1	\$ 22,207,187	\$ 22,207,187	\$ 22,207,187	\$ -	\$ 23,726,192
Resources (inflows):					
Intergovernmental	828,000	-	-	-	-
Use of money and property	65,103	65,103	(11,991)	(77,094)	92,985
Miscellaneous	46,452	148,011	148,011	-	216,949
Transfers in	-	343,435	343,435	-	-
Total resources (inflows)	939,555	556,549	479,455	(77,094)	309,934
Amounts available for appropriations	23,146,742	22,763,736	22,686,642	(77,094)	24,036,126
Charges to appropriation (outflows):					
Services and supplies	2,245,997	1,772,491	1,562,993	209,498	1,773,082
Capital outlay	12,455,733	6,694,819	2,044,523	4,650,296	55,857
Total charges to appropriations	14,701,730	8,467,310	3,607,516	4,859,794	1,828,939
Budgetary fund balance, June 30	\$ 8,445,012	\$ 14,296,426	\$ 19,079,126	\$ 4,782,700	\$ 22,207,187

ORANGE COUNTY FIRE AUTHORITY
Vehicle Replacement
Budgetary Comparison Schedule
Year ended June 30, 2013
(With Comparative Data for Prior Year)

	2013			Variance with Final Budget Positive (Negative)	2012
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 34,373,122	\$ 34,373,122	\$ 34,373,122	\$ -	\$ 35,940,563
Resources (inflows):					
Intergovernmental	-	960,000	879,066	(80,934)	-
Charges for services	1,435,798	1,332,748	1,332,748	-	987,525
Use of money and property	135,195	91,529	(18,644)	(110,173)	145,870
Miscellaneous	-	90,839	90,839	-	104,507
Transfers in	-	37,787	37,787	-	-
Issuance of capital lease	-	-	-	-	16,756,078
Total resources (inflows)	1,570,993	2,512,903	2,321,796	(191,107)	17,993,980
Amounts available for appropriations	35,944,115	36,886,025	36,694,918	(191,107)	53,934,543
Charges to appropriation (outflows):					
Services and supplies	86,958	171,958	173,434	(1,476)	99,244
Capital outlay	7,464,945	9,239,701	3,114,512	6,125,189	159,459
Principal retirement	2,162,809	2,162,809	2,162,809	-	2,139,694
Interest and fiscal charges	368,914	368,914	368,914	-	499,332
Issuance costs	-	-	-	-	286,599
Refinanced debt	-	-	-	-	16,377,093
Total charges to appropriations	10,083,626	11,943,382	5,819,669	6,123,713	19,561,421
Budgetary fund balance, June 30	\$ 25,860,489	\$ 24,942,643	\$ 30,875,249	\$ 5,932,606	\$ 34,373,122

ORANGE COUNTY FIRE AUTHORITY
Facilities Replacement
Budgetary Comparison Schedule
Year ended June 30, 2013
(With Comparative Data for Prior Year)

	2013			Variance with Final Budget Positive (Negative)	2012
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 16,136,604	\$ 16,136,604	\$ 16,136,604	\$ -	\$ 16,226,306
Resources (inflows):					
Intergovernmental	37,929	-	-	-	37,929
Use of money and property	64,589	38,641	(13,275)	(51,916)	61,120
Miscellaneous	-	87,586	87,586	-	101,953
Developer contributions	-	40,560	538,260	497,700	10,140
Total resources (inflows)	102,518	166,787	612,571	445,784	211,142
Amounts available for appropriations	16,239,122	16,303,391	16,749,175	445,784	16,437,448
Charges to appropriation (outflows):					
Services and supplies	10,912	74,775	65,644	9,131	18,976
Capital outlay	2,201,900	2,206,900	-	2,206,900	281,868
Total charges to appropriations	2,212,812	2,281,675	65,644	2,216,031	300,844
Budgetary fund balance, June 30	\$ 14,026,310	\$ 14,021,716	\$ 16,683,531	\$ 2,661,815	\$ 16,136,604

ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Balance Sheet
June 30, 2013
(With Comparative Data for Prior Year)

	General Operating Fund	Structural Fire Entitlement
Assets:		
Cash and investments	\$ 32,548,172	\$ 1,296,620
Receivables:		
Accounts, net	2,944,138	-
Accrued interest	32,796	-
Prepaid costs	26,727,849	-
Due from other governments, net	9,674,957	-
Total assets	\$ 71,927,912	\$ 1,296,620
Liabilities:		
Accounts payable	\$ 2,024,342	\$ 28,460
Accrued liabilities	12,853,555	-
Unearned revenue	2,905,626	-
Due to other governments	23,368	-
Total liabilities	17,806,891	28,460
Deferred Inflows of Resources:		
Unavailable revenue	1,034,421	-
Total deferred inflows of resources	1,034,421	-
Fund balances:		
Nonspendable - Prepaid costs	26,727,849	-
Restricted for:		
Executive Management	7,865	-
Operations Department	127,193	-
Fire Prevention Department	2,618	-
Business Services Department	-	-
Committed to - SFF cities enhancements	-	1,268,160
Assigned to:		
Workers' compensation	-	-
Executive Management	24,832	-
Operations Department	62,583	-
Fire Prevention Department	55,138	-
Business Services Department	161,126	-
Support Services Department	134,545	-
Facilities projects	-	-
Unassigned	25,782,851	-
Total fund balances	53,086,600	1,268,160
Total liabilities, deferred inflows of resources, and fund balances	\$ 71,927,912	\$ 1,296,620

Self Insurance	Eliminations	Total General Fund	
		2013	2012
\$ 53,649,000	\$ -	\$ 87,493,792	\$ 68,277,255
-	-	2,944,138	1,803,896
-	-	32,796	76,707
-	-	26,727,849	22,756,709
-	-	9,674,957	8,529,530
\$ 53,649,000	\$ -	\$ 126,873,532	\$ 101,444,097
\$ 418,616	\$ -	\$ 2,471,418	\$ 2,590,413
-	-	12,853,555	10,915,134
-	-	2,905,626	28,796
-	-	23,368	-
418,616	-	18,253,967	13,534,343
-	-	1,034,421	1,613,944
-	-	1,034,421	1,613,944
-	-	26,727,849	22,756,709
-	-	7,865	60,391
-	-	127,193	113,056
-	-	2,618	24,628
-	-	-	1,501,712
-	-	1,268,160	1,372,789
53,230,384	-	53,230,384	34,146,268
-	-	24,832	45,140
-	-	62,583	134,227
-	-	55,138	49,224
-	-	161,126	232,335
-	-	134,545	94,138
-	-	-	14,065
-	-	25,782,851	25,751,128
53,230,384	-	107,585,144	86,295,810
\$ 53,649,000	\$ -	\$ 126,873,532	\$ 101,444,097

ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2013
(With Comparative Data for Prior Year)

	General Operating Fund	Structural Fire Entitlement
Revenues:		
Taxes	\$ 181,720,253	\$ -
Intergovernmental	28,004,583	-
Charges for services	94,292,648	-
Use of money and property	68,389	(907)
Miscellaneous	4,785,472	-
Total revenues	308,871,345	(907)
Expenditures:		
Current - public safety:		
Salaries and benefits	265,194,624	-
Services and supplies	23,734,885	103,722
Capital outlay	250,572	-
Debt service:		
Interest and fiscal charges	115,937	-
Total expenditures	289,296,018	103,722
Excess (deficiency) of revenues over (under) expenditures	19,575,327	(104,629)
Other financing sources (uses):		
Transfers in	-	-
Transfers out	(15,626,016)	-
Sale of capital and other assets	58,051	-
Insurance recoveries	53,529	-
Total other financing sources (uses)	(15,514,436)	-
Net change in fund balances	4,060,891	(104,629)
Fund balances, beginning of year as restated	49,025,709	1,372,789
Fund balances, end of year	\$ 53,086,600	\$ 1,268,160

Self Insurance	Eliminations	Total General Fund	
		2013	2012
\$ -	\$ -	\$ 181,720,253	\$ 177,728,290
-	-	28,004,583	12,856,953
9,892,711	(9,892,711)	94,292,648	64,332,052
(42,177)	-	25,305	344,630
-	-	4,785,472	2,326,680
9,850,534	(9,892,711)	308,828,261	257,588,605
-	(9,892,711)	255,301,913	228,452,010
6,011,212	-	29,849,819	27,761,638
-	-	250,572	418,655
-	-	115,937	136,019
6,011,212	(9,892,711)	285,518,241	256,768,322
3,839,322	-	23,310,020	820,283
15,244,794	(15,244,794)	-	-
-	15,244,794	(381,222)	-
-	-	58,051	146,317
-	-	53,529	89,095
15,244,794	-	(269,642)	235,412
19,084,116	-	23,040,378	1,055,695
34,146,268	-	84,544,766	85,240,115
\$ 53,230,384	\$ -	\$ 107,585,144	\$ 86,295,810

ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Original Budget
Year ended June 30, 2013

	General Operating Fund	Structural Fire Entitlement	Self Insurance	Eliminations	Total General Fund 2013
Budgetary fund balance, July 1	\$ 49,025,709	\$ 1,372,789	\$ 34,146,268	\$ -	\$ 84,544,766
Resources (inflows):					
Taxes	180,025,636	-	-	-	180,025,636
Intergovernmental	8,453,724	-	-	-	8,453,724
Charges for services	94,314,465	-	7,407,001	(7,407,001)	94,314,465
Use of money and property	217,023	4,197	165,993	-	387,213
Miscellaneous	2,519,243	-	-	-	2,519,243
Sale of capital and other assets	50,000	-	-	-	50,000
Total resources (inflows)	285,580,091	4,197	7,572,994	(7,407,001)	285,750,281
Amounts available for appropriations	334,605,800	1,376,986	41,719,262	(7,407,001)	370,295,047
Charges to appropriation (outflows):					
Salaries and benefits	260,416,467	-	-	(7,407,001)	253,009,466
Services and supplies	23,672,429	765,494	8,602,134	-	33,040,057
Capital outlay	114,099	-	-	-	114,099
Interest and fiscal charges	116,250	-	-	-	116,250
Total charges to appropriations	284,319,245	765,494	8,602,134	(7,407,001)	286,279,872
Budgetary fund balance, June 30	\$ 50,286,555	\$ 611,492	\$ 33,117,128	\$ -	\$ 84,015,175

ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Final Budget
Year ended June 30, 2013

	General Operating Fund	Structural Fire Entitlement	Self Insurance	Eliminations	Total General Fund 2013
Budgetary fund balance, July 1	\$ 49,025,709	\$ 1,372,789	\$34,146,268	\$ -	\$84,544,766
Resources (inflows):					
Taxes	181,204,709	-	-	-	181,204,709
Intergovernmental	28,848,491	-	-	-	28,848,491
Charges for services	92,831,219	-	9,892,711	(9,892,711)	92,831,219
Use of money and property	188,658	4,197	128,552	-	321,407
Miscellaneous	4,547,615	-	-	-	4,547,615
Transfers in	-	-	15,244,794	(15,244,794)	-
Sale of capital and other assets	50,000	-	-	-	50,000
Insurance recoveries	25,776	-	-	-	25,776
Total resources (inflows)	307,696,468	4,197	25,266,057	(25,137,505)	307,829,217
Amounts available for appropriations	356,722,177	1,376,986	59,412,325	(25,137,505)	392,373,983
Charges to appropriation (outflows):					
Salaries and benefits	267,772,050	-	-	(9,892,711)	257,879,339
Services and supplies	26,420,819	1,307,048	9,569,235	-	37,297,102
Capital outlay	445,897	-	-	-	445,897
Interest and fiscal charges	116,250	-	-	-	116,250
Transfers out	15,626,016	-	-	(15,244,794)	381,222
Total charges to appropriations	310,381,032	1,307,048	9,569,235	(25,137,505)	296,119,810
Budgetary fund balance, June 30	\$ 46,341,145	\$ 69,938	\$49,843,090	\$ -	\$96,254,173



Orange County Fire Authority Safety Message

Home Escape Plans (Part 3 of 3)

In the event of a fire, time is of the essence, every second counts! Escape plans help you get out of your home quickly. Once a fire starts in a home, there is no time to plan on how to get out. You may have only 1-2 minutes to get out safely. Sit down with your family and make a step-by-step plan for escaping a fire in your home.

- **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.



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

Emergency Supply Checklist Basic Emergency Supply Kit

The U.S. Department of Homeland Security recommends taking a few simple steps to prepare for an earthquake or other disaster, including putting together an emergency supply kit with provisions for at least 72 hours. The list below includes basic necessities, but it's important to consider individual and family needs in order to create a kit that will meet those needs.

- ✓ Water – 1 gallon per person per day
- ✓ Non-perishable foods and non-electric can opener
- ✓ Battery powered radio and extra batteries
- ✓ Flashlights (one per person) and extra batteries
- ✓ First aid kit, including manual
- ✓ Prescription medications
- ✓ Spare eyeglasses
- ✓ Whistle to signal for help
- ✓ Dust masks to filter contaminated air
- ✓ Plastic sheeting and duct tape to shelter in place
- ✓ Personal sanitation items (soap, shampoo, toothbrush, toothpaste, etc.)
- ✓ Toilet paper and garbage bags for waste
- ✓ Tool kit, including wrench to turn off utilities
- ✓ Heavy gloves for cleaning debris
- ✓ ABC fire extinguisher
- ✓ Cooking/eating necessities, including cups, plates, utensils, and paper towels
- ✓ Local maps
- ✓ Cash (small bills and change)
- ✓ Copies of important family documents
- ✓ Food and water for pets

ORANGE COUNTY FIRE AUTHORITY

Financial Trends Information

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

Changes in Net Position – Presents the changes in net position 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 Position by Component
Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year ended June 30			
	2004	2005	2006	2007
Governmental activities:				
Net investment in capital assets	\$ 106,274,212	\$ 112,367,478	\$ 122,819,640	\$ 138,152,825
Restricted	6,040,722	21,697,161	18,673,581	15,179,905
Unrestricted	71,360,573	59,545,780	74,568,019	93,182,195
Total governmental activities net position	<u>\$ 183,675,507</u>	<u>\$ 193,610,419</u>	<u>\$ 216,061,240</u>	<u>\$ 246,514,925</u>

SOURCE: OCFA Comprehensive Annual Financial Reports

NOTES:

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

2008	2009	2010	2011	2012	2013
\$ 163,340,815	\$ 172,293,178	\$ 183,717,406	\$ 186,297,543	\$ 183,584,385	\$ 181,363,364
11,331,122	7,394,371	1,623,121	1,627,233	3,252,969	1,690,858
<u>120,539,628</u>	<u>129,119,689</u>	<u>115,965,726</u>	<u>99,704,595</u>	<u>81,450,846</u>	<u>74,510,482</u>
<u>\$ 295,211,565</u>	<u>\$ 308,807,238</u>	<u>\$ 301,306,253</u>	<u>\$ 287,629,371</u>	<u>\$ 268,288,200</u>	<u>\$ 257,564,704</u>
	(1)			(2)	

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

Governmental Activities	Fiscal Year ended June 30			
	2004	2005	2006	2007
Expenses - public safety:				
Salaries and benefits	\$ 143,977,399	\$ 154,532,819	\$ 166,930,470	\$ 187,129,443
Services and supplies	26,654,071	26,911,103	25,905,315	27,139,113
Depreciation and amortization	5,614,203	7,280,693	7,277,623	7,000,915
Interest on long-term debt	1,611,919	1,539,394	1,522,705	1,871,983
Total program expenses	<u>177,857,592</u>	<u>190,264,009</u>	<u>201,636,113</u>	<u>223,141,454</u>
Program revenues - public safety:				
Charges for services	50,000,805	52,968,895	56,509,909	61,130,982
Operating grants and contributions	3,821,571	4,208,541	6,650,839	5,537,722
Capital grants and contributions	2,002,455	1,445,246	2,730,652	4,172,358
Total program revenues	<u>55,824,831</u>	<u>58,622,682</u>	<u>65,891,400</u>	<u>70,841,062</u>
Net program revenues (expenses)	<u>(122,032,761)</u>	<u>(131,641,327)</u>	<u>(135,744,713)</u>	<u>(152,300,392)</u>
General revenues:				
Property taxes	122,930,589	138,076,307	152,747,044	166,639,162
Investment income	1,716,086	2,891,248	4,875,101	7,912,428
Gain on disposal of capital assets	1,903,942	-	-	-
Miscellaneous	537,287	608,684	573,389	903,992
Total general revenues	<u>127,087,904</u>	<u>141,576,239</u>	<u>158,195,534</u>	<u>175,455,582</u>
Changes in net assets	<u>\$ 5,055,143</u>	<u>\$ 9,934,912</u>	<u>\$ 22,450,821</u>	<u>\$ 23,155,190</u>

SOURCE: OCFA Comprehensive Annual Financial Reports

NOTES:

- (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).
- (2) The City of Santa Ana became a member city of OCFA during Fiscal Year 2011/12 (April 2012).

2008	2009	2010	2011	2012	2013
\$ 199,095,873	\$ 209,092,693	\$ 211,729,989	\$ 221,031,439	\$ 240,084,607	\$ 264,067,489
31,669,603	31,425,592	24,318,065	30,736,034	37,069,099	45,879,501
7,399,902	7,923,947	8,432,793	8,970,508	9,300,853	9,793,491
<u>1,410,673</u>	<u>1,718,137</u>	<u>855,577</u>	<u>677,910</u>	<u>494,014</u>	<u>367,701</u>
<u>239,576,051</u>	<u>250,160,369</u>	<u>245,336,424</u>	<u>261,415,891</u>	<u>286,948,573</u>	<u>320,108,182</u>
69,187,051	67,305,621	63,743,942	61,975,963	76,347,126	102,875,410
6,835,746	5,981,800	5,784,969	5,963,648	6,580,681	19,523,853
<u>22,092,218</u>	<u>140,903</u>	<u>1,415,618</u>	<u>395,180</u>	<u>3,926,275</u>	<u>2,811,180</u>
<u>98,115,015</u>	<u>73,428,324</u>	<u>70,944,529</u>	<u>68,334,791</u>	<u>86,854,082</u>	<u>125,210,443</u>
<u>(141,461,036)</u>	<u>(176,732,045)</u>	<u>(174,391,895)</u>	<u>(193,081,100)</u>	<u>(200,094,491)</u>	<u>(194,897,739)</u>
182,536,717	184,696,756	179,001,919	177,181,086	177,728,290	181,720,253
6,295,464	3,704,964	1,006,128	611,408	524,602	(136,493)
-	-	-	39,803	79,705	11,924
<u>730,733</u>	<u>1,925,998</u>	<u>890,127</u>	<u>835,021</u>	<u>2,420,723</u>	<u>4,329,603</u>
<u>189,562,914</u>	<u>190,327,718</u>	<u>180,898,174</u>	<u>178,667,318</u>	<u>180,753,320</u>	<u>185,925,287</u>
<u>\$ 48,101,878</u>	<u>\$ 13,595,673</u>	<u>\$ 6,506,279</u>	<u>\$ (14,413,782)</u>	<u>\$ (19,341,171)</u>	<u>\$ (8,972,452)</u>
(1)				(2)	

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

	Fiscal Year ended June 30			
	2004	2005	2006	2007
General Fund:				
Reserved	\$ 1,908,821	\$ 1,610,025	\$ 2,392,327	\$ 1,476,790
Unreserved	39,531,599	36,571,082	48,163,349	54,391,252
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	\$ 41,440,420	\$ 38,181,107	\$ 50,555,676	\$ 55,868,042
All other governmental funds:				
Reserved	\$ 7,716,407	\$ 13,822,050	\$ 12,162,589	\$ 14,066,095
Unreserved, reported in:				
Special revenue funds	16,849,322	17,029,091	32,488,801	46,998,762
Capital projects funds	21,153,461	9,257,299	8,875,958	5,602,562
Debt service funds	3,678,564	19,267,740	16,204,380	12,648,661
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Total all other governmental funds	\$ 49,397,754	\$ 59,376,180	\$ 69,731,728	\$ 79,316,080

SOURCE: OCFA Comprehensive Annual Financial Reports

NOTES:

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

2008	2009	2010	2011	2012	2013
\$ 1,519,961	\$ 1,417,069	\$ -	\$ -	\$ -	\$ -
60,436,769	67,926,629	-	-	-	-
-	-	117,473	23,186,680	22,756,709	26,727,849
-	-	111,305	111,980	1,699,787	137,676
-	-	861,116	797,935	1,372,789	1,268,160
-	-	37,621,864	35,550,989	34,715,397	53,668,608
-	-	41,985,648	25,592,531	25,751,128	25,782,851
<u>\$ 61,956,730</u>	<u>\$ 69,343,698</u>	<u>\$ 80,697,406</u>	<u>\$ 85,240,115</u>	<u>\$ 86,295,810</u>	<u>\$ 107,585,144</u>
\$ 8,446,422	\$ 14,752,366	\$ -	\$ -	\$ -	\$ -
62,633,870	75,515,265	-	-	-	-
16,718,235	13,344,809	-	-	-	-
8,738,484	4,752,258	-	-	-	-
-	-	567,349	478,449	405,815	352,318
-	-	1,015,700	1,515,253	1,553,182	1,553,182
-	-	87,476,588	78,023,210	74,037,637	67,317,090
<u>\$ 96,537,011</u>	<u>\$ 108,364,698</u>	<u>\$ 89,059,637</u>	<u>\$ 80,016,912</u>	<u>\$ 75,996,634</u>	<u>\$ 69,222,590</u>

(1)

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

	Fiscal Year ended June 30			
	2004	2005	2006	2007
Revenues:				
Taxes	\$ 122,930,589	\$ 138,076,307	\$ 152,747,044	\$ 166,639,162
Intergovernmental	10,222,840	9,279,498	12,737,022	15,643,174
Charges for services	43,568,603	47,912,985	50,431,293	53,191,997
Use of money and property	1,716,086	2,891,248	5,284,539	8,379,245
Miscellaneous	537,287	608,684	581,708	428,475
Developer contributions	642,455	1,445,246	2,730,652	1,096,262
Total revenues	<u>179,617,860</u>	<u>200,213,968</u>	<u>224,512,258</u>	<u>245,378,315</u>
Expenditures:				
Current - public safety:				
Salaries and benefits	143,515,244	151,938,290	166,670,733	186,074,623
Services and supplies	33,541,649	27,100,196	23,188,784	27,146,936
Capital outlay	11,424,732	8,013,300	10,838,654	9,714,765
Debt service:				
Principal retirement	7,410,710	4,889,349	5,033,119	5,186,766
Interest and fiscal charges	1,605,649	1,620,267	1,985,533	2,414,453
Issuance costs	-	-	-	-
Total expenditures	<u>197,497,984</u>	<u>193,561,402</u>	<u>207,716,823</u>	<u>230,537,543</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,880,124)</u>	<u>6,652,566</u>	<u>16,795,435</u>	<u>14,840,772</u>
Other financing sources (uses):				
Transfers in	6,361,095	24,457,025	18,435,635	24,350,337
Transfers out	(6,361,095)	(24,457,025)	(18,435,635)	(24,350,337)
Issuance of long-term debt	9,147,260	-	5,841,858	-
Refinanced long-term debt	-	-	-	-
Sale of capital and other assets	3,842,821	66,547	92,824	55,946
Insurance recoveries	-	-	-	-
Total other financing sources (uses)	<u>12,990,081</u>	<u>66,547</u>	<u>5,934,682</u>	<u>55,946</u>
Net change in fund balances	<u>\$ (4,890,043)</u>	<u>\$ 6,719,113</u>	<u>\$ 22,730,117</u>	<u>\$ 14,896,718</u>
Debt service as a percentage of noncapital expenditures	4.8%	3.5%	3.6%	3.4%

SOURCE: OCFA Comprehensive Annual Financial Reports

2008	2009	2010	2011	2012	2013
\$ 182,536,717	\$ 184,696,756	\$ 179,001,919	\$ 177,181,086	\$ 177,728,290	\$ 181,720,253
24,168,953	18,898,459	14,202,209	11,080,619	12,894,882	28,883,649
53,510,278	54,125,964	55,325,007	56,582,867	65,556,905	95,904,052
7,336,664	4,148,889	1,341,991	822,002	660,621	(20,556)
982,487	2,517,891	1,333,170	1,320,856	2,753,421	5,111,908
1,744,392	-	551,365	43,200	10,140	538,260
<u>270,279,491</u>	<u>264,387,959</u>	<u>251,755,661</u>	<u>247,030,630</u>	<u>259,604,259</u>	<u>312,137,566</u>
195,481,030	203,790,256	206,942,045	211,801,889	228,452,010	255,301,913
31,386,487	28,561,308	28,521,125	28,207,018	30,737,551	32,613,137
13,323,621	32,624,294	9,647,853	9,899,979	932,034	5,420,102
4,867,453	5,933,911	13,370,586	1,911,912	2,139,694	2,162,809
2,526,877	2,119,347	1,459,383	890,067	635,351	484,851
-	-	-	-	286,599	-
<u>247,585,468</u>	<u>273,029,116</u>	<u>259,940,992</u>	<u>252,710,865</u>	<u>263,183,239</u>	<u>295,982,812</u>
<u>22,694,023</u>	<u>(8,641,157)</u>	<u>(8,185,331)</u>	<u>(5,680,235)</u>	<u>(3,578,980)</u>	<u>16,154,754</u>
29,914,910	30,257,506	10,608,277	4,137,811	-	381,222
(29,914,910)	(30,257,506)	(10,608,277)	(4,137,811)	-	(381,222)
-	21,515,238	-	-	16,756,078	-
-	-	-	-	(16,377,093)	-
93,807	93,480	162,533	434,914	146,317	58,051
-	81,576	71,445	8,405	89,095	53,529
<u>93,807</u>	<u>21,690,294</u>	<u>233,978</u>	<u>443,319</u>	<u>614,397</u>	<u>111,580</u>
<u>\$ 22,787,830</u>	<u>\$ 13,049,137</u>	<u>\$ (7,951,353)</u>	<u>\$ (5,236,916)</u>	<u>\$ (2,964,583)</u>	<u>\$ 16,266,334</u>
3.2%	3.3%	5.9%	1.2%	1.1%	0.9%



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 2003/04	FY 2004/05	FY 2005/06	FY 2006/07
Buena Park	\$ 5,241,607	\$ 5,651,721	\$ 6,112,028	\$ 6,750,905
Placentia	3,499,257	3,792,066	4,189,586	4,628,986
San Clemente	7,738,680	8,748,299	9,999,404	11,366,168
Santa Ana (4)	n/a	n/a	n/a	n/a
Seal Beach	2,761,755	2,968,854	3,189,870	3,585,301
Stanton	1,456,875	1,590,290	1,774,670	1,972,744
Tustin	5,901,337	6,507,163	7,046,325	8,170,655
Westminster	4,802,251	5,188,197	5,589,577	6,215,306
Total cash contract cities (3)	<u>31,401,762</u>	<u>34,446,590</u>	<u>37,901,460</u>	<u>42,690,065</u>
Aliso Viejo	5,223,553	5,673,714	6,176,940	6,968,167
Cypress	4,038,709	4,380,633	4,704,566	5,085,127
Dana Point	5,941,465	6,250,662	6,998,388	7,693,012
Irvine	26,799,741	29,634,708	33,764,042	39,280,256
Laguna Hills	4,197,860	4,508,804	4,909,424	5,313,973
Laguna Niguel	8,774,412	9,496,924	10,355,469	11,347,524
Laguna Woods	1,714,358	1,793,619	1,963,825	2,118,937
Lake Forest	8,035,481	8,567,664	9,258,757	10,165,487
La Palma	1,222,653	1,304,664	1,397,213	1,509,520
Los Alamitos	1,126,237	1,221,543	1,333,656	1,416,837
Mission Viejo	9,882,639	10,514,195	11,473,222	12,449,764
Rancho Santa Margarita	5,051,504	5,502,550	5,989,888	6,575,282
San Juan Capistrano	4,060,793	4,424,780	4,780,297	5,260,585
Villa Park	990,409	1,069,950	1,148,109	1,234,034
Yorba Linda	7,252,943	7,938,555	8,865,186	9,969,593
Unincorporated	14,178,447	15,890,882	17,991,705	19,843,722
Total SFF jurisdictions (2)	<u>108,491,204</u>	<u>118,173,847</u>	<u>131,110,687</u>	<u>146,231,820</u>
Percentage change from prior year	7.69%	8.92%	10.95%	11.53%
Total assessed valuation	<u>\$ 139,892,966</u>	<u>\$ 152,620,437</u>	<u>\$ 169,012,147</u>	<u>\$ 188,921,885</u>
Total direct tax rate	0.11%	0.12%	0.12%	0.11%

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

NOTES:

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

<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13</u>
\$ 7,351,653	\$ 7,611,793	\$ 7,438,787	\$ 7,478,553	\$ 7,484,717	7,602,927
4,991,175	5,070,123	4,967,651	4,969,023	5,007,558	5,080,849
12,486,976	12,855,038	12,631,337	12,431,717	12,356,019	12,506,118
n/a	n/a	n/a	n/a	20,100,864	20,339,779
3,875,902	4,256,884	4,241,221	4,282,032	4,434,345	4,480,557
2,184,177	2,195,788	2,070,815	2,042,112	2,063,293	2,073,752
9,070,627	9,958,561	9,501,069	9,419,294	9,378,899	9,502,173
6,640,057	6,775,451	6,698,153	6,779,972	6,935,762	7,023,383
<u>46,600,567</u>	<u>48,723,638</u>	<u>47,549,033</u>	<u>47,402,703</u>	<u>67,761,457</u>	<u>68,609,538</u>
7,499,861	7,792,144	7,553,177	7,459,562	7,511,408	7,605,524
5,421,886	5,604,677	5,529,005	5,514,794	5,560,190	5,666,354
8,532,709	8,879,909	8,763,402	8,687,748	8,735,352	8,844,364
44,382,983	47,257,608	47,212,001	46,538,576	47,136,231	48,646,093
5,736,525	5,692,646	5,589,417	5,460,470	5,463,649	5,513,066
12,073,542	12,227,117	11,883,056	11,892,951	11,991,939	12,116,601
2,262,295	2,295,254	2,273,717	2,214,363	2,186,990	2,193,624
10,896,488	11,189,197	10,915,562	10,744,518	10,721,083	10,885,724
1,636,875	1,685,812	1,695,126	1,698,469	1,698,169	1,718,007
1,515,499	1,582,738	1,589,309	1,616,120	1,603,255	1,638,193
13,246,125	13,357,566	13,104,698	13,157,979	13,226,115	13,320,574
6,977,082	6,921,865	6,617,903	6,605,397	6,623,819	6,679,191
5,794,133	5,961,050	5,835,957	5,817,501	5,799,444	5,833,269
1,311,588	1,355,557	1,359,734	1,353,409	1,372,687	1,398,666
10,909,311	11,165,576	10,897,981	10,936,312	11,262,427	11,484,958
21,846,485	22,212,379	21,447,511	21,485,307	21,509,471	21,332,072
<u>160,043,387</u>	<u>165,181,095</u>	<u>162,267,556</u>	<u>161,183,476</u>	<u>162,402,229</u>	<u>164,876,280</u>
9.44%	3.21%	-1.76%	-0.67%	0.76%	1.52%
<u>\$ 206,643,954</u>	<u>\$ 213,904,733</u>	<u>\$ 209,816,589</u>	<u>\$ 208,586,179</u>	<u>\$ 230,163,686</u>	<u>\$ 233,485,818</u>
0.11%	0.11%	0.11%	0.11%	0.11%	0.11%

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

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

Fiscal Year ended June 30	Tax Rates Per \$100 of Assessed/Full Cash Value		
	Overlapping County-wide Basic Levy - Operating	Direct Orange County - Debt Service	Total
2004	1.00000	0.00000	1.00000
2005	1.00000	0.00000	1.00000
2006	1.00000	0.00000	1.00000
2007	1.00000	0.00000	1.00000
2008	1.00000	0.00000	1.00000
2009	1.00000	0.00000	1.00000
2010	1.00000	0.00000	1.00000
2011	1.00000	0.00000	1.00000
2012	1.00000	0.00000	1.00000
2013	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 2003/04			Fiscal Year 2012/13		
	Actual	Percent of		Actual Taxes	Percent of	
	Taxes	Rank	Total Taxes		Total Taxes	Rank
	Levied	Rank	Levied	Levied	Rank	Levied
Irvine Company	\$ 43,395	1	1.33%	\$ 116,988	1	2.35%
Walt Disney Parks & Resorts US	\$ 26,352	2	0.80%	\$ 50,122	2	1.01%
Irvine Apartment Communities	\$ 18,644	3	0.57%			
So Cal Edison Company	\$ 13,955	4	0.43%	\$ 29,544	3	0.59%
Pacific Bell Telephone Company (AT&T; SBC California)	\$ 9,876	5	0.30%	\$ 8,013	4	0.16%
Kaiser Foundation Hospitals				\$ 7,510	5	0.15%
Cox Communications	\$ 7,256	6	0.22%			
United Laguna Hills Mutual	\$ 6,716	7	0.21%	\$ 7,177	6	0.14%
Heritage Fields El Toro				\$ 6,624	7	0.13%
Oxy USA Inc.				\$ 6,003	8	0.12%
McDonnell Douglas Corp.	\$ 5,403	8	0.16%			
Irvine Co. of W. VA.	\$ 5,086	9	0.16%			
Southern California Gas Company	\$ 4,354	10	0.13%	\$ 4,565	9	0.09%
Linn Western Operating Inc.				\$ 4,441	10	0.09%

SOURCES:

OCFA Comprehensive Annual Financial Report for Fiscal Year 2003/04

County of Orange, Treasurer-Tax Collector, Tax Collector Top 10 Taxpayer List for Fiscal Year 2012/13
(<http://egov.ocgov.com>)

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 Levy		Collection of Prior Year Levies		Collection of Penalties and Interest			Total Collection to Date		Collection of Property Tax Increment (4)	
		Amount	% of Levy	Teeter Plan	Delinquencies and Other	Delinquency Penalties	Interest	Amounts Collected	% of Levy	RDA Pass-Through	H&S Pass-Through	
2004	\$ 123,841	\$ 121,578	98.2%	(1)	\$ 251	(2)	(1)	\$ 121,829	98.4%	\$ -	\$ -	
2005	\$ 138,864	\$ 136,787	98.5%	(1)	\$ 250	(2)	(1)	\$ 137,037	98.7%	\$ -	\$ -	
2006	\$ 154,294	\$ 149,252	96.7%	\$ 2,104	\$ 290	\$ 42	\$ 101	\$ 151,789	98.4%	\$ -	\$ -	
2007	\$ 168,777	\$ 160,990	95.4%	\$ 4,023	\$ 506	\$ 74	\$ 974	\$ 166,567	98.7%	\$ -	\$ -	
2008	\$ 182,400	\$ 174,208	95.5%	\$ 6,157	\$ 812	\$ 125	\$ 471	\$ 181,773	99.7%	\$ -	\$ -	
2009	\$ 184,776	\$ 176,080	95.3%	\$ 5,985	\$ 878	\$ 157	\$ 226	\$ 183,326	99.2%	\$ -	\$ -	
2010	\$ 179,914	\$ 158,509	88.1%	\$ 3,683	\$ 493	\$ 110	\$ 100	\$ 162,895	90.5% (3)	\$ -	\$ -	
2011	\$ 178,812	\$ 172,543	96.5%	\$ 2,510	\$ 246	\$ 79	\$ 58	\$ 175,436	98.1%	\$ -	\$ -	
2012	\$ 179,564	\$ 173,169	96.4%	\$ 2,324	\$ 262	\$ 79	\$ 46	\$ 175,880	97.9%	\$ 3,468	\$ -	
2013	\$ 184,029	\$ 178,299	96.9%	\$ 1,674	\$ 157	\$ 30	\$ 37	\$ 180,197	97.9%	\$ 6,248	\$ 10,269	

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

NOTES:

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

ORANGE COUNTY FIRE AUTHORITY

Debt Capacity Information

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

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

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

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

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

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

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

Fiscal Year ended June 30	Governmental Activities (A)			(B)	(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
2004	\$ 22,555	\$ 8,147	\$ 30,702	\$74	41489.2%	1,310	\$23
2005	\$ 19,665	\$ 6,148	\$ 25,813	\$76	33964.5%	1,331	\$19
2006	\$ 16,670	\$ 9,952	\$ 26,622	\$78	34130.8%	1,346	\$20
2007	\$ 13,570	\$ 7,865	\$ 21,435	\$79	27132.9%	1,359	\$16
2008	\$ 10,365	\$ 6,203	\$ 16,568	\$84	19723.8%	1,376	\$12
2009	\$ 7,040	\$ 25,109	\$ 32,149	\$86	37382.6%	1,387	\$23
2010	\$ -	\$ 18,778	\$ 18,778	\$87	21583.9%	1,403	\$13
2011	\$ -	\$ 16,866	\$ 16,866	\$84	20078.6%	1,355	\$12
2012	\$ -	\$ 15,106	\$ 15,106	\$85	17771.8%	1,694	\$9 (1)
2013	\$ -	\$ 12,943	\$ 12,943	\$84	15408.3%	1,712	\$8

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>)

NOTE:

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

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

Fiscal Year ended June 30	(A)	(B)	(C)	(D)		Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
	Population (OCFA Jurisdiction Only)	Assessed Value	Gross Bonded Debt	Amounts Available in Debt Service Fund	Net Bonded Debt		
2004	1,310	\$ 139,892,966	\$ 22,555	\$ 2,806	\$ 19,749	0.01%	\$ 15
2005	1,331	\$ 152,620,437	\$ 19,665	\$ 2,806	\$ 16,859	0.01%	\$ 13
2006	1,346	\$ 169,012,147	\$ 16,670	\$ 2,806	\$ 13,864	0.01%	\$ 10
2007	1,359	\$ 188,921,885	\$ 13,570	\$ 2,806	\$ 10,764	0.01%	\$ 8
2008	1,376	\$ 206,643,954	\$ 10,365	\$ 2,806	\$ 7,559	0.00%	\$ 5
2009	1,387	\$ 213,904,733	\$ 7,040	\$ 2,806	\$ 4,234	0.00%	\$ 3
2010	1,403	\$ 209,816,589	\$ -	\$ -	\$ -	0.00%	\$ - (1)
2011	1,355	\$ 208,586,179	\$ -	\$ -	\$ -	0.00%	\$ -
2012	1,694	\$ 230,163,686	\$ -	\$ -	\$ -	0.00%	\$ -
2013	1,712	\$ 233,485,818	\$ -	\$ -	\$ -	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, 2013

2012-13 Assessed Valuation			\$213,146,039,075
	Total Debt	%	OCFA's Share
<u>Overlapping Tax and Assessment Debt</u>	<u>6/30/13</u>	<u>Applicable (1)</u>	<u>of Debt 6/30/13</u>
Metropolitan Water District	\$ 165,085,000	10.147%	\$ 16,751,175
Coast Community College District	648,598,698	11.084	71,890,680
North Orange County Joint Community College District	213,394,001	39.401	84,079,370
Rancho Santiago Community College District	293,246,944	17.516	51,365,135
Capistrano Unified School District School Facilities Improvement District No. 1	39,579,930	99.989	39,575,576
Placentia-Yorba Linda Unified School District	263,061,996	71.144	187,152,826
Saddleback Valley Unified School District	121,645,000	100.000	121,645,000
Santa Ana Unified School District	296,779,272	28.250	83,840,144
Anaheim Union High School District	105,183,955	31.564	33,200,264
Other School Districts	1,304,594,571	Various	417,308,828
City of San Juan Capistrano	30,910,000	100.000	30,910,000
Irvine Ranch Water District Improvement Districts	499,871,090	Various	485,319,941
Moulton-Niguel Water District Improvement Districts	27,775,000	100.000	27,775,000
Santa Margarita Water District Improvement Districts	156,670,000	100.000	156,670,000
South Coast Water District	2,450,000	62.553	1,532,549
County Community Facilities Districts	404,429,210	100.000	404,429,210
School Community Facilities Districts	951,360,616	100.000	951,360,616
City and Special District Community Facilities Districts	285,727,000	100.000	285,727,000
1915 Act Special Assessment Tax Bonds	826,973,000	100.000	826,973,000
Total Overlapping Tax and Assessment Debt			<u>\$4,277,506,314</u>
<u>Direct and Overlapping General Fund Debt:</u>			
Orange County General Fund Obligations	\$190,546,000	49.820%	\$ 94,930,017
Orange County Pension Obligations	306,287,244	49.820	152,592,305
Orange County Board of Education Certificates of Participation	15,770,000	49.820	7,856,614
Orange County Fire Authority	0	100.000	0
Municipal Water District of Orange County Water Facilities Corporation	10,035,000	59.772	5,998,120
Unified School District Certificates of Participation	412,536,844	Various	185,681,161
Union High School Districts Certificates of Participation	119,204,185	Various	24,232,723
School District General Fund Obligations	52,944,320	Various	23,260,909
City General Fund Obligations	93,411,992	100.000	93,411,992
Moulton-Niguel Water District Certificates of Participation	83,535,000	100.000	83,535,000
Other Special District General Fund Obligations	355,000	Various	355,000
Total Gross Direct and Overlapping General Fund Debt			\$ 671,853,841
Less: MWDOC Water Facilities Corporation Certificates of Participation			<u>(5,998,120)</u>
Total Net Direct and Overlapping General Fund Debt			<u>\$ 665,855,721</u>
<u>Overlapping Tax Increment Debt (Successor Agencies):</u>	\$555,917,505	0.002-100.000%	<u>\$ 509,771,595</u>
TOTAL DIRECT DEBT			\$0
TOTAL GROSS OVERLAPPING DEBT / GROSS COMBINED TOTAL DEBT (2)			\$5,459,131,750
TOTAL NET OVERLAPPING DEBT / NET COMBINED TOTAL DEBT			\$5,453,133,630

- (1) The percentage of overlapping debt applicable to the district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the OCFA divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds, and non-bonded capital lease obligations.

<u>Ratios to 2012-13 Assessed Valuation:</u>	<u>Ratios to Redevelopment Incremental Valuation (\$18,036,175,691):</u>
Total Overlapping Tax and Assessment Debt..... 2.01%	Total Overlapping Tax Increment Debt..... 2.83%
Total Direct Debt 0.00%	
Gross Combined Total Debt..... 2.56%	
Net Combined Total Debt..... 2.56%	

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
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	\$ 145,247,400	\$ 46,331	10.9
2010	3,166	\$ 147,138,500	\$ 46,475	11.8
2011	3,030	\$ 154,131,500	\$ 50,868	11.4
2012	3,056	\$ 160,482,000	\$ 52,514	10.1
2013	3,082	\$ 167,998,800	\$ 54,510	9.2

SOURCES:

- (A) California Department of Finance, Population and Housing Estimates as of January 1
<http://www.dof.ca.gov/research/demographic/reports/estimates>
- (B) Chapman University Economic & Business Review, Annual History and Forecasts
 June 2007 (2004-2006 data); June 2011 (2007-2008 data); June 2013 (2009-2013 data)
 Most recent year is an estimate.
- (C) Bureau of Labor Statistics (www.bls.gov/lau), Local Area Unemployment Statistics,
 Los Angeles-Long Beach-Santa Ana, CA Metropolitan Statistical Area (The 2007-
 2011 figures reflect revised inputs, reestimation, and new statewide control. The 2013
 figure is a six-month average 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		
	2004	2013	Percent Change	2004	2013	Percent Change
Aliso Viejo	44,809	49,477	10.4%	17,968	19,251	7.1%
Buena Park	80,574	81,953	1.7%	23,848	24,714	3.6%
Cypress	48,416	48,547	0.3%	16,381	16,094	-1.8%
Dana Point	36,505	33,863	-7.2%	15,880	15,960	0.5%
Irvine	171,708	231,117	34.6%	63,014	86,376	37.1%
Laguna Hills	32,987	30,703	-6.9%	11,108	10,993	-1.0%
Laguna Niguel	65,620	64,065	-2.4%	24,664	25,392	3.0%
Laguna Woods	18,272	16,500	-9.7%	13,629	13,079	-4.0%
Lake Forest	77,610	78,501	1.1%	26,385	27,142	2.9%
La Palma	16,028	15,818	-1.3%	5,131	5,234	2.0%
Los Alamitos	11,925	11,626	-2.5%	4,362	4,362	0.0%
Mission Viejo	99,297	94,824	-4.5%	34,277	34,307	0.1%
Placentia	49,855	51,776	3.9%	16,010	17,049	6.5%
Rancho Santa Margarita	48,988	48,550	-0.9%	16,684	17,268	3.5%
San Clemente	62,988	64,542	2.5%	25,396	26,018	2.4%
San Juan Capistrano	35,808	35,321	-1.4%	11,676	12,022	3.0%
Santa Ana (A)	-	329,915	n/a	-	76,968	n/a
Seal Beach	25,117	24,487	-2.5%	14,347	14,546	1.4%
Stanton	38,587	38,764	0.5%	11,065	11,296	2.1%
Tustin	70,291	77,983	10.9%	25,850	26,958	4.3%
Villa Park	6,199	5,900	-4.8%	2,020	2,018	-0.1%
Westminster	91,398	91,169	-0.3%	27,185	27,715	1.9%
Yorba Linda	63,946	66,437	3.9%	20,681	22,751	10.0%
Unincorporated	112,930	120,396	6.6%	37,957	39,346	3.7%
Total OCFA	1,309,858	1,712,234	30.7%	465,518	576,859	23.9%
Total non-OCFA	1,706,092	1,369,570	-19.7%	538,193	479,336	-10.9%
Total Orange County	3,015,950	3,081,804	2.2%	1,003,711	1,056,195	5.2%

SOURCE:

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

NOTE:

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

ORANGE COUNTY FIRE AUTHORITY
Principal Employers
Current and Nine Years Ago

Employer	Fiscal Year 2003/04			Fiscal Year 2012/13		
	(A)		(B)	(C)		(D)
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Walt Disney Co.	21,275	1	1.52%	25,000	1	1.79%
University of California, Irvine	14,981	3	1.07%	21,800	2	1.56%
County of Orange	17,751	2	1.27%	17,257	3	1.23%
St. Joseph Health	9,435	6	0.67%	11,679	4	0.83%
Boeing Co.	11,179	4	0.80%	6,873	5	0.49%
Kaiser Permanente				6,300	6	0.45%
Bank of America Corp.	4,813	10	0.34%	6,000	7	0.43%
MemorialCare Health System				5,545	8	0.40%
Target Corp.	4,878	9	0.35%	5,400	9	0.39%
Cedar Fair LP				5,200	10	0.37%
Albertsons Inc.	9,500	5	0.68%			
Tenet Healthcare Corp.	8,389	7	0.60%			
SBC Communications, Inc.	7,100	8	0.51%			

SOURCES:

- (A) County of Orange, 2003 Facts & Figures Booklet
 Based on O.C. Business Journal, Book of Lists (2002)
- (B) Chapman University Economic & Business Review, Annual History and Forecasts,
 June 2003 Book, Based on total payroll employment as of December 31, 2002
- (C) County of Orange, 2013 Facts & Figures Booklet
 Based on O.C. Business Journal, Book of Lists (2013)
- (D) Chapman University Economic & Business Review, Annual History and Forecasts,
 June 2013 Book, Based on total payroll employment as of December 31, 2012

NOTE:

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

ORANGE COUNTY FIRE AUTHORITY

Operating Information

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

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

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

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

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

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

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

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

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

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

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

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

Public Safety	Funded and Authorized Positions as of June 30										
Fund/Department	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Notes
Funded positions:											
Executive Management	44	43	44	44	45	45	45	35	33	33	
Operations Department	840	852	857	877	892	902	878	881	1,001	994	(A)
Fire Prevention Department	75	76	76	74	76	72	65	67	76	76	
Business Services Department	68	67	74	77	77	77	73	48	47	47	(A)
Support Services Department	33	33	33	35	35	35	34	55	88	88	(A)
General Operating Fund	1,060	1,071	1,084	1,107	1,125	1,131	1,095	1,086	1,245	1,238	
Facilities Replacement	1	1	1	1	1	1	1	-	-	-	
RFOTC	2	1	-	-	-	-	-	-	-	-	
Structural Fire Entitlement	2	2	2	2	-	-	-	-	-	-	
Total funded positions	1,065	1,075	1,087	1,110	1,126	1,132	1,096	1,086	1,245	1,238	(B)
Unfunded positions:											
Limited term and/or grant-funded positions	1	1	-	-	-	-	-	-	1	3	
Frozen positions (below)	14	14	4	1	1	50	86	95	93	102	
Total unfunded positions	15	15	4	1	1	50	86	95	94	105	
Total authorized positions	1,080	1,090	1,091	1,111	1,127	1,182	1,182	1,181	1,339	1,343	
Frozen positions:											
Suppression:											
Firefighter	3	-	-	-	-	15	15	18	18	18	
Fire Apparatus Engineer	3	3	-	-	-	3	13	18	18	24	
Fire Captain	3	3	-	-	-	3	16	24	24	27	
Battalion Chief (Staff Position)	-	-	-	-	-	-	2	2	2	2	
Hand Crew Firefighter	-	-	-	-	-	22	22	-	-	-	
Heavy Fire Equipment Operator	1	2	1	-	-	-	-	1	1	1	
Subtotal - Suppression	10	8	1	-	-	43	68	63	63	72	
Non-Suppression:											
Executive Management/ Human Resources	-	1	-	-	-	-	-	6	4	4	
Operations	-	-	-	-	-	-	-	-	1	2	
Fire Prevention	1	-	1	1	1	6	12	16	15	15	
Business Services	2	4	1	-	-	1	5	6	6	5	
Support Services	1	1	1	-	-	-	1	4	4	4	
Subtotal - Non-Suppression	4	6	3	1	1	7	18	32	30	30	
Total frozen positions	14	14	4	1	1	50	86	95	93	102	

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

NOTE:

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

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

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

Unit	Authorized Positions as of June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Firefighter Unit	764	774	778	792	808	863	863	863	1,010	1,011
Fire Management Unit	40	40	40	41	41	41	41	41	45	45
General Unit	198	197	192	198	197	197	197	196	203	205
Supervisory Management Unit	26	27	27	27	28	28	28	28	28	28
Supported Employment Unit	4	4	4	4	4	4	4	4	4	4
Personnel & Salary Resolution	48	48	50	49	49	49	49	49	49	50
Total authorized positions	1,080	1,090	1,091	1,111	1,127	1,182	1,182	1,181	1,339	1,343

(A)

SOURCE: OCFA Treasury & Financial Planning Division, Budget Section

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

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

Fiscal Year Ended June 30	(A) Number of Member Agencies	(B) Square Mile Area Served	(C) Population Served	(A) Total Number of Stations (Including Specialty Stations)
2004	23	553	1,309,858	60
2005	23	551	1,331,008	60 (1)
2006	23	551	1,346,413	61 (2)
2007	23	551	1,358,595	60 (3)
2008	23	550	1,375,509	61 (4)
2009	23	550	1,387,171	62 (5)
2010	23	550	1,403,072	62
2011	23	548	1,355,090	61 (6)
2012	24	576	1,694,010	71 (7)
2013	24	571	1,712,234	71

SOURCES:

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

NOTES:

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

ORANGE COUNTY FIRE AUTHORITY
Incidents by Major Category Definitions

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

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

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

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

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

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

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

Natural Disaster: This category includes incidents that are not normal occurrences, such as earthquakes, lightning 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, Support Services Department, Strategic Services

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
2004	2,136	177	52,000	1,665	4,918	10,938	4,455	2	105	76,396
2005	1,923	169	52,348	1,559	5,246	10,990	4,434	47	552	77,268
2006	1,972	179	54,461	1,402	5,271	11,413	4,543	4	417	79,662
2007	2,155	179	55,863	1,465	5,475	10,636	4,734	5	209	80,721
2008	1,946	178	57,871	1,353	5,257	10,933	4,835	10	547	82,930
2009	1,795	169	58,358	1,080	5,508	10,839	4,503	3	294	82,549
2010	1,464	164	59,408	1,049	5,703	10,979	4,300	25	349	83,441
2011	1,541	158	61,870	1,011	6,157	12,897	4,293	51	249	88,227 (2)
2012	1,635	157	66,383	965	6,457	12,802	4,065	4	192	92,660 (3)
2013	2,004	219	80,167	1,100	7,753	14,786	5,710	1	149	111,889 (3)

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

NOTES:

- (1) Response statistics are normally reported on a calendar year basis in other reports. These statistics have been reported on the fiscal year basis, July through June.
- (2) Beginning in Fiscal Year 2010/11, totals were revised to include incidents outside of OCFA jurisdiction that involved OCFA units and personnel (Auto/Mutual Aid Given).
- (3) The City of Santa Ana joined the OCFA effective April 20, 2012. Fiscal Year 2011/12 data includes the portion of the fiscal year during which the city was a member of OCFA. Fiscal Year 2012/13 data includes the first full year of Santa Ana activity.

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

Member Agency	Fiscal Year ended June 30 (1)									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Aliso Viejo	1,924	1,802	1,993	1,939	2,060	1,998	2,005	2,094	2,071	2,226
Buena Park	5,346	5,530	5,368	5,431	5,528	5,668	5,676	5,652	5,836	5,849
Cypress	2,240	2,359	2,489	2,518	2,552	2,504	2,600	2,490	2,556	2,699
Dana Point	2,529	2,441	2,490	2,660	2,700	2,650	2,787	2,870	2,772	2,950
Irvine	9,293	10,341	10,797	11,216	11,632	11,385	11,981	12,214	11,969	12,485
La Palma	736	761	772	798	760	760	754	778	750	808
Laguna Hills	2,512	2,211	2,373	2,494	2,434	2,421	2,558	2,614	2,542	2,579
Laguna Niguel	2,871	2,866	2,944	3,017	3,101	3,079	3,094	3,255	3,358	3,476
Laguna Woods	3,949	3,955	4,300	4,275	4,349	4,350	4,399	4,560	4,717	4,748
Lake Forest	4,092	4,171	4,103	4,289	4,170	4,272	4,320	4,334	4,230	4,459
Los Alamitos	930	971	1,012	1,033	1,032	1,083	1,080	1,055	1,101	1,199
Mission Viejo	5,845	5,577	5,809	5,794	6,139	6,424	6,363	6,379	6,355	6,760
Placentia	2,557	2,577	2,797	2,678	2,829	2,699	2,696	2,837	2,714	2,846
Rancho Santa Margarita	1,773	1,914	1,946	1,879	2,002	1,965	2,009	2,015	2,105	1,983
San Clemente	3,508	3,594	3,619	3,684	3,863	3,678	3,961	3,813	3,999	4,187
San Juan Capistrano	2,340	2,418	2,452	2,554	2,569	2,526	2,429	2,580	2,617	2,701
Santa Ana (3)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3,654	18,915
Seal Beach	2,967	3,049	3,257	3,283	3,453	3,388	3,503	3,375	3,617	3,571
Stanton	2,419	2,307	2,368	2,343	2,438	2,420	2,401	2,597	2,660	2,878
Tustin	3,668	3,645	3,608	3,845	3,865	3,761	3,744	4,055	4,196	4,582
Villa Park	271	292	309	319	324	329	336	388	363	392
Westminster	5,618	5,798	5,950	5,684	5,795	5,835	5,724	5,882	6,012	6,486
Yorba Linda	2,653	2,676	2,814	2,991	3,100	3,134	2,937	2,928	3,125	3,277
Unincorporated	6,355	6,013	6,092	5,997	6,235	6,220	6,084	6,087	5,991	6,312
	76,396	77,268	79,662	80,721	82,930	82,549	83,441	84,852	89,310	108,368
Auto/Mutual Aid Given (2)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3,375	3,350	3,521
Total	76,396	77,268	79,662	80,721	82,930	82,549	83,441	88,227	92,660	111,889

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

NOTES:

- (1) Response statistics are normally reported on a calendar year basis in other reports. These statistics have been reported on the fiscal year basis, July through June.
- (2) Beginning in Fiscal Year 2010/11, methodology was revised to include incidents outside of OCFA jurisdiction that involved OCFA units and personnel (Auto/Mutual Aid Given).
- (3) The City of Santa Ana joined the OCFA effective April 20, 2012. Fiscal Year 2011/12 data is reported only for the portion of the fiscal year during which the city was a member of OCFA. Fiscal Year 2012/13 data includes the first full year of Santa Ana activity.

ORANGE COUNTY FIRE AUTHORITY
Capital Equipment by Category
Last Six 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	1,465,264	38
Computer	85,459	5	91,328	6
Defibrillator	1,324,920	74	1,341,790	75
Exercise equipment	34,177	5	44,260	6
Fleet equipment	162,771	16	162,771	16
Forklift	114,243	4	114,243	4
Generator	564,051	25	553,049	24
GPS equipment (AVL projects)	1,391,000	2	1,391,000	2
Hazmat equipment	248,782	20	248,782	20
Helicopter	7,294,218	2	28,854,977	4
Helicopter, rotor blades	-	-	151,573	2
Helicopter equipment	414,798	15	663,759	36
Hydraulic tool	97,746	18	97,746	18
Kitchen equipment	33,403	4	33,403	4
Laptop	53,782	9	53,782	9
Manikin	73,144	12	73,144	12
Miscellaneous equipment	380,610	27	443,457	29
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
Search equipment	192,378	13	192,377	13
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
Workstation	1,634,122	24	1,641,243	25
	<u>\$ 31,348,193</u>	<u>681</u>	<u>\$ 53,580,698</u>	<u>738</u>

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

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

June 30, 2010		June 30, 2011		June 30, 2012		June 30, 2013	
Historical Cost	Quantity						
\$ 53,179	2	\$ 53,179	2	\$ 53,179	2	\$ 53,179	2
678,014	8	678,014	8	678,014	8	678,014	8
768,132	23	754,726	23	716,800	18	716,800	18
23,412	2	23,412	2	31,515	4	31,515	4
1,205,722	89	1,223,802	91	1,251,757	104	1,117,422	97
41,577	3	41,577	3	11,171	1	11,171	1
1,465,264	38	1,488,213	41	1,512,740	42	1,533,009	44
82,126	5	82,126	5	82,126	5	82,126	5
1,149,858	90	1,149,858	90	1,528,398	105	1,528,398	105
35,622	5	35,622	5	35,622	5	35,622	5
162,771	16	170,441	16	172,042	16	172,042	16
114,243	4	99,347	3	104,426	4	104,426	4
553,049	24	510,078	23	504,562	22	504,562	22
1,391,000	2	1,391,000	2	1,391,000	2	1,391,000	2
248,782	20	248,782	20	337,453	24	336,275	23
28,854,977	4	28,854,977	4	28,854,977	4	28,854,977	4
319,149	4	319,149	4	319,149	4	319,149	4
741,048	39	763,268	41	772,068	41	780,245	42
97,746	18	195,119	31	368,216	55	377,287	56
33,403	4	33,403	4	33,403	4	33,403	4
62,732	10	56,632	9	44,108	7	29,058	5
73,144	12	67,452	11	67,452	11	67,452	11
491,502	31	555,129	35	592,735	40	649,103	47
2,424,594	1	2,424,594	1	2,424,594	1	2,424,594	1
116,008	18	116,008	18	107,671	17	107,671	17
967,465	28	967,465	28	804,981	27	952,374	30
648,440	8	648,440	8	648,440	8	638,472	7
226,348	13	226,348	13	226,348	13	226,348	13
25,640	5	25,640	5	25,640	5	79,452	15
77,218	7	77,218	7	72,039	7	72,039	6
25,838	4	25,838	4	10,372	2	10,372	2
37,405	4	37,405	4	37,405	4	37,405	4
211,366	15	204,105	14	163,944	11	163,944	11
1,148,057	88	1,049,533	82	1,027,950	81	1,022,818	81
7,068,488	55	7,068,488	55	7,074,050	55	7,117,506	56
264,893	14	282,393	16	282,393	16	282,393	16
122,237	12	122,237	12	122,237	12	122,237	12
423,376	16	423,376	16	437,742	16	527,629	18
1,641,243	25	1,641,243	25	1,641,243	25	1,641,243	25
<u>\$ 54,075,068</u>	<u>766</u>	<u>\$ 54,135,637</u>	<u>781</u>	<u>\$ 54,569,962</u>	<u>828</u>	<u>\$ 54,832,732</u>	<u>843</u>

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

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

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

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

June 30, 2010		June 30, 2011		June 30, 2012		June 30, 2013	
Historical Cost	Quantity						
\$ 629,011	3	\$ 629,011	3	\$ 820,733	4	\$ 820,733	4
935,731	8	776,283	6	776,283	6	776,283	6
1,300,458	26	1,488,518	28	1,518,914	29	1,518,914	29
34,289	2	34,289	2	34,289	2	34,289	2
139,057	3	139,057	3	69,009	2	69,009	2
297,336	4	297,336	4	452,373	4	452,373	4
66,366	1	66,366	1	66,366	1	66,366	1
402,755	2	402,755	2	402,755	2	402,755	2
723,403	4	723,403	4	723,403	4	723,403	4
152,245	1	152,245	1	152,245	1	152,245	1
226,392	2	226,392	2	376,164	3	376,164	3
674,962	2	674,962	2	1,077,646	3	1,077,646	3
658,107	1	658,107	1	658,107	1	658,107	1
103,189	1	103,189	1	103,189	1	103,189	1
71,780	1	71,780	1	71,780	1	71,780	1
1,393,496	21	1,860,604	22	1,860,604	22	1,860,604	22
35,000	2	35,000	2	-	-	-	-
1,539,901	19	1,539,901	19	1,539,901	19	1,539,901	19
858,456	12	858,456	12	858,456	12	858,456	12
1,590,978	41	1,590,978	41	1,796,208	49	1,943,905	51
102,396	1	102,396	1	102,396	1	102,396	1
83,753	4	61,256	3	61,256	3	61,256	3
578,998	7	578,998	7	578,998	7	578,998	7
34,289	1	34,289	1	34,289	1	34,289	1
2,866,442	107	2,820,880	104	2,658,508	98	2,637,875	97
2,358,138	7	2,099,242	6	2,344,077	7	1,995,305	6
506,673	5	506,673	5	506,673	5	506,673	5
4,428,314	5	4,428,314	5	4,943,110	8	4,938,110	7
2,717,185	6	3,536,736	7	3,124,257	6	3,124,257	6
4,429,851	9	4,429,851	9	3,562,035	7	3,562,035	7
-	-	-	-	2,354,146	2	2,354,146	2
427,613	5	427,613	5	427,538	7	427,538	7
-	-	-	-	21,649	1	44,058	2
26,065,677	91	25,031,630	84	26,638,285	90	26,638,285	90
1,702,359	4	2,127,949	5	2,127,949	5	3,451,627	8
1,020,651	7	305,219	2	152,610	1	152,610	1
4,105,746	13	4,105,746	13	4,105,746	13	3,871,874	11
161,801	4	161,801	4	145,169	3	145,169	3
639,778	25	623,608	24	623,608	24	623,608	24
753,535	5	753,535	5	753,535	5	753,535	5
<u>\$ 64,816,111</u>	<u>462</u>	<u>\$ 64,464,368</u>	<u>447</u>	<u>\$ 68,624,259</u>	<u>460</u>	<u>\$ 69,509,766</u>	<u>461</u>

ORANGE COUNTY FIRE AUTHORITY
List of Stations by Member Agency
June 30, 2013

City of Aliso Viejo Station 57, 57 Journey, 92656	City of Laguna Niguel Station 5, 23600 Pacific Island Dr. 92677 Station 39, 24241 Avila Rd. 92677 Station 49, 31461 St. of the Golden Lantern 92677
City of Buena Park Station 61, 8081 Western Ave. 90620 Station 62, 7780 Artesia Blvd. 90621 Station 63, 9120 Holder St. 90620	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 Cypress Station 17, 4991 Cerritos Ave. 90630	City of La Palma Station 13, 7822 Walker St. 90623
City of Dana Point Station 29, 26111 Victoria Blvd. 92624 Station 30, 23831 Stonehill Dr. 92629	City of Los Alamitos Station 2, 3642 Green Ave. 90720
City of Irvine Station 4, 2 California Ave. 92612 Station 6, 3180 Barranca Pkwy. 92606 Station 20, 6933 Trabuco Rd., 92618 Station 26, 4691 Walnut Ave. 92604 Station 27, 12400 Portola Springs 92618 Station 28, 17862 Gillette Ave. 92614 Station 36, 301 E. Yale Loop 92604 Station 38, 26 Parker 92618 Station 47, 47 Fossil 92603 Station 51, 18 Cushing 92618 Station 55, 4955 Portola Pkwy. 92620	City of Mission Viejo Station 9, #9 Shops at Mission Viejo 92691 Station 24, 25862 Marguerite Pkwy. 92692 Station 31, 22426 Olympiad Rd. 92692
Cities of Laguna Hills and Laguna Woods Station 22, 24001 Paseo de Valencia, Laguna Hills 92653	City of Placentia Station 34, 1530 N. Valencia 92870 Station 35, 110 S. Bradford 92870
	City of Rancho Santa Margarita Station 45, 30131 Aventura 92688
	City of San Clemente Station 50, 670 Camino de Los Mares 92672 Station 59, 48 Avenida La Pata 92673 Station 60, 100 Avenida Victoria 92672

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

City of San Juan Capistrano

Station 7, 31865 Del Obispo 92675

City of Santa Ana

Station 70, 2301 Old Grand 92701

Station 71, 1029 West 17th St. 92706

Station 72, 1668 East 4th St. 92701

Station 73, 419 Franklin 92703

Station 74, 1427 South Broadway 92707

Station 75, 120 West Walnut 92701

Station 76, 950 West MacArthur 92707

Station 77, 2317 South Greenville 92704

Station 78, 501 North Newhope 92703

Station 79, 1320 East Warner 92705

City of Seal Beach

Station 44, 718 Central Ave. 90740

Station 48, 3131 N. Gate Rd. 90740

City of Stanton

Station 46, 7871 Pacific St. 90680

City of Tustin

Station 37, 14901 Red Hill Ave. 92780

Station 43, 11490 Pioneer Way 92782

City of Villa Park

Station 23, 5020 Santiago Canyon Rd. 92869

City of Westminster

Station 64, 7351 Westminster Blvd. 92683

Station 65, 6061 Hefley St. 92683

Station 66, 15061 Moran St. 92683

City of Yorba Linda

Station 10, 18422 E. Lemon Dr. 92886

Station 32, 20990 Yorba Linda Blvd. 92887

Station 53, 25415 La Palma Ave. 92887

Specialty Stations

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

(Helicopter Operations)

Station 33, 374 Paularino, Costa Mesa 92626

(Aircraft Rescue & Firefighting)

County of Orange, Unincorporated

Station 8, 10631 Skyline Dr., Santa Ana 92705

Station 11, 259 Emerald Bay, Laguna Beach 92651

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

Station 15, 27172 Silverado Canyon Rd., Silverado 92676

Station 16, 28891 Modjeska Canyon Rd., Silverado 92676

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

Station 21, 1241 Irvine Blvd., Tustin 92780

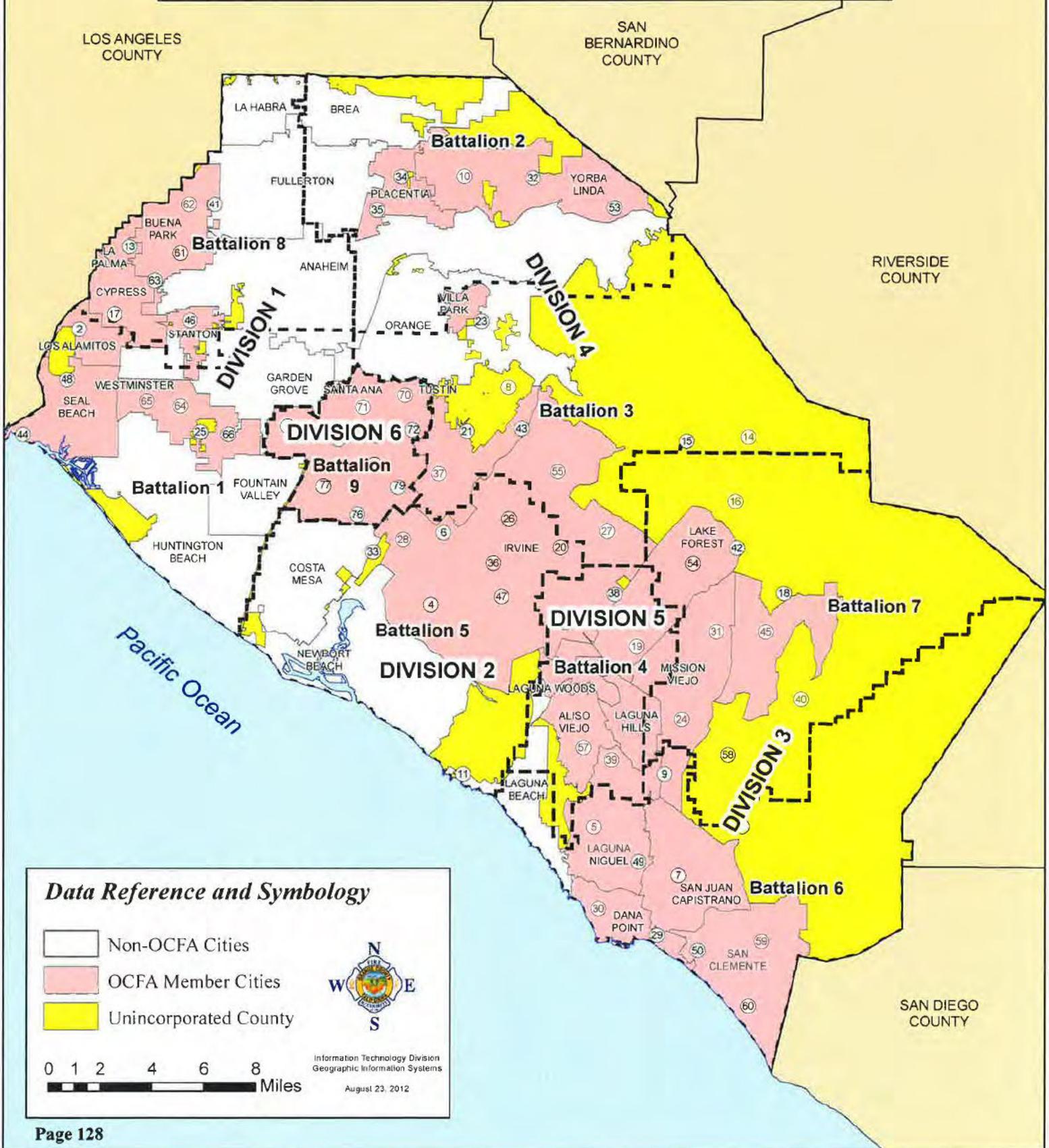
Station 25, 8171 Bolsa Ave., Midway City 92655

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

Station 58, 58 Station Way, Ladera Ranch 92694

DIVISION/BATTALION BOUNDARIES AND STATION LOCATIONS

Orange County Fire Authority



Data Reference and Symbology

- Non-OCFA Cities
- OCFA Member Cities
- Unincorporated County



0 1 2 4 6 8 Miles

Information Technology Division
Geographic Information Systems

August 23, 2012

ORANGE COUNTY FIRE AUTHORITY
Description of the Organization, Programs and Service Delivery
June 30, 2013

EXECUTIVE MANAGEMENT

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

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

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

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

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

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

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

OPERATIONS DEPARTMENT

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

Divisions I through VII – There are seven operational divisions, each under the command of a Division Chief, encompassing geographical areas throughout the OCFA’s jurisdiction. Divisions are divided into field battalions, which are under the command of Battalion Chiefs. Within these field battalions are 71 fire stations that provide for regional emergency response to all structure fires, medical aids, rescues, hazardous materials incidents and wildland fires. Battalion Chiefs also oversee various support activities and specialty resources, which are described in more detail below.

Division I	<ul style="list-style-type: none"> • Battalion 1 primarily serves the cities of Los Alamitos, Seal Beach and Westminster. • Air Operations is responsible for coordination of the OCFA’s helicopters. 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.
Division II	<ul style="list-style-type: none"> • Battalion 5 primarily serves the city of Irvine. • Division II oversees specialized emergency response capabilities and equipment for Airport Rescue Firefighting and the Hazardous Material Response Team. Division II is also responsible for administration and oversight of the Explorer Program.
Division III	<ul style="list-style-type: none"> • Battalions 6 and 7 primarily serve the cities of Dana Point, Mission Viejo, Rancho Santa Margarita, San Clemente, and San Juan Capistrano. • Crews and Equipment is responsible for coordinating firefighting hand crews, heavy fire equipment emergency responses, fire road maintenance and various construction and maintenance projects within the organization.

Division IV	<ul style="list-style-type: none"> • Battalions 2 and 3 primarily serve the cities of Placentia, Tustin, Villa Park, and Yorba Linda. • Community Volunteer Services (CVS) is responsible for the coordination of 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. CVS also administers and coordinates the OCFA Chaplain Program. • Emergency Planning and Coordination (EPAC) 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. EPAC 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.
Division V	<ul style="list-style-type: none"> • Battalion 5 primarily serves the cities of Aliso Viejo, Laguna Hills, Laguna Niguel, Laguna Woods, and Lake Forest. • Division V oversees specialized emergency response capabilities and equipment for the Urban Search and Rescue task force.
Division VI	<ul style="list-style-type: none"> • Battalion 9 primarily serves the city of Santa Ana. • Emergency Medical Services (EMS) 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.

Division VII	<ul style="list-style-type: none">• Battalion 8 primarily serves the cities of Buena Park, Cypress, La Palma, and Stanton.• Operations Training and Safety (Training) 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. Training 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.
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FIRE PREVENTION DEPARTMENT

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

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

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

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

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

BUSINESS SERVICES DEPARTMENT

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

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

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

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

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

SUPPORT SERVICES DEPARTMENT

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

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

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

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

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

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

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