

Orange County Fire Authority

Comprehensive Annual Financial Report

Year ended June 30, 2009



Orange County, California

Business Services Department - Finance Division



Comprehensive Annual Financial Report

Year ended June 30, 2009

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June 2009

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County of Orange

Martin Rhodes
City of Laguna Woods

Chip Prather
Fire Chief

Prepared by Finance Division

Orange County Fire Authority Mission Statement



We proudly serve the changing needs of our communities by providing the highest quality regional emergency, safety, and support services with:

Professionalism

Enthusiasm

Organizational Integrity

Pride

Leadership

Effectiveness

Our people pledge a commitment to preserving the quality of life. We protect lives, property, and the environment with compassion, vigilance, and dedication to excellence.

**ORANGE COUNTY FIRE AUTHORITY
Comprehensive Annual Financial Report
Year ended June 30, 2009**

TABLE OF CONTENTS

INTRODUCTORY SECTION:

Transmittal Letter	iii
Organization Chart	xiii
Management Staff and Appointed Officials	xiv
Organization of Board of Directors	xv
Certificate of Achievement for Excellence in Financial Reporting	xvi

FINANCIAL SECTION:

Independent Auditors' Report.....	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	19
Statement of Activities.....	20
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	24
Statement of Revenues, Expenditures and Changes in Fund Balances	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Budgetary Comparison Statements:	
General Fund	30
Communications & Information Systems.....	31
Vehicle Replacement.....	32
Fiduciary Funds:	
Statement of Fiduciary Net Assets	33
Statement of Changes in Fiduciary Net Assets	34
Notes to the Financial Statements.....	35
Supplementary Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet.....	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	70
Budgetary Comparison Schedules:	
Facilities Maintenance & Improvements	72
Structural Fire Entitlement	73
Capital Projects	74
Debt Service.....	75

TABLE OF CONTENTS (Continued)

Fiduciary Funds:

Pension Trust Funds:

Combining Statement of Fiduciary Net Assets	78
Combining Statement of Changes in Fiduciary Net Assets	79

STATISTICAL SECTION (Unaudited):

Overview of the Statistical Section	81
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Financial Trends Information:

Net Assets by Component – Last Eight Fiscal Years	84
Changes in Net Assets – Last Eight Fiscal Years	86
Fund Balances of Governmental Funds – Last Ten Fiscal Years	88
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	90

Revenue Capacity Information:

Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	94
Property Tax Rates of Direct and Overlapping Governments – Last Ten Fiscal Years	96
Principal Property Tax Payers – Current and Nine Years Ago	97
Property Tax Levies and Collections – Last Ten Fiscal Years	98

Debt Capacity Information:

Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	100
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	101
Computation of Direct and Overlapping Bonded Debt	102

Demographic and Economic Information:

Demographic and Economic Indicators – Last Ten Fiscal Years	104
Population and Housing Statistics – Current and Nine Years Ago	105
Principal Employers – Current and Nine Years Ago	106

Operating Information:

Full-time and Part-time Employees by Function/Department – Last Ten Fiscal Years	108
Property Value, Construction and Bank Deposits – Last Ten Fiscal Years	109
Miscellaneous Statistical Information	110
Insurance in Force	112
Incidents by Major Category Definitions	113
Incidents by Type and Total – Last Ten Fiscal Years	114
Total Incidents by Member Agency – Last Ten Fiscal Years	115
Capital Asset Statistics – Last Ten Fiscal Years	116
Map of Battalion Boundaries and Station Locations	117
List of Stations by Member Agency	118
Description of the Organization, Programs and Service Delivery	120

Introductory Section





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

October 9, 2009

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, 2009.

This report consists of management's representations concerning the finances of the OCFA and is presented using the financial reporting model outlined in the Governmental Accounting Standards Board (GASB) Statement 34. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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

The OCFA's financial statements have been audited by Mayer Hoffman McCann, P.C., a firm of certified public accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion ("clean") that the OCFA's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

RESIDENTIAL SPRINKLERS AND SMOKE DETECTORS SAVE LIVES

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

Profile of the OCFA

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

The OCFA is the largest regional fire service organization in Orange County and one of the largest in California. Emergency response services are provided to a community of over 1.3 million residents in a 550 square mile area of Orange County. The OCFA's authorized staffing level was 1,182 full-time positions for Fiscal Year 2008-09. A total of 990 positions (83.8%) of personnel provide front-line services, including emergency response, dispatch and fire prevention. The remaining 192 positions (16.2%) are authorized for technical and administrative support. The OCFA's staffing levels also include 390 reserve firefighter positions.

Since 1998, the OCFA has used a customer satisfaction survey program to monitor the level of customer service satisfaction. During the fiscal year ended June 30, 2009, a total of 33,853 questionnaires were distributed and 9,832 (29.0%) were returned. The overall satisfaction rating of 96.9%, in conjunction with the high return rate, demonstrates that our communities continue to place high value on the OCFA's services and excellent service delivery.

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

The appropriated budget is allocated by fund and department. Department Chiefs may make transfers of appropriations between sections within a department. Transfers of appropriations between departments require the approval of Executive Management, and transfers between funds require the approval of the Board. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. Budgetary Comparison Statements for the

General Fund and all major special revenue funds are presented in the governmental funds section of the accompanying financial statements. Budgetary Comparison Schedules for all remaining governmental funds with appropriated annual budgets are presented in the supplementary schedules section of the accompanying financial statements.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the OCFA operates. The following Fiscal Year 2008-09 economic, political and natural developments highlight some of the significant influences on the economy at the national, state and local levels¹:

- September 2008 – The U.S. government took over Fannie Mae and Freddie Mac. The Federal Reserve loaned \$85 billion to American International Group (AIG) and the U.S. Treasury provided temporary guarantees for money market mutual funds.
- September 2008 – Governor Schwarzenegger signed California’s record-late state budget.
- October 2008 – The financial crisis spread to Europe.
- October 2008 – The Emergency Economic Stabilization Act (commonly referred to as a bailout of the U.S. financial system) became law. The Fed provided \$900 billion in short-term cash loans to banks and made an emergency move to lend \$1.3 trillion directly to companies.
- October 2008 – The Dow Jones Industrial Average experienced its worst week ever with its highest volatility day ever recorded in its 112-year history.
- November 2008 – Wildfires burned throughout five Southern California counties.
- November 2008 – Japan was officially in recession.
- December 2008 – The National Bureau of Economic Research announced that recession in the U.S. began in December 2007.
- December 2008 – After several consecutive reductions, the federal funds rate was cut to a range between 0% and .25%.
- December 2008 – The U.S. auto industry bailout was approved.
- February 2009 – S&P lowered California’s bond rating from A+ to A.
- February 2009 – President Obama signed the economic stimulus package into law.
- June 2009 – General Motors filed for bankruptcy.

¹ *California Economic Indicators*, California Department of Finance – May/June 2009

National Economy: The national economy was in a state of recession in 2008, defined as a broad-based decline in gross domestic product that lasts more than a few months.² In early September 2008, the U.S. government took over mortgage giants Federal National Mortgage Association (Fannie Mae) and Federal National Mortgage Corporation (Freddie Mac), a step toward improving the housing sector and restoring confidence in the credit markets. In mid-September 2008, a global crisis in the banking industry was highlighted by several events, including the bankruptcy of Lehman Brothers, the purchase of Merrill Lynch by Bank of America, and the Federal Reserve's bailout of insurance company AIG in the form of an \$85 billion, two-year loan. Central banks in the United States, Europe and Asia attempted to pump \$247 billion into the banking system, yet banks continued to hoard cash and lend at exorbitant rates. Borrowing costs for U.S. companies skyrocketed, which caused inflation and a further weakening of the economy. In February 2009, the "American Recovery and Reinvestment Act of 2009" was signed into law by President Obama. This \$789 billion economic stimulus package included a variety of spending measures and tax cuts intended to support and revive the economy from recession.³

The Federal Reserve Board's goal is to promote maximum economic growth while still maintaining price stability and moderate, long-term interest rates.⁴ A decrease in the federal funds rate (the overnight bank lending rate) stimulates economic growth, while an increase can keep inflation under control. After a series of aggressive cuts, the Fed began the fiscal year on June 30, 2008 with a federal funds rate of 2.0%. The Fed continued to cut the federal funds rate, ending the fiscal year on June 30, 2009 at between 0.0% and 0.25%, and indicated that the rate would remain at "exceptionally low levels" for an "extended period."

Most economists originally believed that the recession would be relatively short, due to the effects of aggressive cuts in the federal funds rates and consumer spending from federal rebates.⁵ Currently, there are signs that the government's stimulus plan is reigniting consumer confidence and that the worst of the recession is over. Median home prices are close to bottoming out and banks are easing up on lending standards.⁶ However, most believe that economic recovery will occur slowly, with recovery potentially taking place in late 2009.

Performance of the OCFA's investment portfolio is directly impacted by changes in interest rates set by the Fed. The OCFA's investment income steadily decreased throughout Fiscal Year 2008-09 as its investments matured and were reinvested at lower rates. The portfolio's effective rate of return began at 4.10% but declined to 1.93% by year-end. Investment income represented approximately 1.6% of the OCFA's revenue during Fiscal Year 2008-09.

The OCFA also received approximately \$3.8 million in federal funding during Fiscal Year 2008-09, which accounted for approximately 1.4% of the OCFA's total revenues. This revenue was primarily in the form of Urban Search and Rescue reimbursements, grant awards and federal reimbursements for assistance by hire pertaining to fire incidents.

State Economy: California's economy, which began facing serious troubles in the housing and real estate sector during the prior year, continued to falter during Fiscal Year 2008-09. The year was marked

² *We're in Recession, Economists Say*, John Waggoner and Barbara Hansen, USA Today – April 28, 2008

³ *Economic Stimulus Latest Developments*, The New York Times – July 6, 2009

⁴ *Federal Reserve Act, Section 2A – Monetary Policy Objectives*

⁵ *Wholesale Prices Climb Higher, Faster*, Sue Kirchoff, USA Today – May 20, 2008

⁶ *Chapman: The Worst of the Recession is Over*, Tina Borgatt, OC Metro – June 17, 2009

by a recession and rising unemployment across all industries. California's unemployment rate rose to 8.4% in November 2008, its highest rate since August 1994. Home prices continued to weaken, as the median price of existing, single-family homes fell 42% to \$285,680 in November 2008.⁷

The recession, increased unemployment and the housing slump resulted in a significant drop in state revenue from personal income taxes, forcing lawmakers to attempt to balance the state's budget with spending cuts and proposed tax increases.⁸ California is required to adopt a budget no later than June 30 each year. On July 1, 2009, Governor Schwarzenegger declared a fiscal emergency since a balanced budget for the new fiscal year had not yet been adopted by the state legislature.⁹ California's budget deficit is currently estimated at \$26.3 billion, by far the largest of any U.S. state.¹⁰ Lack of an approved budget prevents state agencies and departments from paying outstanding claims to their vendors and service providers, including the OCFA. In July 2009, the State Controller's Office announced plans to issue \$3.3 billion in IOU's to creditors in an effort to conserve cash until the budget is balanced.¹¹

The direct influence of the state economy on the OCFA's financial condition is in the form of reimbursements (including reimbursements for assistance by hire and state mandates) and its contract with the California Department of Forestry (CALFIRE). The state contracts with the OCFA to provide fire suppression services to the State Responsibility Areas (SRA) that are within the OCFA's jurisdiction. Payment of amounts owed to the OCFA by various state agencies as of June 30, 2009, including reimbursement for the November 2008 Freeway Complex Fire, has been significantly delayed due to the deadlock in the state's legislature in adopting a balanced budget for the subsequent fiscal year.

County Economy: The most significant county economic factor impacting the OCFA is the housing market. Property taxes comprised 69.9% of the OCFA's total revenues in Fiscal Year 2008-09.

During Fiscal Year 2008-09, the Orange County Assessor Department reassessed 147,000 properties (rolling them back to the 2004 market level), which removed \$11 billion in assessed value from the countywide assessment roll. In July 2009, an additional 205,000 properties¹² were reassessed (rolling them back to the 2002 market level). These property reassessments and an overall weakening housing market have had a negative impact on the OCFA's property tax revenues in Fiscal Year 2008-09 and projected revenues for future fiscal years.

Orange County's housing prices continued to decline in 2008, with the median sales price on single-family homes dropping 24% to \$537,570. The minimum household income needed to purchase a home in Orange County is approximately \$78,100 and, although affordability has improved, high prices still keep home ownership out of reach for many residents. Orange County's homeownership rates are comparable to its peer regions, but are still lower than the national rate by approximately 4.5%.¹³

⁷ *California Economic Indicators*, California Department of Finance – January/February 2009

⁸ *California Government Declares Fiscal Emergency over Budget*, Jim Christie, Reuters – July 1, 2009

⁹ *California Government Declares Fiscal Emergency over Budget*, Jim Christie, Reuters – July 1, 2009

¹⁰ *California: Arnold Schwarzenegger Declares "Fiscal Emergency"*, James Quinn, Telegraph – July 2, 2009

¹¹ *California Government Declares Fiscal Emergency over Budget*, Jim Christie, Reuters – July 1, 2009

¹² *Will a Decline in Market Value Reduce My 2009 Property Taxes*, Orange County Assessor Department – July 2009

¹³ *2009 Community Indicators Report – Housing Affordability*, Orange County Community Indicators Project – March 2009

Orange County's cost of living remains one of the highest in the nation, driven primarily by high housing costs. A high cost of living has the potential to make the county less attractive for business and may influence existing businesses and workers to relocate elsewhere.¹⁴

Long-term Financial Planning

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

Relevant Financial Policies

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

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

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

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

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

¹⁴ 2009 Community Indicators Report – Cost of Living, Orange County Community Indicators Project – March 2009

Major Initiatives for Fiscal Year 2008-09

Strategic Studies and Initiatives:

- **Freeway Complex Fire After Action Report** – The OCFA completed the Freeway Complex Fire After Action Report (AAR) in April 2009 in order to help better prepare for future wildland fires. The AAR offered various recommendations in the areas of mitigation and preparedness; prevention and public education; and operations and response.
- **Strategic Plan** – The OCFA's Strategic Plan provides long-term direction and focus to the organization, as well as performance standards by which progress may be measured. The Strategic Plan was initially adopted in August 2001 and has been updated annually since Fiscal Year 2003-04. During Fiscal Year 2008-09, the OCFA conducted extensive work on an updated plan, which included the development of seven new draft goals to reflect the changing environment in which the OCFA operates. It is anticipated that the updated Strategic Plan will be completed once input and direction is provided by the new Fire Chief.
- **Helicopter Program** – The OCFA began a review of its helicopter program during Fiscal Year 2007-08. The process included a review of a new hangar and replacement helicopters, as well as the identification of future goals for the program. In March 2008, the Board of Directors approved a recommendation in the Santiago After Action Report to accelerate the purchase of the two new helicopters to Fiscal Year 2008-09. Both helicopters were purchased and placed into service in February 2009 and planning for a new hangar to house the helicopter fleet is in process.

New Agreements:

- **Joint Powers Authority (JPA) Agreement Renewal** – As of June 30, 2009, twenty-two of the twenty-three member agencies have renewed a twenty-year revised and amended JPA agreement, which provides strategic and financial stability to both the OCFA and its member agencies. The remaining member has until June 30, 2010, to take action regarding the JPA renewal, which becomes effective on July 1, 2010.
- **Ambulance Contracts Renewal** – Upon direction from the Board of Directors to defer implementation of a regional 9-1-1- emergency ambulance system, individual actions were taken during Fiscal Year 2008-09 for each of the nineteen contracts with OCFA's ambulance providers. Nine of the contracts were renewed with the existing providers for an additional five years. Ten contracts were awarded through a competitive bidding process.

Staffing and Personnel:

- **Hiring Freeze** – A hiring freeze was implemented during Fiscal Year 2008-09 when the OCFA determined that there would be a decline in projected property tax revenues. As a result, a total of eighty-one authorized positions are frozen and un-funded in the upcoming Fiscal Year 2009-10 budget. In addition to thirty-eight currently vacant positions, the following planned additions are being deferred pending improved financial condition:

- Staffing recommendations from the Santiago After Action Report included the conversion of the existing part-time hand crew to regular full-time status (22 positions) and the addition of a fourth firefighter on twelve wildland engines, to be phased in over multiple fiscal years (9 positions).
- 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).
- **Management Staff Forgoes Salary Increase** – During Fiscal Year 2008-09, Executive and Administrative Management staff voluntarily waived their 3% cost of living adjustments scheduled for January 2010 and August 2009, respectively, due to the change in OCFA's economic condition.
- **Promotional Tests and Academies** – Promotional tests and academies are completed as part of the OCFA's ongoing succession planning to replace retiring employees. In addition to the completion of internal promotional tests for Battalion Chief and Fire Apparatus Engineer positions, two Firefighter Academies graduated during Fiscal Year 2008-09 (Academy 34 in July 2008 and Academy 35 in December 2008). Academies and promotional exams have been cancelled for Fiscal Year 2009-10.

Major Initiatives for the Future

Strategic Studies and Initiatives:

- **Changes to Reserve Firefighter Program** – Per direction provided by the Board of Directors in May 2009, a variety of program changes will be pursued in Fiscal Year 2009-10 to enhance accountability, aim to improve response times and provide overall enhancements to the operation of the Reserve Firefighter Program.
- **Focus on Financial Health** – The OCFA faces decreasing revenues and increasing costs, many of which are contractually driven. Significant steps were taken in the development of the Fiscal Year 2009-10 budget to begin preparing for major financial challenges ahead. Additional work will be necessary to develop new strategies for reducing future costs and ensuring a stable financial future for the OCFA.

New Agreements:

- **Preparation of Fire Service Proposals** – The cities of Brea and Fountain Valley have requested proposals for fire services from the OCFA. If the cities decide to contract with the OCFA for fire service, transition is anticipated to occur during Fiscal Year 2010-11.

Disaster Preparedness:

- **Delivery of the Ready! Set! Go! Program** – This educational and motivational program to prepare homeowners for wildfires and train them to take responsibility for the survivability of

their home and their personal safety will be provided first to homeowners in targeted communities.

Staffing and Personnel:

- **Transition of New Fire Chief** – With a new Fire Chief appointed as the leader of the OCFA effective August 1, 2009, a major initiative for Fiscal Year 2009-10 will be to pursue opportunities for the incoming Chief to establish new and constructive working relationships with partner communities, member agencies, labor groups and other key OCFA customers.
- **Santiago After Action Report Recommendations** – In March 2008, the Board of Directors authorized certain staffing recommendations contained in the Santiago After Action Report, which would convert the part-time seasonal hand crew to regular year-round status and phase in increased staffing on twelve wildland engines. Implementation of these changes was halted during Fiscal Year 2008-09 after projected property tax revenue declined and the recommendations were deemed no longer affordable due to changing economic conditions. OCFA will continue to monitor the affordability of these service enhancements and recommend reinstatement as soon as economically feasible.

Fire Station Construction:

- **Transition of Hangar Facilities** – During Fiscal Year 2008-09, OCFA began the planning and design phase of Replacement Specialty Fire Station No. 41 (Fullerton Airport), which will be used to house the fleet of four helicopters, crew administrative offices and maintenance facilities. Development is on hold as OCFA explores the potential option of purchasing a recently-constructed hangar, rather than continuing to develop and build a new hangar. It is anticipated that the transition to a new hangar facility will be completed during Fiscal Year 2009-10.
- **Replacement Fire Station** – OCFA began the construction phase of Replacement Fire Station No. 17 (Cypress) during Fiscal Year 2008-09. The new facility is being constructed on a property adjacent to the existing fire station and will house an engine company, truck company and paramedic unit. Construction is expected to be completed during Fiscal Year 2009-10.
- **Fire Station Improvements** – OCFA began the planning and design phase of an upgraded sanitary sewer system at Fire Station No. 18 (Trabuco Canyon) during Fiscal Year 2008-09. It is anticipated that improvements will be completed during Fiscal Year 2009-10.
- **City-Built Fire Stations** – The cities of Stanton, Seal Beach and San Clemente are currently building replacement fire stations at no cost to the OCFA.
 - Replacement Fire Station No. 46 (Stanton) is in the planning phase and is expected to be completed by mid-2011 (Fiscal Year 2010-11).
 - Replacement Fire Station No. 48 (Seal Beach) is in the construction phase and is expected to be completed by mid-2010 (Fiscal Year 2009-10).

- Replacement Fire Station No. 60 (San Clemente) is in the construction phase and is expected to be completed by early-2011 (Fiscal Year 2010-11).

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, 2008. This was the eleventh consecutive year that the OCFA has received this prestigious award. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and the applicable legal requirements. This certificate is valid for a period of one year only. We believe that our current CAFR continues to meet the program's requirements and we are submitting it to the GFOA to determine its eligibility for this year's award.

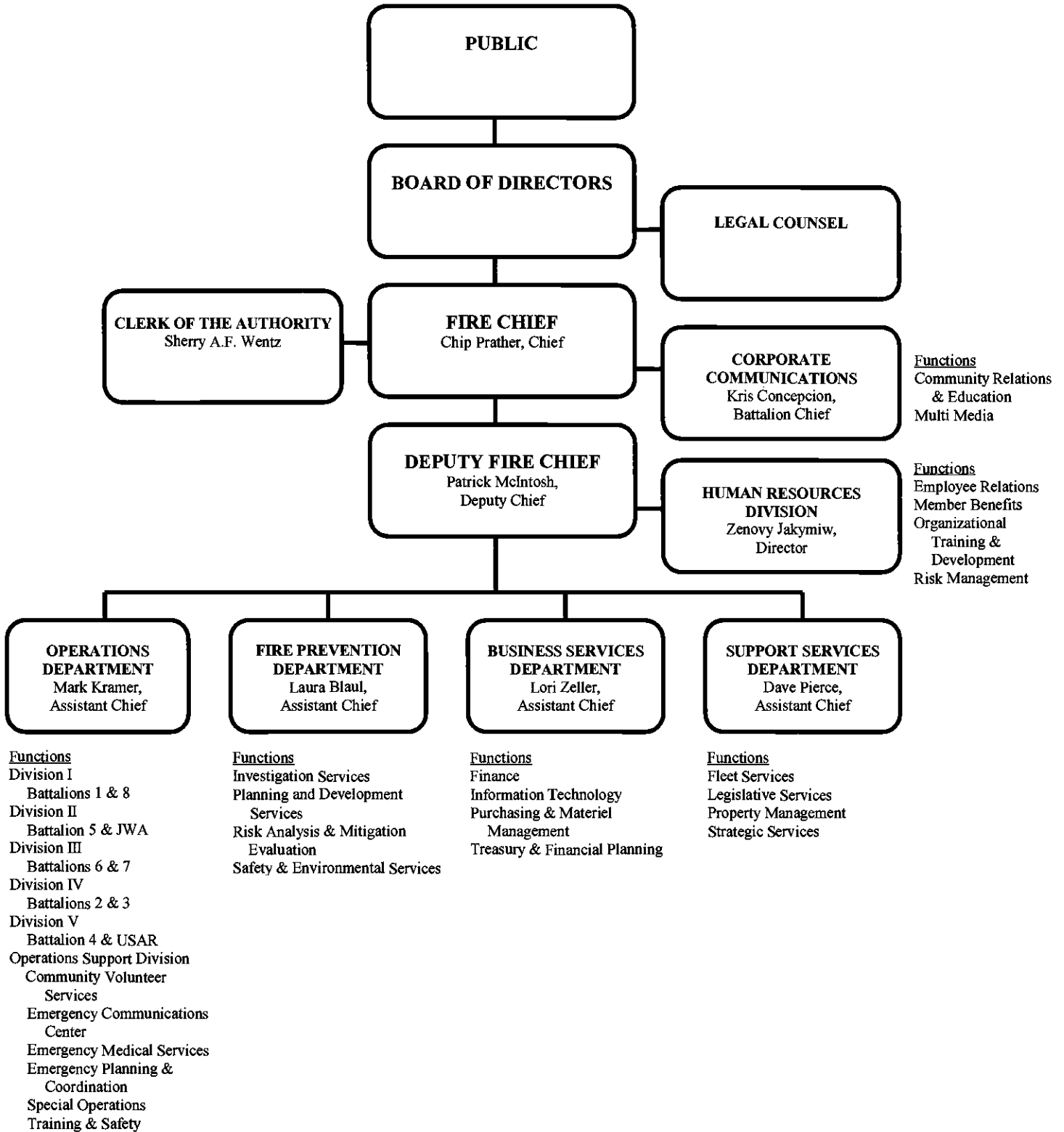
The timely preparation of the Comprehensive Annual Financial Report was made possible by the dedicated efforts of all departments of the OCFA, especially the staff of the Finance Division. We sincerely appreciate and acknowledge the support and direction provided by the accounting firm of Mayer Hoffman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

Respectfully submitted,


Keith Richter, Fire Chief


Lori Zeller, Assistant Chief
Business Service Department

**ORANGE COUNTY FIRE AUTHORITY
 Organization Chart**



**ORANGE COUNTY FIRE AUTHORITY
Management Staff and Appointed Officials
June 30, 2009**

Charles “Chip” Prather Fire Chief

Patrick McIntosh Deputy Fire Chief

Mark Kramer Assistant Chief
Operations Department

Dave Pierce Assistant Chief
Support Services Department

Lori Zeller Assistant Chief
Business Services Department

Laura Blaul Assistant Chief
Fire Prevention Department

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

Jim Ruane Appointed – Auditor

Patricia Jakubiak Appointed – Treasurer

Woodruff, Spradlin, & Smart General Counsel

ORANGE COUNTY FIRE AUTHORITY
Organization of Board of Directors

The Orange County Fire Authority Board of Directors has twenty-four members. Twenty-two of the members represent partner cities and two members represent the county unincorporated area. The Board of Directors meets bimonthly. The Board established an Executive Committee, which meets monthly. The Board also established a standing Budget and Finance Committee to address finance and budget policy issues. The Chair of the Board makes appointments to the Committee on an annual or as-needed basis. Following are descriptions of each committee.

The **Executive Committee** 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** advises staff and makes recommendations to the Board of Directors on matters related to financial and budget policies, development of budgets for the General Fund and capital expenditures, designations of reserves, budget balancing measures, evaluation and development of plans to meet long-term financing needs, investment oversight and purchasing policies. The Chair of the City Manager Budget and Finance Committee serves as an ex officio non-voting member of this committee. Effective beginning the year ended June 30, 2006, the Budget and Finance Committee was also designated to serve as the OCFA's audit oversight committee.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Orange County
Fire Authority, California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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



President

Executive Director

Financial Section





Mayer Hoffman McCann P.C.

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Board of Directors
Orange County Fire Authority
Irvine, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Orange County Fire Authority ("OCFA"), California, as of and for the year ended June 30, 2009, which collectively comprise the OCFA's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the OCFA. Our responsibility is to express opinions on these financial statements based on our audit. The prior partial comparative information has been derived from the financial statements of the OCFA for the year ended June 30, 2008, and in our report dated October 17, 2008, we expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the OCFA, as of June 30, 2009, the respective changes in financial position and the respective budgetary comparison information for the general fund and major special revenue funds of the OCFA for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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



Board of Directors
Orange County Fire Authority
Irvine, California

In accordance with *Government Auditing Standards*, we have also issued a report dated October 9, 2009 on our consideration of the OCFA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mayer Hoffman Miller & Associates

Irvine, California
October 9, 2009

Management's Discussion and Analysis

Retirement of Fire Chief
Chip Prather
July 2009



Swearing in of new Fire Chief
Keith Richter
August 2009



ORANGE COUNTY FIRE AUTHORITY

Management's Discussion and Analysis

Year ended June 30, 2009

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, 2009.

Financial Highlights

- The assets of the OCFA exceeded its liabilities by \$308,807,238 at the end of the current fiscal year. Net assets consisted of investments in capital assets, net of related debt, in the amount of \$172,293,178 (55.8%); amounts restricted for debt service totaling \$7,394,371 (2.4%); and unrestricted net assets in the amount of \$129,119,689 (41.8%). The OCFA's total net assets increased by \$13,595,673 over the prior fiscal year.
- As of the close of the current fiscal year, the OCFA's governmental funds showed combined ending fund balances totaling \$177,708,396, an increase of \$13,049,137 over the prior fiscal year. Of the total ending fund balance, approximately \$161,538,961 (90.9%) was available for funding future operational needs (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$67,926,629, or 29.6 % of total General Fund expenditures. A total of \$19,154,892 was designated for the Board-directed 10% operating contingency; \$36,771,370 was designated for workers' compensation; and \$950,625 was designated for training and education.

Overview of the Financial Statements

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

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the OCFA's finances, in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 19-20 of this report.

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

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

The government-wide financial statements present activities of the OCFA that are principally supported by taxes and charges for services. The OCFA provides services for fire protection, emergency medical, fire prevention, safety, rescue and hazardous materials response services.

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The basic governmental fund financial statements can be found on pages 22-32 of this report.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the OCFA's near-term financial decisions. Both the *Balance Sheet* of governmental funds and the *Statement of Revenues, Expenditures and Changes in Fund Balances* of governmental funds provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

The OCFA adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements and schedules have been provided for the governmental funds to demonstrate compliance with this budget.

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-65 of this report.

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

Government-wide Financial Analysis

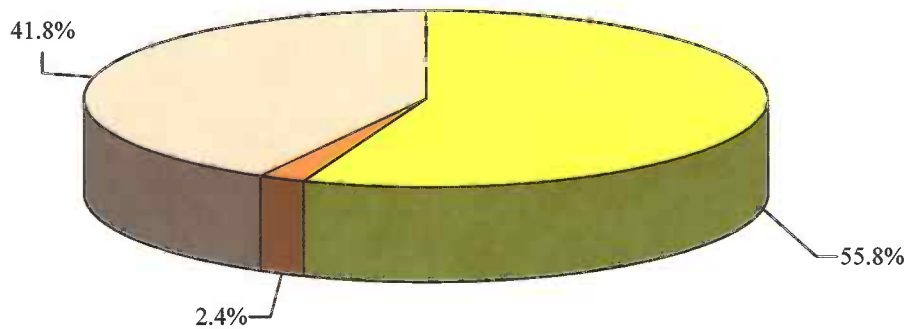
Net Assets. Net assets may serve over time as a useful indicator of a government's financial position. The OCFA's net assets totaled \$308,807,238 at the end of the current fiscal year, a 4.6% increase over the prior fiscal year. Following is a summary of the government-wide Statement of Net Assets:

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

	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>%</u>
Assets:				
Current and other assets	\$ 191,285,402	\$ 174,491,172	\$ 16,794,230	9.6%
Capital assets	<u>201,596,478</u>	<u>176,965,929</u>	<u>24,630,549</u>	13.9%
Total assets	<u>392,881,880</u>	<u>351,457,101</u>	<u>41,424,779</u>	11.8%
Liabilities:				
Long-term liabilities	70,373,306	46,279,378	24,093,928	52.1%
Other liabilities	<u>13,701,336</u>	<u>9,966,158</u>	<u>3,735,178</u>	37.5%
Total liabilities	<u>84,074,642</u>	<u>56,245,536</u>	<u>27,829,106</u>	49.5%
Net assets:				
Invested in capital assets, net of related debt	172,293,178	163,340,815	8,952,363	5.5%
Restricted	7,394,371	11,331,122	(3,936,751)	-34.7%
Unrestricted	<u>129,119,689</u>	<u>120,539,628</u>	<u>8,580,061</u>	7.1%
Total net assets	<u>\$ 308,807,238</u>	<u>\$ 295,211,565</u>	<u>\$ 13,595,673</u>	4.6%

- The largest portion of the OCFA’s net assets (55.8%) reflects its investment in capital assets, less any related outstanding debt used to acquire those assets. The OCFA uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the OCFA’s investment in its capital assets is reported net of related debt, it should be noted that the repayment of any debt issued to acquire capital assets must be from other sources. The OCFA cannot sell the assets to obtain funding.
- An additional portion of the OCFA’s net assets (2.4%) represents resources that are subject to external restrictions on how they may be used. Restricted net assets are reported in connection with the OCFA’s governmental activities. The restricted net assets were established due to requirements of the revenue bonds issued for the construction of the Regional Fire Operations and Training Center. During Fiscal Year 2004-05, a significant portion of reserves were reallocated to the Debt Service Fund in order to fully pre-fund the future debt payments on the 2001 revenue bonds, which resulted in a significant increase in restricted net assets. The \$3,936,751 decrease in restricted net assets from the prior fiscal year is caused primarily by debt payments made during the current fiscal year.
- The remaining balance of net assets is considered unrestricted (41.8%) and may be used to meet the OCFA’s ongoing obligations to citizens and creditors. At the end of the current and prior fiscal years, the OCFA reported positive balances in all three categories of net assets.

Net Assets of Governmental Activities at June 30, 2009

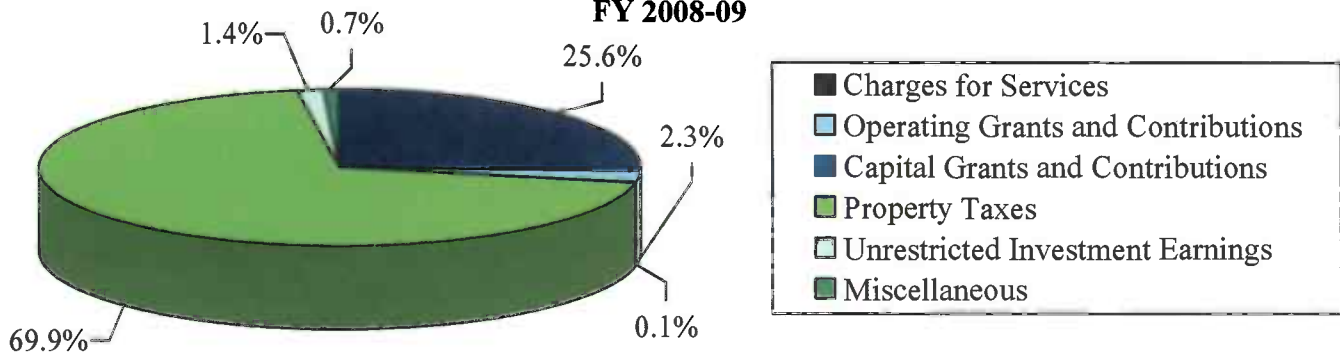


Changes in Net Assets. For the year ended June 30, 2009, the net assets of the OCFA increased by \$13,595,673, an indication that its financial position improved during the year. Following is a summary of the government-wide Statement of Activities:

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

	FY 2008-09	FY 2007-08	Increase (Decrease)	
			Amount	%
Program revenues:				
Charges for services	\$ 67,621,288	\$ 69,187,051	\$ (1,565,763)	-2.3%
Operating grants and contributions	5,981,800	6,835,746	(853,946)	-12.5%
Capital grants and contributions	140,903	22,092,218	(21,951,315)	-99.4%
General revenues:				
Property taxes	184,696,756	182,536,717	2,160,039	1.2%
Unrestricted investment earnings	3,704,964	6,295,464	(2,590,500)	-41.1%
Miscellaneous	1,925,998	730,733	1,195,265	163.6%
Total revenues	264,071,709	287,677,929	(23,606,220)	-8.2%
Public safety expenses:				
Salaries and benefits	209,092,693	199,095,873	9,996,820	5.0%
Services and supplies	31,847,059	31,669,603	177,456	0.6%
Depreciation	7,923,947	7,399,902	524,045	7.1%
Interest on long-term debt	1,612,337	1,410,673	201,664	14.3%
Total expenses	250,476,036	239,576,051	10,899,985	4.5%
Change in net assets	13,595,673	48,101,878	(34,506,205)	-71.7%
Net assets, beginning of year	295,211,565	246,514,925	48,696,640	19.8%
Prior period adjustment	-	594,762	(594,762)	-100.0%
Net assets, end of year	\$ 308,807,238	\$ 295,211,565	\$ 13,595,673	4.6%

Revenues of Governmental Activities
FY 2008-09

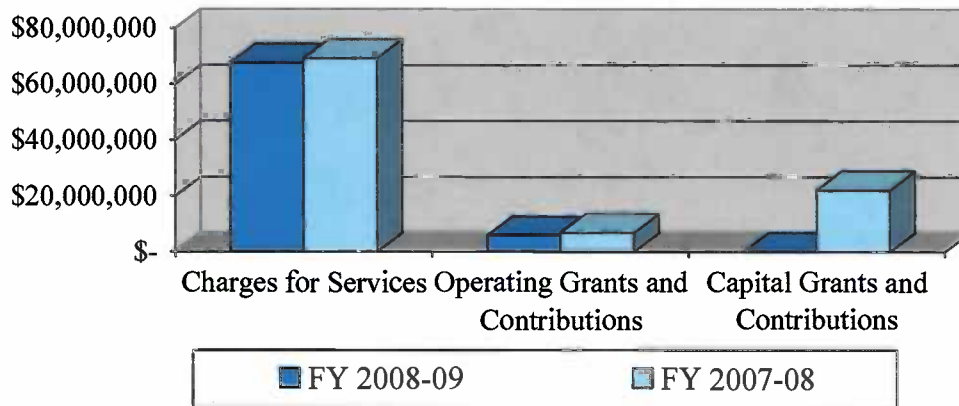


- Program revenues in the amount of \$73,743,991 accounted for 28.0% of total revenues.
 - Charges for services include amounts received from those who purchase, use or directly benefit from or are affected by a program. These revenues decreased by \$1,565,763 (2.3%) over the prior fiscal year and accounted for 25.6% of total revenues.
 - State assistance by hire services performed for the California Department of Forestry (CALFIRE) and the California Emergency Management Agency (CEMA) decreased by approximately \$2.3 million. Significant fire incidents claimed for reimbursement during Fiscal Year 2008-09 included the SHU Lightning Fire in July 2008 and the Freeway Complex Fire in November 2008. However, total reimbursements for state incidents were less than the prior year, primarily due to major Fiscal Year 2007-08 incidents such as the Santiago Fire and various fires located in Northern California.
 - Federal assistance by hire services performed for the Cleveland National Forest (CNF) decreased by approximately \$600,000, primarily due to reimbursement for the Zaca Fire during the prior year. Disaster relief services performed for the Federal Emergency Management Agency (FEMA) increased by approximately \$1.4 million. Significant disaster relief events claimed for reimbursement during Fiscal Year 2008-09 included Hurricanes Ike and Gustav in February 2009.
 - Cash contract city charges, ambulance fees and the fire services contract with John Wayne Airport increased by approximately \$1.9 million. The State Responsibility Area (SRA) contract with CALFIRE decreased by approximately \$700,000.
 - Revenues pertaining to disclosure, inspection and plan check fees decreased by approximately \$1.3 million.
 - Operating grants and contributions include grants, contributions, donations and similar items that are restricted to one or more specific program. These revenues decreased by \$853,946 (12.5%) from the prior fiscal year and accounted for 2.3% of total revenues.
 - The decrease in operating grants and contributions was primarily due to approximately \$1.5 million reimbursed in the prior year from the County of Orange for underground storage tank cleanup.
 - Revenues from state and federal operating grants increased by approximately \$300,000, including increased reimbursements for the Urban Search and Rescue Program, the Urban Areas Security Initiative and the State Homeland Security Grant Program.
 - Donations and other revenue sources increased by approximately \$400,000 and included revenues from various corporate and individual donors, the California Joint Apprenticeship Committee and other sources.
 - Capital grants and contributions include grants, contributions, donations and similar items that are restricted to one or more specific capital-related programs. These revenues

decreased by \$21,951,315 (99.4%) over the prior fiscal year and accounted for 0.1% of total revenues.

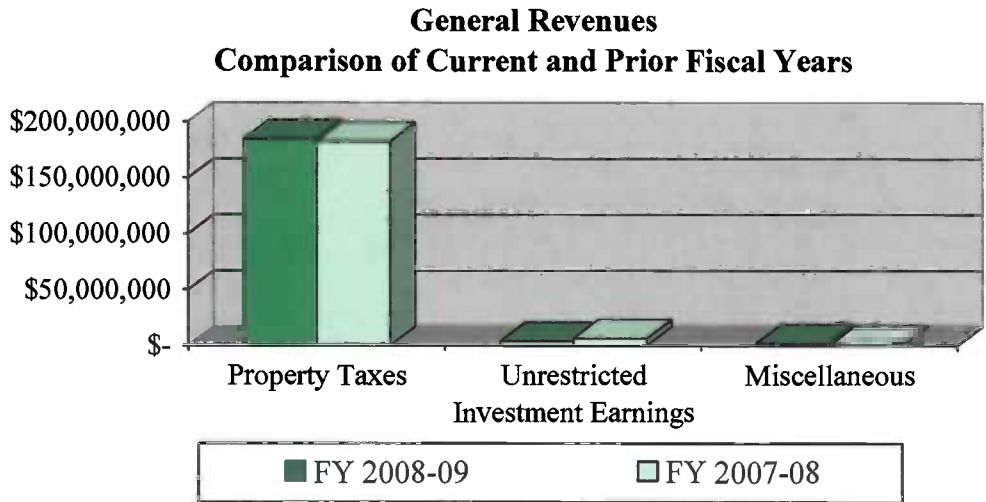
- The decrease in capital grants and contributions was primarily due to approximately \$26,000 in capital assets received from developers and other sources, as compared to approximately \$18.6 million received in the prior year. During Fiscal Year 2008-09, five radios valued at approximately \$26,000 were contributed for use at temporary Fire Station No. 20 (Great Park). During Fiscal Year 2007-08, three fire stations contributed by The Irvine Company (Fire Stations No. 27, 38 and 55) were placed into service and were valued at approximately \$17.9 million. Other contributed assets in the prior year totaled approximately \$700,000 and included hazardous materials equipment, ten vehicles and four thermal imaging cameras.
- Revenues from developer contributions decreased by approximately \$1.7 million. No developer contributions were received during Fiscal Year 2008-09, as compared to prior year contributions for the development of three new fire stations in Irvine (Fire Stations No. 27 Portola Springs, No. 55 Orchard Hills and No. 20 Great Park), replacement Fire Station No. 38 (Irvine), and a new fire station in the Irvine Business Center (IBC).
- Revenues from state and federal capital grants decreased by approximately \$1.6 million, primarily due to significant prior year projects (Regional Automatic Vehicle Locator Interoperability Project and the Countywide Public Safety GIS Project) that were reimbursed through the Urban Areas Security Initiative.

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



- General revenues include all revenues that do not qualify as program revenues, such as taxes, investment earnings, gains on sale of capital assets and other miscellaneous revenues. General revenues totaled \$190,327,718 in Fiscal Year 2008-09 and accounted for 72.0% of total revenues.
 - The largest general revenue, property taxes, increased by \$2,160,039 (1.2%) over the prior fiscal year. Property taxes accounted for 69.9% of total revenues.

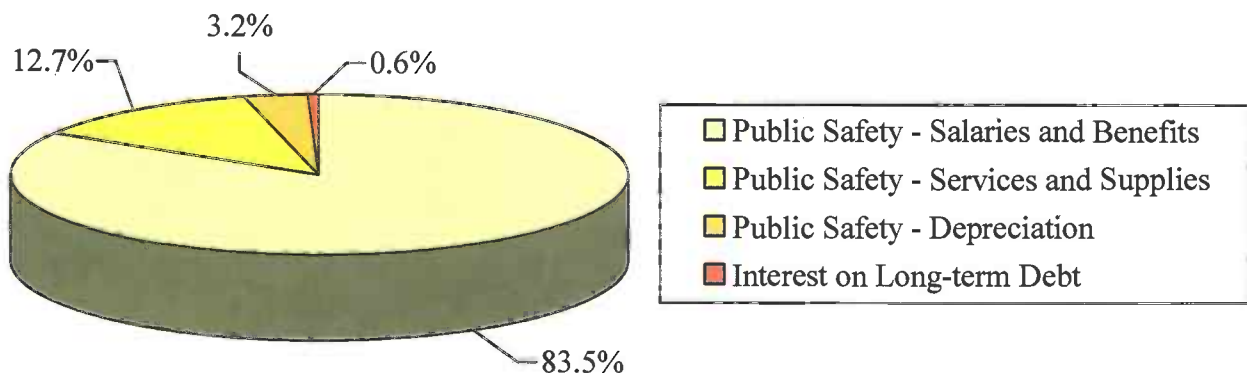
- Unrestricted investment earnings decreased by \$2,590,500 (41.1%) due to an overall declining rate of return on the investment portfolio. The OCFA’s year-to-date effective rate of return as of June 30, 2009 was 1.93%, as compared to 4.10% as of June 30, 2008.
- Miscellaneous revenues increased by \$1,195,265 (163.6%), primarily due to \$1 million received back from the Orange County Professional Firefighters Association IAFF Local 3631 in connection with an amended contract governing OCFA’s contributions to the firefighter medical trust.



- Total expenses increased by \$10,899,985 (4.5%) over the prior fiscal year.
 - Salaries and benefits increased by \$9,996,820 (5.0%) over the prior fiscal year and accounted for 83.5% of total expenses.
 - Approximately \$1.6 million of the increase pertained to the annual other post-employment benefit (OPEB) cost for the defined benefit Retiree Medical Plan. The annual OPEB cost is equal to an annual required contribution, as determined by an actuarial valuation, plus adjustments to account for cumulative interest and actual contributions to the plan.
 - Regular pay increased by approximately \$3.3 million due to the impact of salary increases authorized by Memorandums of Understanding with bargaining units. Related costs for retirement also increased by approximately \$3.9 million.
 - Insurance costs increased by approximately \$700,000, due primarily to an increase in firefighter health insurance.
 - Services and supplies increased by \$177,456 (0.6%) from the prior year and accounted for 12.7% of total expenses.

- The most significant Fiscal Year 2008-09 services and supplies purchase was approximately \$1.3 million paid to the City of Irvine for a Traffic Signal Preemption System.
 - Other services and supplies expenses decreased as compared to the prior year. Building maintenance expense decreased by approximately \$300,000 due to prior year roofing and other preventative maintenance projects at fire stations and the Regional Fire Operations & Training Center. Special department expenses decreased by approximately \$1.2 million, due primarily to significant prior year purchases for the Regional GIS Mapping Project, the replacement of 800 MHz radios and other reimbursable projects to the City of Irvine.
- Depreciation expense, which had no impact on the OCFA's cash balances, increased by \$524,045 (7.1%) and accounted for 3.2% of total expenses.
- Depreciation on buildings increased by approximately \$150,000, primarily due the first full year of depreciation on Fire Stations No. 38 (Irvine), No. 27 (Portola Springs) and No. 55 (Orchard Hills). Only a partial year of depreciation was charged in the prior year when these fire stations were placed into service.
 - Depreciation on equipment increased by approximately \$300,000, primarily due to the current year addition of two new Bell helicopters in February 2009.
 - Depreciation on vehicles increased by approximately \$75,000, primarily due to the first full year of depreciation on two Tractor Drawn Aerials that were placed into service in June 2008 and July 2008.
- Interest on long-term debt decreased by \$201,664 (14.3%) from the prior year and accounted for 0.6% of total expenses. Increased interest on the 2008 capital lease (approximately \$420,000) was offset by decreased interest on the 2003 and 2005 capital leases (approximately \$50,000), the 2001 revenue bonds (\$120,000) and the TRAN (\$40,000).

**Expenses of Governmental Activities
FY 2008-09**



Financial Analysis of the OCFA's Funds

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

Governmental Funds. The focus of the OCFA's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the OCFA's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for funding future operational needs.

As of the end of the current fiscal year, the OCFA's governmental funds reported combined ending fund balances of \$177,708,396, an increase of \$13,049,137 in comparison with the prior fiscal year.

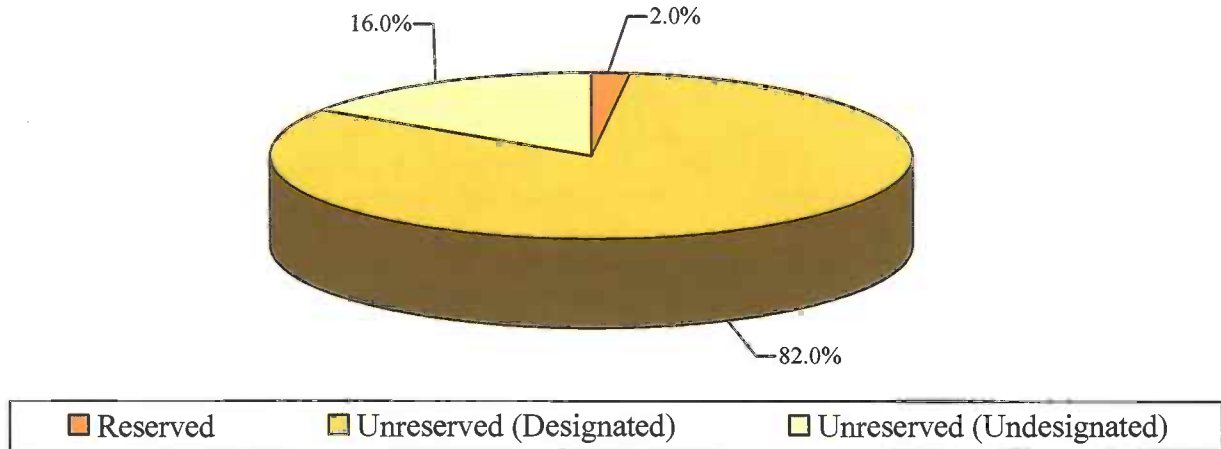
- **Unreserved fund balance**, which is the portion of fund balance available for funding future operational needs, totaled \$161,538,961 (90.9%). Unreserved fund balance includes \$144,696,192 that is designated for specific purposes such as capital improvement program, workers' compensation, the 10% operating contingency for emergencies and economic uncertainties, training and education, future service enhancements and debt service. The portion of unreserved fund balance that was undesignated totaled \$16,842,769.
- **Reserved fund balance**, which is the portion of fund balance that is not available for new spending, totaled \$16,169,435 (9.1%). Reserved fund balance has already been committed as follows: (1) \$11,905,198 to liquidate contracts and purchase orders of the prior period, (2) \$2,806,000 to pay debt service and (3) \$1,458,237 to fund costs that were prepaid during the current fiscal year.

Major Governmental Funds. If the assets, liabilities, revenues or expenditures of a governmental fund exceed 10% of the total of all governmental funds, that fund is reported as a major governmental fund in the accompanying fund financial statements. The OCFA reported three major funds during the current fiscal year.

- The **General Fund** is the chief operating fund of the OCFA. At the end of the current fiscal year, fund balance totaled \$69,343,698, of which \$67,926,629 (98.0%) was unreserved and \$1,417,069 (2.0%) was reserved for encumbrances and prepaid costs.
 - As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. General Fund expenditures totaled \$229,844,973 in the current fiscal year. Unreserved fund balance equaled 29.6% of total General Fund expenditures, while total fund balance equaled 30.2% of that same amount.
 - A portion of the General Fund's unreserved fund balance totaling \$56,876,887 was considered designated. OCFA policy modified by the Board on November 18, 2004, requires the establishment of an operating contingency designation set at 10% of the total operating expenditures, excluding grant-funded expenditures. The purpose of the operating contingency designation is to provide for emergencies and economic uncertainties. The total amount of the General Fund's fund balance designated for the operating contingency at the

end of the current fiscal year was \$19,154,892. Additionally, \$36,771,370 was designated for workers' compensation claims and \$950,625 was designated for training and education.

Fund Balances of the General Fund at June 30, 2009



- Total fund balance of the OCFA's General Fund increased by \$1,221,450 during the current fiscal year. The prior year's fund balance increased by \$5,566,899, a difference of \$4,345,449.
 - Revenue from property taxes increased by approximately \$2.2 million. Secured and unsecured property taxes increased by approximately \$5.4 million, but were offset by declines in supplemental property taxes of approximately \$3.2 million.
 - Intergovernmental revenue decreased by approximately \$2.0 million, primarily due to declines in revenues from the State Responsibility Area (SRA) contract with CALFIRE and state reimbursements for fire incidents.
 - Expenditures pertaining to salaries and benefits increased by approximately \$8.3 million over the prior year.
 - Regular pay increased by approximately \$3.2 million due to the impact of salary increases authorized by Memorandums of Understanding with bargaining units. Related costs for retirement also increased by approximately \$3.9 million.
 - Insurance costs increased by approximately \$700,000, due primarily to an increase in firefighter health insurance.
 - Expenditures pertaining to services and supplies decreased by approximately \$3.2 million.

- Worker's compensation claims decreased by approximately \$1.8 million, primarily due to a change in methodology in accounting for accrued claims and judgments in the General Fund.
- Other services and supplies decreased by approximately \$1.4 million, net. Prior year costs were higher due to the purchase of fire deployment shelters, turnouts and other clothing, and overall higher costs for mileage, office supplies and printing.
- Expenditures pertaining to debt service decreased by approximately \$600,000 due to fewer interest charges pertaining to Tax and Revenue Anticipation Notes (TRAN) and short-term interfund borrowing.
- The **Communications & Information Systems Fund** had a total fund balance of \$28,150,818 at the end of the current fiscal year, of which \$27,397,887 (97.3%) was unreserved and \$752,931 (2.7%) was reserved for encumbrances and prepaid costs.
 - Fund balance reserved for encumbrances pertained to purchase orders issued for various fire communications and information system projects, including a Public Safety Systems Project, a grant-funded Live Move Up Module (MUM) Project, and the purchase of portable and mobile radios.
 - Total fund balance increased by \$7,838,923 during the current fiscal year. The prior year's fund balance increased by \$1,808,071, a difference of \$6,030,852.
 - Intergovernmental revenue decreased by approximately \$1.6 million, while capital outlay also decreased by approximately \$1.8 million. Both decreases were primarily related to prior year grants for reimbursable capital projects.
 - Transfers in from other funds increased by approximately \$5.8 million.
- The **Vehicle Replacement Fund** had a total fund balance of \$48,672,295 at the end of the current fiscal year, of which \$41,215,346 (84.7%) was unreserved and \$7,456,949 (15.3%) was reserved for encumbrances and prepaid costs.
 - Fund balance reserved for encumbrances pertained to purchase orders issued for various fire apparatus, including three Type 1 Engines, three Type I Wildland Interface Engines, five Compressed Air Foam Systems (CAFS), fifteen passenger vehicles, three ambulances, ten paramedic vans, and two 100' Aerial Ladder Platform Quints.
 - Total fund balance increased by \$7,443,974 during the current fiscal year. The prior year's fund balance increased by \$6,159,068, a difference of \$1,284,906.
 - Interest income decreased by approximately \$1 million.
 - Developer contribution revenue decreased by approximately \$600,000, related to prior year contributions for a paramedic van and a Type I Engine.

- Approximately \$21.5 million in capital lease financing was issued to fund the purchase of two new Bell helicopters and related equipment for an equal amount. Debt service expenditures increased by approximately \$1.3 million, primarily due to principal and interest on the new capital lease.
- Capital outlay expenditures pertaining to the purchase of fire apparatus decreased by approximately \$1.9 million.
- Transfers in from other funds increased by approximately \$2.3 million.

General Fund Budgetary Highlights

Total appropriations in the General Fund increased during this fiscal year by \$21,302,011 and are summarized as follows:

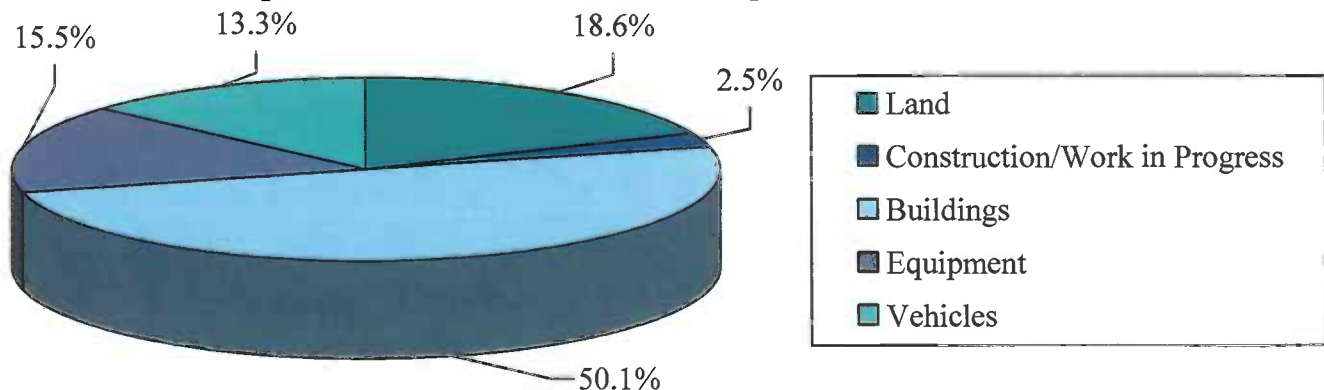
Salaries and benefits	\$ 6,333,657
Services and supplies	1,818,633
Capital outlay	251,028
Interest and fiscal charges	(1,089,709)
Transfers out	<u>13,988,402</u>
Total increase to General Fund appropriations	<u>\$21,302,011</u>

Portions of this increase in General Fund appropriations were funded by net increases to budgeted revenues totaling approximately \$7.3 million, which included increases to budgeted intergovernmental revenues, use of money and property and miscellaneous revenues.

Capital Assets and Debt Administration

Capital Assets. The OCFA’s investment in capital assets for its government activities at the end of the current fiscal year totaled \$201,596,478 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, vehicles, work in progress and construction in progress.

Capital Assets, Net of Accumulated Depreciation at June 30, 2009



Net capital assets increased over the prior fiscal year by \$24,630,549 (13.9%). Following is a summary of net capital assets by type for the current and prior fiscal year.

ORANGE COUNTY FIRE AUTHORITY
Capital Assets Net of Accumulated Depreciation

	Governmental Activities			
	June 30, 2009	June 30, 2008	Increase (Decrease)	
			Amount	%
Land	\$ 37,397,850	\$ 37,397,850	\$ -	0.0%
Construction in progress	992,785	60,091	932,694	1552.1%
Work in progress	3,946,941	3,439,785	507,156	14.7%
Buildings	120,395,710	120,387,298	8,412	
Accumulated depreciation	(19,280,103)	(16,622,750)	(2,657,353)	
Buildings, net	101,115,607	103,764,548	(2,648,941)	-2.6%
Equipment	53,518,497	31,285,992	22,232,505	
Accumulated depreciation	(22,247,765)	(20,050,841)	(2,196,924)	
Equipment, net	31,270,732	11,235,151	20,035,581	178.3%
Vehicles	59,684,069	52,654,992	7,029,077	
Accumulated depreciation	(32,811,506)	(31,586,488)	(1,225,018)	
Vehicles, net	26,872,563	21,068,504	5,804,059	27.5%
Total, net	<u>\$ 201,596,478</u>	<u>\$ 176,965,929</u>	<u>\$ 24,630,549</u>	13.9%

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

- Building additions pertained to improvements of the training grounds located at the Regional Fire Operations & Training Center.
- Additions to construction in progress (CIP) consisted primarily of construction costs incurred for replacement Fire Station No. 17 (Cypress). Other costs pertained to the preliminary architecture and design of replacement Fire Station No. 41 (Fullerton Airport) and the preliminary design of an upgraded sanitary sewer system at Fire Station No. 18 (Trabuco).
- Work in progress (WIP) accounted for twenty-one projects during the current fiscal year, six of which were placed into service and fifteen 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 the current fiscal year were six Type I Engines, five Type I Wildland Interface Engines and one pickup truck, all of which were classified as WIP at year-end.

- Six projects were completed and transferred to vehicles during the current fiscal year, including a USAR Heavy Rescue Unit, three Tractor Drawn Aerials and two Suburban Command Vehicles.
- Communications and information systems projects are also classified as WIP at year-end if they are implemented over the span of multiple fiscal years. The most significant additions during the current fiscal year were the Wireless Project, a grant-funded Live Move Up Module (MUM) Project and a Fleet Management System, all of which were classified as WIP at year-end.
- Twenty-two vehicles were added to the OCFA's fleet during Fiscal Year 2008-09 (including the six that were transferred from WIP). The most significant addition was the purchase of eleven Type 3 Wildland Engines (\$3,871,874). Other purchases included three pickup trucks, one bulldozer and one USAR Freightliner semi-truck. In addition, vehicle improvements included the installation of Compressed Air Foam Systems (CAFS) on seven patrols and light bars on five pickup trucks.
- The most significant equipment additions were the purchase of two new Bell helicopters totaling \$21,560,758, and related equipment to outfit the new helicopters totaling \$248,962.

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

Long-term Debt. Bonded debt represents bonds secured solely by a specified revenue source (i.e., property taxes). At the end of the current fiscal year, the OCFA's outstanding liability for bonded debt totaled \$7,053,609, which included an unamortized bond premium of \$13,609. Following is a summary of the OCFA's outstanding 2001 Revenue Bonds, which were issued to finance a portion of the cost to construct the Regional Fire Operations and Training Center:

	<u>2001 Revenue Bonds</u>
Outstanding liability, including premium:	
June 30, 2009	\$ 7,053,609
June 30, 2008	<u>10,392,219</u>
Increase (decrease)	<u>(\$ 3,338,610)</u>

Total long-term liabilities increased by \$24,093,928 (52.1%) during the current fiscal year.

- Additions to long-term liabilities included the following:
 - A new capital lease was issued in the amount of \$21,515,238 to fund the purchase of the two Bell helicopters.
 - Liabilities increased for worker's compensation claims (\$6,265,140), compensated absences (\$10,694,462) and the net other post employment benefit (OPEB) obligation pertaining to retiree medical benefits (\$8,844,871).

- Liabilities totaling \$421,467 were accrued for various claims and, including an amount due to the United States Treasury for excess arbitrage rebate earnings on the 2005 capital lease.
- Decreases to long-term liabilities included the following:
 - Debt service was paid on revenue bonds and capital lease obligations totaling \$5,947,521, including amortization on the bond premium in the amount of \$13,610.
 - Liabilities decreased by the amount of payouts and usage of vacation/sick leave totaling \$9,952,683, payments for worker's compensation claims totaling \$3,462,833 and contributions to the Retiree Medical Plan in the amount of \$4,284,213.

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

Next Year's Budget

The Fiscal Year 2009-10 General Fund adopted expenditure budget is approximately \$234 million, which is a 1.4% decrease from the final adopted Fiscal Year 2008-09 General Fund budget. The decrease reflects the deletion of one-time expenditures related to grant-funded projects and assistance-by-hire fire activities included in Fiscal Year 2008-09. These decreases are potentially offset by the impact of salary increases authorized by existing Memorandums of Understanding (MOU's) with all bargaining units and updated employee benefit rates in Fiscal Year 2009-10. The General Fund budget is balanced and also provides transfers of approximately \$10.2 million to other funds for current and future capital projects.

There were no staffing changes authorized in the Fiscal Year 2009-10 budget, with the total number of authorized positions remaining at 1,182. However, the budget reflects funding for only 1,101 of those authorized positions, as vacancies are remaining unfilled, including the full-time hand crew positions.

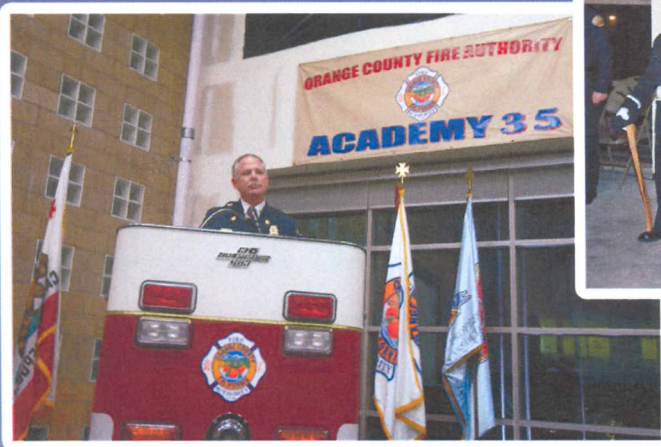
Requests for Information

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



Firefighter Academy #34
Graduation
July 2008



Firefighter Academy #35
Graduation
December 2008

ORANGE COUNTY FIRE AUTHORITY
Statement of Net Assets
June 30, 2009
(With Comparative Data for Prior Year)

	Governmental Activities	
	2009	2008
Assets:		
Cash and investments (Note 3a)	\$ 170,361,319	\$ 149,476,864
Receivables:		
Accounts, net (Note 4)	2,388,345	1,965,708
Accrued interest	828,027	394,471
Prepaid costs	1,458,237	1,123,664
Deferred bond issuance costs	39,557	79,117
Due from other governments, net (Note 5)	16,209,917	21,451,348
Capital assets (Note 6):		
Land	37,397,850	37,397,850
Construction in progress	992,785	60,091
Work in progress	3,946,941	3,439,785
Capital assets, net of accumulated depreciation	159,258,902	136,068,203
Total assets	392,881,880	351,457,101
Liabilities:		
Accounts payable	5,966,383	2,541,530
Accrued liabilities	6,421,792	5,963,852
Accrued interest	163,887	213,362
Unearned revenue (Note 8)	122,024	115,299
Deposits payable	1,024,900	1,040,645
Due to other governments	2,350	91,470
Long-term liabilities (Note 9):		
Due within one year	14,240,861	13,681,509
Due beyond one year	56,132,445	32,597,869
Total liabilities	84,074,642	56,245,536
Net assets:		
Invested in capital assets, net of related debt (Note 6)	172,293,178	163,340,815
Restricted for debt service	7,394,371	11,331,122
Unrestricted	129,119,689	120,539,628
Total net assets	\$ 308,807,238	\$ 295,211,565

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Statement of Activities
Year ended June 30, 2009
(With Comparative Data for Prior Year)

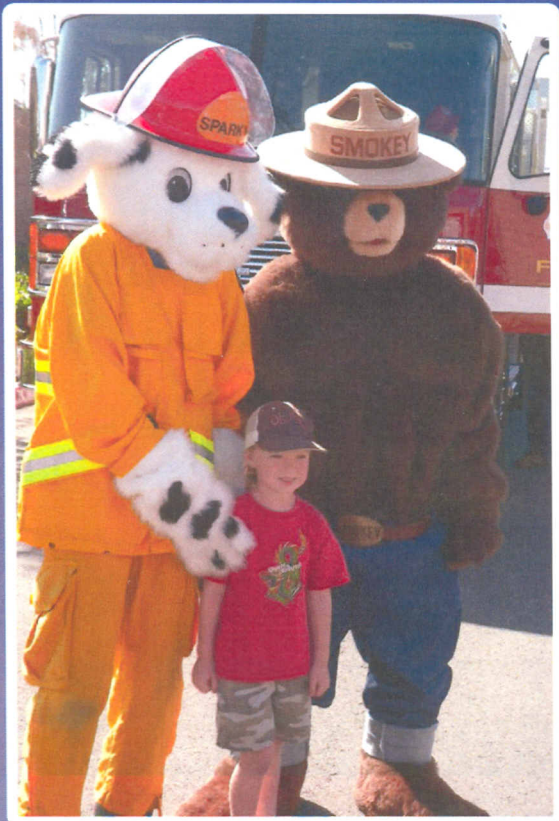
	Governmental Activities	
	2009	2008
Expenses:		
Public safety:		
Salaries and benefits	\$ 209,092,693	\$ 199,095,873
Services and supplies	31,847,059	31,669,603
Depreciation	7,923,947	7,399,902
Interest on long-term debt	1,612,337	1,410,673
Total program expenses	250,476,036	239,576,051
 Program revenues:		
Charges for services	67,621,288	69,187,051
Operating grants and contributions	5,981,800	6,835,746
Capital grants and contributions	140,903	22,092,218
Total program revenues	73,743,991	98,115,015
Net program (expenses) revenues of governmental activities	(176,732,045)	(141,461,036)
 General revenues:		
Property taxes, levied for general purpose	184,696,756	182,536,717
Use of money and property	3,704,964	6,295,464
Miscellaneous	1,925,998	730,733
Total general revenues	190,327,718	189,562,914
Change in net assets	13,595,673	48,101,878
Net assets at beginning of year	295,211,565	247,109,687
Net assets at end of year	\$ 308,807,238	\$ 295,211,565

See Notes to the Financial Statements

Fund Financial Statements



Open House
October 2008





Orange County Fire Authority Safety Message

The Right Way to Install Smoke Alarms

1. Install a smoke alarm on every level of your home.
2. Make sure that there is an alarm outside every separate sleeping area. Local codes may require a smoke alarm inside every sleeping area.
3. Alarms that are hard-wired should have battery backups in case of a power outage.
4. If someone in your home is deaf or hard of hearing, consider installing an alarm that combines flashing lights, vibration and/or sound.
5. For assistance or additional details on smoke alarms, contact OCFA Community Relations or a qualified electrician.

ORANGE COUNTY FIRE AUTHORITY
Governmental Funds
Balance Sheet
June 30, 2009
(With Comparative Data for Prior Year)

	Special Revenue Funds		
	Communications		
	General	& Information	Vehicle
	Fund	Systems	Replacement
<u>Assets</u>			
Cash and investments	\$ 57,926,308	\$ 28,206,386	\$ 51,284,163
Receivables:			
Accounts, net	2,325,657	55,188	-
Accrued interest	511,851	82,859	61,174
Prepaid costs	968,364	5,157	484,716
Due from other governments, net	16,063,296	120,530	21,162
Total assets	\$ 77,795,476	\$ 28,470,120	\$ 51,851,215
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 1,979,785	\$ 248,738	\$ 3,178,920
Accrued liabilities	6,418,183	-	-
Deferred revenues	51,460	70,564	-
Accrued claims and judgments	-	-	-
Deposits payable	-	-	-
Due to other governments	2,350	-	-
Total liabilities	8,451,778	319,302	3,178,920
Fund balances:			
Reserved:			
Reserved for encumbrances	448,705	747,774	6,972,233
Reserved for debt service	-	-	-
Reserved for prepaid costs	968,364	5,157	484,716
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Capital projects fund	-	-	-
Debt service fund	-	-	-
Designated for capital improvement program	-	25,602,829	40,901,721
Designated for workers' compensation	36,771,370	-	-
Designated for operating contingency	19,154,892	-	-
Designated for training and education	950,625	-	-
Undesignated	11,049,742	1,795,058	313,625
Total fund balances	69,343,698	28,150,818	48,672,295
Total liabilities and fund balances	\$ 77,795,476	\$ 28,470,120	\$ 51,851,215

See Notes to the Financial Statements

Nonmajor Governmental Funds	Total Governmental Funds	
	2009	2008
\$ 32,944,462	\$ 170,361,319	\$ 149,476,864
7,500	2,388,345	1,965,708
172,143	828,027	394,471
-	1,458,237	1,123,664
4,929	16,209,917	21,451,348
\$ 33,129,034	\$ 191,245,845	\$ 174,412,055
\$ 558,940	\$ 5,966,383	\$ 2,541,530
3,609	6,421,792	5,963,852
-	122,024	115,299
-	-	6,165,518
1,024,900	1,024,900	1,040,645
-	2,350	91,470
1,587,449	13,537,449	15,918,314
3,736,486	11,905,198	6,036,719
2,806,000	2,806,000	2,806,000
-	1,458,237	1,123,664
6,902,032	6,902,032	6,159,930
13,344,809	13,344,809	16,718,235
4,752,258	4,752,258	8,738,484
-	66,504,550	50,231,402
-	36,771,370	28,316,776
-	19,154,892	24,461,635
-	950,625	621,511
-	13,158,425	13,279,385
31,541,585	177,708,396	158,493,741
\$ 33,129,034	\$ 191,245,845	\$ 174,412,055

ORANGE COUNTY FIRE AUTHORITY

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

June 30, 2009

Fund balances of governmental funds **\$ 177,708,396**

When capital assets that are to be used in governmental activities are purchased or constructed, their costs are recorded as expenditures in governmental funds. However, the Statement of Net Assets includes those capital assets among the assets of the OCFA as a whole, net of accumulated depreciation.

Capital assets	275,935,852
Accumulated depreciation	(74,339,374)

Long-term liabilities applicable to the OCFA's governmental activities are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Assets.

Bonds payable	(7,040,000)
Bond premium	(13,609)
Lease purchase agreements	(25,108,857)
Accrued claims and judgments	(18,070,541)
Compensated absences	(12,573,235)
Net OPEB obligation	(7,567,064)

Bond issuance costs are recognized as debt service expenditures when paid in the year of issue in governmental funds. Deferred bond issuance costs are capitalized in the Statement of Net Assets and amortized over the life of the bonds.

39,557

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.

(163,887)

Net assets of governmental activities **\$ 308,807,238**

See Notes to the Financial Statements



Orange County Fire Authority Safety Message

Candle Safety Tips

1. Keep candles at least 12 inches from anything that can burn.
2. Use sturdy, safe candleholders.
3. Never leave a burning candle unattended.
4. Extinguish candles when you leave a room.
5. Be careful not to splatter wax when extinguishing a candle.
6. Avoid using candles in bedrooms and sleeping areas.
7. Always use a flashlight, not a candle, for emergency lighting.
8. Consider using battery-operated flameless candles.

**ORANGE COUNTY FIRE AUTHORITY
 Governmental Funds**

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2009

(With Comparative Data for Prior Year)

	General Fund	Special Revenue Funds	
		Communications & Information Systems	Vehicle Replacement
Revenues:			
Taxes	\$ 184,696,756	\$ -	\$ -
Intergovernmental	18,613,627	115,263	-
Charges for services	53,144,775	168,544	651,257
Use of money and property	2,158,183	508,467	736,091
Miscellaneous	1,978,386	288,764	124,906
Developer contributions	-	-	-
Total revenues	260,591,727	1,081,038	1,512,254
Expenditures:			
Current - public safety:			
Salaries and benefits	203,655,926	-	-
Services and supplies	24,529,835	1,556,342	120,722
Capital outlay	461,620	727,865	30,302,598
Debt service:			
Principal retirement	-	141,404	2,467,507
Interest and fiscal charges	1,197,592	22,187	559,905
Total expenditures	229,844,973	2,447,798	33,450,732
Excess (deficiency) of revenues over (under) expenditures	30,746,754	(1,366,760)	(31,938,478)
Other financing sources (uses):			
Transfers in (Note 10)	-	9,205,683	17,867,214
Transfers out (Note 10)	(29,700,360)	-	-
Issuance of capital lease (Note 9)	-	-	21,515,238
Sale of capital and other assets	93,480	-	-
Insurance recoveries	81,576	-	-
Total other financing sources (uses)	(29,525,304)	9,205,683	39,382,452
Net change in fund balances	1,221,450	7,838,923	7,443,974
Fund balances, beginning of year as restated (Note 11)	68,122,248	20,311,895	41,228,321
Fund balances, end of year	\$ 69,343,698	\$ 28,150,818	\$ 48,672,295

See Notes to the Financial Statements

Nonmajor Governmental Funds	Total Governmental Funds	
	2009	2008
\$ -	\$ 184,696,756	\$ 182,536,717
169,569	18,898,459	24,168,953
161,388	54,125,964	53,510,278
746,148	4,148,889	7,336,664
125,835	2,517,891	982,487
-	-	1,744,392
1,202,940	264,387,959	270,279,491
134,330	203,790,256	195,481,030
2,354,409	28,561,308	31,386,487
1,132,211	32,624,294	13,323,621
3,325,000	5,933,911	4,867,453
339,663	2,119,347	2,526,877
7,285,613	273,029,116	247,585,468
(6,082,673)	(8,641,157)	22,694,023
3,184,609	30,257,506	29,914,910
(557,146)	(30,257,506)	(29,914,910)
-	21,515,238	-
-	93,480	93,807
-	81,576	-
2,627,463	21,690,294	93,807
(3,455,210)	13,049,137	22,787,830
34,996,795	164,659,259	135,705,911
\$ 31,541,585	\$ 177,708,396	\$ 158,493,741

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, 2009**

Net change in fund balances - total governmental funds	\$ 13,049,137
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.</p>	
Capital outlay	32,624,294
Depreciation expense	(7,923,947)
<p>Capital assets received through a grant or donation are reported at the estimated fair value at time of receipt and corresponding revenue is recognized in the Statement of Activities. Revenue is not recognized in the governmental funds.</p>	
	25,640
<p>Governmental funds report the proceeds from sale of capital and other assets as other financing sources. However, 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. As a result, fund balances decrease by the amount of the net book value of capital and other assets sold or disposed of during the year.</p>	
Capital asset disposals	(1,940,090)
Accumulated depreciation on capital asset disposals	1,844,652
<p>Proceeds of long-term debt are recorded as other financing sources in the governmental funds; however, amounts are capitalized as long-term liabilities in the Statement of Activities.</p>	
Issuance of capital lease	(21,515,238)
<p>Repayment of long-term debt principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the OCFA as a whole, however, the principal payments reduce the liabilities in the Statement of Net Assets and do not result in an expense in the Statement of Activities.</p>	
Debt service principal - bonds payable	3,325,000
Debt service principal - lease purchase agreements	2,608,911

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)**

Bond premiums/discounts and issuance costs associated with long-term bonds are recognized as expenditures and other financing sources/uses in the governmental funds at the time the debt is issued. However, those items are capitalized on the Statement of Net Assets and amortized over the life of the bonds on the Statement of Activities since they do not require the use of current financial resources.

Amortization of bond premium	13,610
Amortization of bond issuance costs	(39,560)

Accrued claims and judgments are reported as a governmental funds liability only when due and payable; however, the entire long-term liability is recorded in the Statement of Net Assets. Accordingly, the net change in long-term accrued claims and judgments is recognized as an expense in the Statement of Activities.

Workers' compensation	(2,802,307)
Arbitrage earnings	(105,800)
Other claims and judgments	(315,667)

Interest expenditures are reported when paid in the governmental funds; however, the total amount of interest incurred for the period is accrued and recognized in the government-wide financial statements. The net change in accrued interest is recognized as interest expense in the Statement of Activities.

49,475

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

(741,779)

Contributions to the defined benefit retiree medical plan are made on a pay-as-you-go basis in the governmental fund financial statements. However, if actual contributions are less than the actuarially-determined required amount, the difference is reported as an expense in the government-wide financial statements.

(4,560,658)

Transactions between governmental funds are eliminated for presentation in the government-wide financial statements.

Transfers in	(30,257,506)
Transfers out	30,257,506
Use of money and property	(443,925)
Interest and fiscal charges	443,925

Change in net assets of governmental activities

\$ 13,595,673

See Notes to the Financial Statements

**ORANGE COUNTY FIRE AUTHORITY
General Fund**

Budgetary Comparison Statement

Year ended June 30, 2009

(With Comparative Data for Prior Year)

	2009			Variance with Final Budget Positive (Negative)	2008
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Restated budgetary fund balance, July 1	\$ 68,122,248	\$ 68,122,248	\$ 68,122,248	\$ -	\$ 56,389,831
Resources (inflows):					
Taxes	186,008,497	183,125,171	184,696,756	1,571,585	182,536,717
Intergovernmental	8,479,834	17,808,627	18,613,627	805,000	20,569,942
Charges for services	53,625,809	52,550,477	53,144,775	594,298	52,733,649
Use of money and property	1,538,967	1,901,689	2,158,183	256,494	3,259,421
Miscellaneous	172,200	1,664,204	1,978,386	314,182	564,442
Sale of capital and other assets	30,000	35,008	93,480	58,472	93,807
Insurance recoveries	-	50,000	81,576	31,576	-
Total resources (inflows)	249,855,307	257,135,176	260,766,783	3,631,607	259,757,978
Amounts available for appropriations	317,977,555	325,257,424	328,889,031	3,631,607	316,147,809
Charges to appropriation (outflows):					
Salaries and benefits	201,126,670	207,460,327	203,655,926	3,804,401	195,352,381
Services and supplies	27,130,867	28,949,500	24,529,835	4,419,665	27,686,229
Capital outlay	260,476	511,504	461,620	49,884	205,864
Interest and fiscal charges	2,346,709	1,257,000	1,197,592	59,408	1,836,756
Transfers out	15,711,958	29,700,360	29,700,360	-	29,109,849
Total charges to appropriations	246,576,680	267,878,691	259,545,333	8,333,358	254,191,079
Budgetary fund balance, June 30	\$ 71,400,875	\$ 57,378,733	\$ 69,343,698	\$ 11,964,965	\$ 61,956,730

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Communications & Information Systems
Budgetary Comparison Statement
Year ended June 30, 2009
(With Comparative Data for Prior Year)

	2009			2008	
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final		Positive (Negative)	
Budgetary fund balance, July 1	\$ 20,311,895	\$ 20,311,895	\$ 20,311,895	\$ -	\$ 18,503,824
Resources (inflows):					
Intergovernmental	-	172,895	115,263	(57,632)	1,756,762
Charges for services	168,544	168,544	168,544	-	168,544
Use of money and property	452,644	504,971	508,467	3,496	941,142
Miscellaneous	-	288,764	288,764	-	185,796
Developer contributions	-	-	-	-	60,531
Transfers in	4,428,602	9,205,683	9,205,683	-	3,415,273
Total resources (inflows)	5,049,790	10,340,857	10,286,721	(54,136)	6,528,048
Amounts available for appropriations	25,361,685	30,652,752	30,598,616	(54,136)	25,031,872
Charges to appropriation (outflows):					
Services and supplies	3,698,319	2,831,242	1,556,342	1,274,900	2,029,966
Capital outlay	10,367,417	2,055,090	727,865	1,327,225	2,526,420
Principal retirement	141,404	141,404	141,404	-	136,495
Interest and fiscal charges	22,187	22,187	22,187	-	27,096
Total charges to appropriations	14,229,327	5,049,923	2,447,798	2,602,125	4,719,977
Budgetary fund balance, June 30	\$ 11,132,358	\$ 25,602,829	\$ 28,150,818	\$ 2,547,989	\$ 20,311,895

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Vehicle Replacement
Budgetary Comparison Statement
Year ended June 30, 2009
(With Comparative Data for Prior Year)

	2009			2008	
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final		Positive (Negative)	
Budgetary fund balance, July 1	\$ 41,228,321	\$ 41,228,321	\$ 41,228,321	\$ -	\$ 35,069,253
Resources (inflows):					
Charges for services	651,257	651,257	651,257	-	414,000
Use of money and property	644,295	769,773	736,091	(33,682)	1,741,430
Miscellaneous	-	124,906	124,906	-	113,885
Developer contributions	-	-	-	-	586,029
Transfers in	10,387,508	17,867,214	17,867,214	-	15,571,732
Issuance of capital lease	-	21,515,238	21,515,238	-	-
Total resources (inflows)	11,683,060	40,928,388	40,894,706	(33,682)	18,427,076
Amounts available for appropriations	52,911,381	82,156,709	82,123,027	(33,682)	53,496,329
Charges to appropriation (outflows):					
Services and supplies	25,417	119,971	120,722	(751)	37,413
Capital outlay	32,773,583	38,107,605	30,302,598	7,805,007	10,498,875
Principal retirement	1,572,206	2,467,507	2,467,507	-	1,525,958
Interest and fiscal charges	159,514	559,905	559,905	-	205,762
Total charges to appropriations	34,530,720	41,254,988	33,450,732	7,804,256	12,268,008
Budgetary fund balance, June 30	\$ 18,380,661	\$ 40,901,721	\$ 48,672,295	\$ 7,770,574	\$ 41,228,321

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2009
(With Comparative Data for Prior Year)

	Pension Trust Funds	
	2009	2008
Assets:		
Cash and investments (Note 3a):		
Local Agency Investment Fund	\$ 485,416	\$ 488,150
Receivables:		
Accrued interest	1,353	-
Total assets	486,769	488,150
Liabilities:		
Accounts payable	370,932	370,932
Total liabilities	370,932	370,932
Net assets:		
Assets held in trust for pension benefits	115,837	117,218
Total net assets	\$ 115,837	\$ 117,218

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
Year ended June 30, 2009
(With Comparative Data for Prior Year)

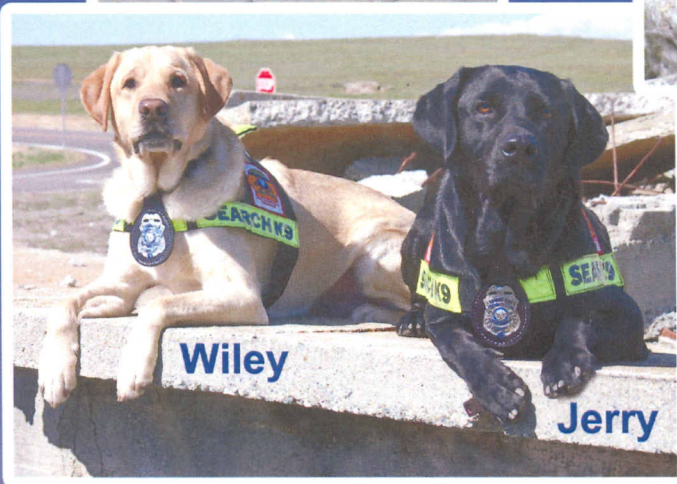
	Pension Trust Funds	
	2009	2008
Additions:		
Contributions:		
Plan members	\$ 29,650	\$ 35,737
Total contributions	<u>29,650</u>	<u>35,737</u>
Net investment income:		
Interest	10,711	20,448
Total net investment income	<u>10,711</u>	<u>20,448</u>
Total additions	<u>40,361</u>	<u>56,185</u>
Deductions:		
Benefits and refunds paid to plan members and beneficiaries	41,742	25,394
Total deductions	<u>41,742</u>	<u>25,394</u>
Change in net assets	(1,381)	30,791
Net assets, beginning of year	117,218	86,427
Net assets, end of year	<u>\$ 115,837</u>	<u>\$ 117,218</u>

See Notes to the Financial Statements

Notes to the Financial Statements

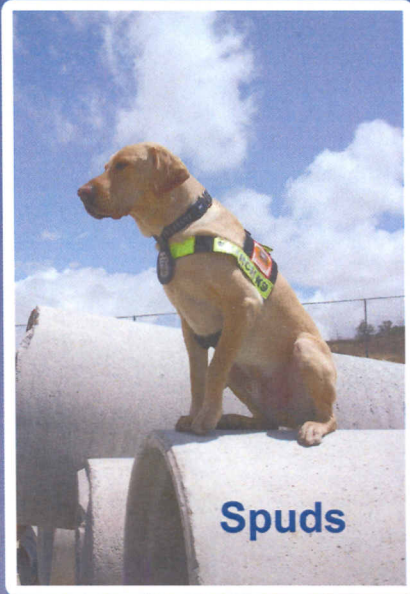


Jester

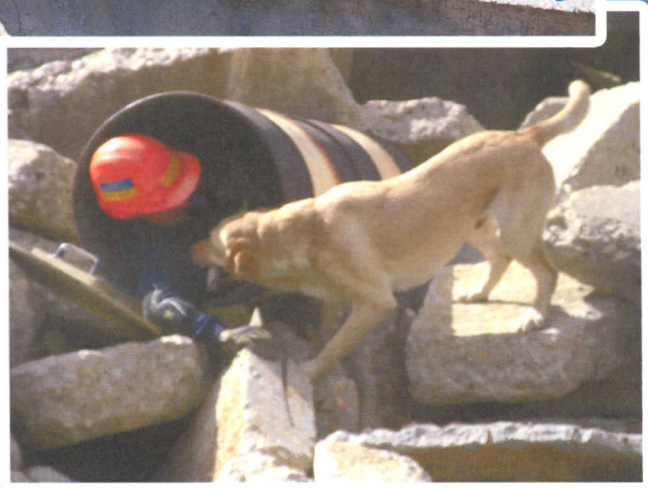


Wiley

Jerry



Spuds



Urban Search & Rescue Canines

ORANGE COUNTY FIRE AUTHORITY

Notes to the Financial Statements

Year ended June 30, 2009

(1) Summary of Significant Accounting Policies

(a) Description of the Reporting Entity

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

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

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

(b) Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of the given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided

by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Fund Financial Statements

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

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

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

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

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

(c) Major Funds and Other Fund Types

Major Governmental Funds

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

Other Governmental Fund Types

- **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.
- **Capital Projects Funds** are used to account for capital expenditure requirements, such as the replacement of sub-standard fire stations and construction of new fire stations.
- **Debt Service Funds** are used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Fiduciary Fund Types

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

(d) Deposits and Investments

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

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

(e) Receivables

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

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

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

(f) Prepaid Costs

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in both the government-wide and fund financial statements. The fund balances in the governmental fund types have been reserved for amounts equal to the prepaid costs in the fund-level statements, since these amounts are not available for appropriation.

(g) Capital Assets

Capital assets of governmental activities, which include property, plant and equipment assets, are reported in the government-wide financial statements. Capital assets are defined by the OCFA as assets with an estimated useful life in excess of one year that that an initial, individual cost of \$50,000 or \$5,000, for building improvements and all other assets, respectively. 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 using the straight-line method over the following estimated useful lives:

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

(h) Compensated Absences

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

(i) Long-term Obligations

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

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

(j) Fund Equity

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

(k) Prior Year Data

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

(l) Use of Estimates

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

(2) Compliance and Accountability

The OCFA establishes accounting control through formal adoption of an annual operating budget for the governmental funds. The operating budgets are prepared on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all of the governmental funds. The adopted budget can be amended by the Board to change both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Increases and decreases in revenue and appropriations and transfers between funds require the Board's approval; however, the Fire Chief may authorize changes within funds. Expenditures may not exceed total appropriations at the individual fund level. It is the practice of the OCFA to review the budgets mid-year and, if necessary, recommend changes to the Board.

In September 2008, the Board adopted the Emergency Appropriations Policy to provide a means of increasing budgeted appropriations in the event that extraordinary fire or emergency incident activity occurs after the last Board meeting of the fiscal year, which may cause expenditures to exceed the authorized General Fund budget. The contingency appropriation, which may not exceed \$3,000,000 each fiscal year, is established for unforeseen requirements, primarily salary and employee benefits for extraordinary fire or emergency response. No expenditures may be made directly against the contingency appropriations; however, OCFA management may recommend a transfer from the contingency appropriations to a specific purpose appropriation. The Chair of the Board of Directors or the Vice Chair, in the absence of the Chair, must pre-approve any such transfers. Upon approval by the Chair or Vice Chair, notice of this transfer must be provided immediately to the full Board in writing. There were no transfers made from the contingency appropriations during the year ended June 30, 2009; therefore, the budgetary comparison statements and schedules included in the financial statements do not reflect any increase to the final budgeted expenditures.

The following is a summary of the originally adopted expenditure budget (including carryovers of unexpended prior year encumbrances and transfers out) compared to the final budget by fund:

<u>Fund</u>	<u>Original Budget</u>	<u>Increase/ (Decrease)</u>	<u>Final Budget</u>
General Fund	\$ 246,576,680	\$ 21,302,011	\$ 267,878,691
Facilities Maintenance & Improvements	1,306,692	-	1,306,692
Communications & Information Systems	14,229,327	(9,179,404)	5,049,923
Vehicle Replacement	34,530,720	6,724,268	41,254,988
Structural Fire Entitlement	33,664	1,573,495	1,607,159
Capital Projects	10,508,751	(2,415,690)	8,093,061
Debt Service	3,664,663	557,146	4,221,809
	<u>\$ 310,850,497</u>	<u>\$ 18,561,826</u>	<u>\$ 329,412,323</u>
Total governmental funds	<u>\$ 310,850,497</u>	<u>\$ 18,561,826</u>	<u>\$ 329,412,323</u>

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

(3) Cash and Investments

(a) Financial Statement Presentation

Cash and investments as of June 30, 2009, are reported in the accompanying financial statements as follows:

Cash and investments:	
Governmental activities	\$ 170,361,319
Fiduciary funds	485,416
Total cash and investments	\$ 170,846,735

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 consist of the following as of June 30, 2009:

Petty cash/cash on hand	\$ 13,844
Demand deposits	(7,684,201)
Investments	178,517,092
Total cash and investments	\$ 170,846,735

(b) Demand Deposits

At June 30, 2009, the carrying amount of the OCFA's demand deposits was (\$7,684,201) and the bank balance was (\$7,310,980). The \$373,221 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal

and state chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "agent of depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

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

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

<u>Investment Types</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury obligations	5 years	100%	100%
Federal agency securities	5 years	75% ⁽¹⁾	75% ⁽¹⁾
Bankers' acceptances	180 days	25% ⁽¹⁾	25% ⁽¹⁾
Commercial paper	270 days	15% ⁽¹⁾	10%
Negotiable certificates of deposit	5 years	25% ⁽¹⁾	25% ⁽¹⁾
Repurchase agreements	14 days ⁽¹⁾	15% ⁽¹⁾	15% ⁽¹⁾
Money market mutual funds	N/A	15% ⁽¹⁾	10%
Local Agency Investment Fund	N/A	75% ⁽¹⁾	75% ⁽¹⁾

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

(d) Investments Authorized by Debt Agreements

Proceeds of bonds or other indebtedness and any moneys set aside and pledged to secure payment of bonds may be invested in accordance with the resolution, indenture or statutory provisions governing the issuance of the indebtedness. The following investments types are authorized for investments held by fiscal agent:

- U.S. Treasury obligations
- Federal agency securities
- Money market mutual funds
- Certificates of deposit
- Investment agreements
- Commercial paper

- Local agency bonds
- Bankers acceptances, 1 year maximum maturity
- Repurchase agreements, 30 days maximum maturity (2001 Revenue Bonds)
- Local Agency Investment Fund

(e) Investments in State Investment Pool

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

(f) GASB Statement No. 31

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

(g) Credit Risk

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

Investment Type	Minimum Rating Required	Exempt from Disclosure	Rating at Year-End		Total Fair Value
			Aaa / AAA	Unrated	
U.S. Treasury obligations	N/A	\$ 17,970,720	\$ -	\$ -	\$ 17,970,720
Federal agency securities	N/A	-	101,617,490	-	101,617,490
Money market mutual funds	Aaa/AAA	-	-	11,697,617	11,697,617
LAIF	N/A	-	-	40,052,190	40,052,190
Held by fiscal agent:					
Money market mutual funds	Aaa/AAA	-	7,179,075	-	7,179,075
Total		\$ 17,970,720	\$ 108,796,565	\$ 51,749,807	\$ 178,517,092

(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, 2009, 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, 2009, 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, 2009, are summarized below.

	<u>Issuer</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
	Freddie Mac	\$44,108,480	25.7%
	Federal Home Loan Bank (FHLB)	31,446,230	18.4%
	Federal National Mortgage Association (FNMA)	26,062,780	15.2%

(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, 2009, the OCFA had the following investments and maturities:

	Investment Maturities (in Months)				Fair Value
	6 Months or Less	7 to 12 Months	13 to 36 Months	37 to 60 Months	
U.S. Treasury obligations	\$ 11,990,880	\$ 5,979,840	\$ -	\$ -	\$ 17,970,720
Federal agency securities	55,007,470	9,276,910	30,293,700	7,039,410	101,617,490
Money market mutual funds	11,697,617	-	-	-	11,697,617
LAIIF	-	40,052,190	-	-	40,052,190
Held by fiscal agent:					
Money market mutual funds	7,179,075	-	-	-	7,179,075
Total	\$ 85,875,042	\$ 55,308,940	\$ 30,293,700	\$ 7,039,410	\$ 178,517,092

As of June 30, 2009, the OCFA's investments included the following callable investments, which are considered to be exposed to interest rate risk:

Issuer	Maturity Date	Fair Value
Freddie Mac, with a once only call date of 2/10/2010	2/10/2011	\$7,041,160
Freddie Mac, with a once only call date of 3/19/2010	3/19/2012	6,044,640
Freddie Mac, with callable only dates as follows: 9/19/2009, 12/19/2009, 3/19/2010, 6/19/2010, 9/19/2010, 12/19/2010, 3/19/2011, 6/19/2011, 9/19/2011 and 12/19/2011	3/19/2012	7,011,340

(4) Accounts Receivable

Accounts receivable, net of an allowance for doubtful accounts, consists of the following as of June 30, 2009:

	Communication			Total
	General Fund	& Information Systems	Nonmajor Governmental	
Fire prevention / late fees	\$ 425,947	\$ -	\$ -	\$ 425,947
Ambulance / other reimbursements	1,948,964	48,927	-	1,997,891
Pledges	-	-	7,500	7,500
Other / miscellaneous	7,994	6,261	-	14,255
Subtotal	2,382,905	55,188	7,500	2,445,593
Allowance for doubtful accounts	(57,248)	-	-	(57,248)
Accounts receivable, net	<u>\$ 2,325,657</u>	<u>\$ 55,188</u>	<u>\$ 7,500</u>	<u>\$ 2,388,345</u>

(5) Due from Other Governments

Amounts due from other governments, net of an allowance for doubtful accounts, consist of the following as of June 30, 2009:

	General Fund	Communications & Information Systems	Vehicle Replacement	Nonmajor Governmental	Total
Fire protection and other services	\$ 1,318,922	\$ -	\$ -	\$ -	\$ 1,318,922
Assistance by hire / activation	2,942,897	-	-	-	2,942,897
Grants	220,104	115,263	-	-	335,367
Property taxes / tax increment	10,537,763	-	-	-	10,537,763
Cash contract cities	1,063,869	5,267	21,162	4,929	1,095,227
Other / miscellaneous	5,831	-	-	-	5,831
Subtotal	16,089,386	120,530	21,162	4,929	16,236,007
Allowance for doubtful accounts	(26,090)	-	-	-	(26,090)
Due from other governments, net	<u>\$ 16,063,296</u>	<u>\$ 120,530</u>	<u>\$ 21,162</u>	<u>\$ 4,929</u>	<u>\$ 16,209,917</u>

(6) Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

Governmental Activities	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Capital assets not being depreciated:					
Land	\$ 37,397,850	\$ -	\$ -	\$ -	\$ 37,397,850
Construction in progress	60,091	932,694	-	-	992,785
Work in progress	3,439,785	3,998,148	(9,023)	(3,481,969)	3,946,941
Total capital assets not being depreciated	<u>40,897,726</u>	<u>4,930,842</u>	<u>(9,023)</u>	<u>(3,481,969)</u>	<u>42,337,576</u>
Capital assets being depreciated:					
Buildings	120,387,298	89,848	(81,436)	-	120,395,710
Equipment	31,285,992	22,478,472	(245,967)	-	53,518,497
Vehicles	52,654,992	5,150,772	(1,603,664)	3,481,969	59,684,069
Total capital assets being depreciated	<u>204,328,282</u>	<u>27,719,092</u>	<u>(1,931,067)</u>	<u>3,481,969</u>	<u>233,598,276</u>
Less accumulated depreciation for:					
Buildings	(16,622,750)	(2,668,437)	11,084	-	(19,280,103)
Equipment	(20,050,841)	(2,442,891)	245,967	-	(22,247,765)
Vehicles	(31,586,488)	(2,812,619)	1,587,601	-	(32,811,506)
Total accumulated depreciation	<u>(68,260,079)</u>	<u>(7,923,947)</u>	<u>1,844,652</u>	<u>-</u>	<u>(74,339,374)</u>
Capital assets being depreciated, net	<u>136,068,203</u>	<u>19,795,145</u>	<u>(86,415)</u>	<u>3,481,969</u>	<u>159,258,902</u>
Governmental activities capital assets, net	<u>\$ 176,965,929</u>	<u>\$ 24,725,987</u>	<u>\$ (95,438)</u>	<u>\$ -</u>	<u>\$ 201,596,478</u>

Depreciation Expense

Depreciation expense of \$7,923,947 was charged to Public Safety in the Statement of Activities.

Net Assets Invested in Capital Assets

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

Capital assets, net of accumulated depreciation	\$ 201,596,478
Capital-related debt:	
2001 revenue bonds	(4,194,443)
2003 lease purchase agreement	(1,387,555)
2005 lease purchase agreement	(3,101,364)
2008 lease purchase agreement	(20,619,938)
Net assets invested in capital assets, net of related debt	\$ 172,293,178

(7) Significant Commitments

(a) Construction Commitments

The OCFA has three active construction projects as of June 30, 2009, for the replacement Fire Station No. 17 (Cypress), Fire Station No. 18 (Trabuco Canyon) and Specialty Fire Station No. 41 (Fullerton Airport). All three projects are being funded by the OCFA's Capital Projects Fund. Significant remaining commitments with contractors are summarized below and are included in fund balances reserved for encumbrances as of June 30, 2009.

Fire Station / Contractor	Description	Original Commitment	Spent-to- Date	Remaining Commitment
No. 17 (Cypress):				
PW Construction, Inc.	Construction	\$ 3,397,500	\$ (140,791)	\$ 3,256,709
Simplus Management Corp.	Project Management	141,000	(29,125)	111,875
WLC Architects, Inc.	Architecture	373,000	(299,727)	73,273
No. 41 (Fullerton Airport):				
WLC Architects, Inc.	Architecture	340,000	(157,500)	182,500
		\$ 4,251,500	\$ (627,143)	\$ 3,624,357

(b) Fire Apparatus Commitments

The purchase and outfitting of various OCFA fire apparatus and other vehicles is in progress as of June 30, 2009. All projects are being funded by the OCFA's Vehicle Replacement Fund. Significant remaining commitments with vendors are summarized below and are included in fund balances reserved for encumbrances as of June 30, 2009.

Vendor	Description	Original Commitment	Spent-to- Date	Remaining Commitment
Valley Fire Sales/E-One	2 100' Aerial Ladder Platform Quints	\$ 2,120,207	\$ -	\$ 2,120,207
KME Fire Apparatus	9 Type I Engines	4,140,066	(2,784,512)	1,355,554
Emergency Vehicle Group	3 Ambulances / 10 Paramedic Vans	1,430,871	-	1,430,871
Smeal Fire Apparatus	5 Type I Wildland Interface Engines	2,132,626	(840,920)	1,291,706
W.S. Darley & Co.	5 Compressed Air Foam Systems	369,853	-	369,853
Theodore Robins Ford	12 Passenger Vehicles	238,276	-	238,276
Lake Chevrolet	3 Passenger Vehicles	124,468	-	124,468
		<u>\$ 10,556,367</u>	<u>\$(3,625,432)</u>	<u>\$ 6,930,935</u>

(c) Other Commitments

The OCFA has various projects in progress as of June 30, 2009 that are being funded by the General Fund and the Communications & Information Systems Fund. Significant remaining commitments with vendors are summarized below and are included in fund balances reserved for encumbrances as of June 30, 2009.

Vendor	Description	Original Commitment	Spent-to- Date	Remaining Commitment
General Fund:				
ACS Government Systems	Computer Maintenance	\$ 79,206	\$ -	\$ 79,206
Communications & Information Systems Fund:				
Deltawrx	Public Safety Systems Project	541,347	(45,283)	496,064
Silverado Avionics	75 Portable / 50 Mobile Radios	144,833	(67,289)	77,544
Deccan	Wireless / AVL Project	172,895	(115,263)	57,632
		<u>\$ 938,281</u>	<u>\$(227,835)</u>	<u>\$ 710,446</u>

(8) Deferred / Unearned Revenue

Deferred revenue in the governmental funds consists of amounts that are either *unearned* or are considered *unavailable* to finance the expenditures of the current fiscal period. Only the amounts that are *unearned* are reported as liabilities of governmental activities. Deferred revenue consists of the following as of June 30, 2009:

Description	Unearned Revenue	Earned, Unavailable Revenue	Total Deferred Revenue
Developer deposits	\$ 11,760	\$ -	\$ 11,760
GIS license agreements	70,563	-	70,563
Regional MDC agreement	31,184	-	31,184
Miscellaneous cash advances	8,517	-	8,517
Total	<u>\$ 122,024</u>	<u>\$ -</u>	<u>\$ 122,024</u>

(9) Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, is summarized in the following table. The accrued claims and judgments, compensated absences and net OPEB obligation are normally liquidated by the General Fund.

Governmental Activities	Beginning Balances	Additions	Payments	Ending Balances	Due Within One Year
Revenue bonds:					
2001 revenue bonds	\$ 10,365,000	\$ -	\$ (3,325,000)	\$ 7,040,000	\$ 3,450,000
Bond premium	27,219	-	(13,610)	13,609	13,609
Subtotal - revenue bonds	<u>10,392,219</u>	<u>-</u>	<u>(3,338,610)</u>	<u>7,053,609</u>	<u>3,463,609</u>
Capital lease purchase agreements:					
Lease purchase agreement - 2003	2,283,277	-	(895,722)	1,387,555	919,073
Lease purchase agreement - 2005	3,919,253	-	(817,889)	3,101,364	847,312
Lease purchase agreement - 2008	-	21,515,238	(895,300)	20,619,938	1,841,667
Subtotal - capital lease purchase agreements	<u>6,202,530</u>	<u>21,515,238</u>	<u>(2,608,911)</u>	<u>25,108,857</u>	<u>3,608,052</u>
Accrued claims and judgments:					
Workers' compensation	14,846,767	6,265,140	(3,462,833)	17,649,074	4,116,438
Arbitrage rebate	-	105,800	-	105,800	105,800
Other claims and judgments	-	315,667	-	315,667	315,667
Subtotal - accrued claims and judgments	<u>14,846,767</u>	<u>6,686,607</u>	<u>(3,462,833)</u>	<u>18,070,541</u>	<u>4,537,905</u>
Compensated absences	<u>11,831,456</u>	<u>10,694,462</u>	<u>(9,952,683)</u>	<u>12,573,235</u>	<u>2,631,295</u>
Net OPEB obligation	<u>3,006,406</u>	<u>8,844,871</u>	<u>(4,284,213)</u>	<u>7,567,064</u>	<u>-</u>
Total governmental activities	<u>\$ 46,279,378</u>	<u>\$ 47,741,178</u>	<u>\$ (23,647,250)</u>	<u>\$ 70,373,306</u>	<u>\$ 14,240,861</u>

(a) Revenue Bonds

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

Bonds maturing on or after September 1, 2007, are subject to redemption at the election of the OCFA, in the order of maturity directed by the OCFA and by lot within a maturity as a whole or in part, on any date on or after August 1, 2006. Redemption prices are expressed as a percentage of the principal amount of the bonds called for redemption. Bonds maturing

August 1, 2006, through July 31, 2007, may be redeemed at a redemption price of 101%, plus accrued interest to the date fixed for redemption. Bonds maturing August 1, 2007, and thereafter may be redeemed at a redemption price of 100%, plus accrued interest to the date fixed for redemption. Prior to July 1, 2009, the OCFA provide written notice to the bond trustee and bondholders of its intent to redeem the remaining bonds prior to maturity. On June 19, 2009, the OCFA transferred \$4,306,479 to its fiscal agent account so that, when combined with existing account balances, funds will be sufficient to pay bondholders the final two principal payments, plus accrued interest, in August 2009.

Principal is payable annually on August 1. Interest is payable semiannually on February 1 and August 1. The 10% required reserve for the bonds was fully funded as of June 30, 2009. The amount of bonds outstanding as of June 30, 2009, was \$7,040,000. The annual debt service payment requirements with respect to the 2001 Revenue Bonds as of June 30, 2009, are as follows:

FYE June 30	Principal	Interest	Total
2010	\$ 3,450,000	\$ 210,875	\$ 3,660,875
2011	3,590,000	71,800	3,661,800
Subtotal	7,040,000	282,675	7,322,675
Plus: Bond premium	13,609	-	13,609
Total	\$ 7,053,609	\$ 282,675	\$ 7,336,284

Arbitrage is the difference between the yield on an issuer's tax-exempt bonds and the investment income earned on the proceeds. Arbitrage restrictions imposed by the federal government prohibit an issuer from retaining arbitrage profits when investing bond proceeds at a yield that exceeds the yield on the bonds. Any excess arbitrage must be rebated to the U.S. Treasury. The OCFA is required to have an arbitrage rebate calculation performed for its 2001 Revenue Bonds every five years after the bonds are issued and to rebate any arbitrage earnings in excess of the bond yield (3.57308600%) to the federal government. No rebate liability existed on the 2001 Revenue Bonds as of June 30, 2009.

(b) Capital Lease Purchase Agreements

Lease Purchase Agreement – 2003

On July 29, 2003, the OCFA entered into a seven-year financing agreement for \$9,147,260 Equipment Lease-Purchase Agreement with Bank of America Leasing & Capital, LLC, which bears interest rates ranging from 1.96% to 2.59%. Principal payments totaling \$895,722 were made during the year ended June 30, 2009. All lease proceeds and interest earnings were expended in the final disbursement request dated June 1, 2005, and the related assets have been capitalized as equipment in the government-wide financial statements. Amortization of the leased assets is included with depreciation expense. The annual lease payment requirements with respect to the 2003 Lease Purchase Agreement as of June 30, 2009, are as follows:

FYE June 30	Principal	Interest	Total
2010	\$ 919,073	\$ 30,025	\$ 949,098
2011	468,482	6,067	474,549
Total	\$ 1,387,555	\$ 36,092	\$ 1,423,647

Lease Purchase Agreement – 2005

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

Under the terms of the Agreement, Citimortgage leased the equipment to the OCFA at an annual interest rate of 3.55%. Rental payments are payable quarterly commencing February 17, 2006, and terminating on November 17, 2012. Title to the equipment vests with the OCFA during the term of the Agreement; accordingly, the lease has been recorded as a capital lease liability of the OCFA. During the year ended June 30, 2009, the OCFA made principal payments totaling \$817,889. The outstanding balance of the capital lease liability was \$3,101,364 as of June 30, 2009. The annual lease payment requirements with respect to the 2005 Lease Purchase Agreement as of June 30, 2009, are as follows:

FYE June 30	Principal	Interest	Total
2010	\$ 847,312	\$ 98,902	\$ 946,214
2011	877,796	68,416	946,212
2012	909,374	36,838	946,212
2013	466,882	6,225	473,107
Total	\$ 3,101,364	\$ 210,381	\$ 3,311,745

The OCFA is required to have an arbitrage rebate calculation performed for its 2005 Lease Purchase Agreement every five years after the lease is issued and to rebate any arbitrage earnings in excess of the lease yield (3.57727300%) to the federal government. During the year ended June 30, 2009, the OCFA determined that an arbitrage rebate liability existed in the amount of \$105,800, which is due to the United States Treasury on August 31, 2009.

Lease Purchase Agreement – 2008

On December 22, 2008, the OCFA entered into a Master Aircraft Lease Agreement (Agreement) with SunTrust Equipment Finance & Leasing Corp. (SunTrust). Under the terms of the Agreement, \$21,515,238 was deposited into an escrow account with SunTrust Bank, Inc. (SunTrust Bank) to be used by the OCFA for the acquisition of certain aircraft equipment. As of June 30, 2009, the OCFA had 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 escrow account had a remaining balance of \$0 as of June 30, 2009. The helicopters and related equipment have been capitalized as equipment in the government-wide financial statements.

Under the terms of the Agreement, SunTrust leased the equipment to the OCFA at an annual interest rate of 3.7609%. Rental payments are payable quarterly commencing March 22, 2009, and terminating on December 22, 2018. Title to the equipment vests with the OCFA during the term of the Agreement; accordingly, the lease has been recorded as a capital lease liability of the OCFA. During the year ended June 30, 2009, the OCFA made principal payments totaling \$895,300. The outstanding balance of the capital lease liability was \$20,619,938 as of June 30, 2009. The annual lease payment requirements with respect to the 2008 Lease Purchase Agreement as of June 30, 2009, are as follows:

FYE June 30	Principal	Interest	Total
2010	\$ 1,841,667	\$ 749,718	\$ 2,591,385
2011	1,911,913	649,472	2,561,385
2012	1,984,837	606,548	2,591,385
2013	2,060,544	530,841	2,591,385
2014	2,139,138	452,247	2,591,385
2015	2,220,731	370,654	2,591,385
2016	2,305,434	285,951	2,591,385
2017	2,393,369	198,016	2,591,385
2018	2,484,658	106,727	2,591,385
2019	1,277,647	18,047	1,295,694
Total	<u>\$ 20,619,938</u>	<u>\$ 3,968,221</u>	<u>\$ 24,588,159</u>

(10) Interfund Transfers

Interfund transfers are used to move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them. The following transfers were made for the year ended June 30, 2009:

Transfers In	Transfers Out		
	(a)	(b)	
	General Fund	Nonmajor Governmental	Total
Communications & Information Systems	\$ 9,022,306	\$ 183,377	\$ 9,205,683
Vehicle Replacement	17,581,303	285,911	17,867,214
Nonmajor governmental	3,096,751	87,858	3,184,609
Total	<u>\$ 29,700,360</u>	<u>\$ 557,146</u>	<u>\$ 30,257,506</u>

- (a) Transfers totaling \$29,700,360 were made from the General Fund for current and future capital improvement projects.
- (b) The 2001 Revenue Bonds were pre-funded during the year ended June 30, 2005, by transfers from other funds. Transfers representing interest earned in the amount of \$557,146 were made from the Debt Service Fund. These transfers were not required for repayment of the bonds.

(11) Prior Period Adjustment

During the year ended June 30, 2009, the OCFA restated beginning fund balance of the General Fund to exclude accrued claims and judgments if not considered due and payable to a claimant as the result of a specific judgment or settlement order, in accordance with the modified accrual basis of accounting. Claims and judgments continue to be reported as long-term liabilities in the accrual-based, government-wide financial statements. Following is a summary of restated beginning fund balance:

	Governmental Funds <u>General Fund</u>
Beginning fund balance, as previously reported	\$61,956,730
Accrued claims and judgments	<u>6,165,518</u>
Beginning fund balance, as restated	<u>\$68,122,248</u>

(12) Operating Leases

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

- Seventeen city-owned stations are leased for \$1 per year through June 30, 2030.
- The OCFA leases space at Fullerton Municipal Airport for Fire Station No. 41. Monthly lease payments of \$3,699 extend through December 31, 2009.
- In January 2009, 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 \$5,436 commence January 2010 and 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 December 31, 2049.

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

Fiscal Year	Fire Stations	Vehicles	Total
FY 2009-10	\$ 54,827	\$ 8,665	\$ 63,492
FY 2010-11	66,227	-	66,227
FY 2011-12	68,213	-	68,213
FY 2012-13	70,259	-	70,259
FY 2013-14	72,365	-	72,365
FY 2014-15 through FY 2018-19	395,749	-	395,749
FY 2019-20 through FY 2023-24	458,839	-	458,839
FY 2024-25 through FY 2028-29	531,979	-	531,979
FY 2029-30 through FY 2033-34	616,697	-	616,697
FY 2034-35 through FY 2038-39	714,966	-	714,966
FY 2039-40 through FY 2043-44	828,840	-	828,840
FY 2044-45 through FY 2048-49	960,870	-	960,870
FY 2049-50	103,356	-	103,356
	<u>\$ 4,943,187</u>	<u>\$ 8,665</u>	<u>\$ 4,951,852</u>

(13) Insurance

(a) Coverage Limits

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

<u>Type of Coverage</u>	<u>Limit</u>
General Liability:	
Each Occurrence or Wrongful Act	\$1,000,000
General Aggregate	\$2,000,000
Management Liability	\$1,000,000
Auto Liability – Combined Single Limit	\$1,000,000
Umbrella Liability	\$10,000,000
Property Liability:	
Buildings and Contents	Scheduled Replacement Cost
Crime / Employee Dishonest Coverage	\$500,000
Aviation Liability	\$50,000,000
Pollution Liability	\$1,000,000
Public Official Bonds	\$1,000,000 each
Auto Verifier Bonds	\$5,000 each
Excess Workers Compensation	Statutory Limits

At June 30, 2009, 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 \$2,000,000. 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, 2009, accrued claims and judgments for workers' compensation totaled \$17,649,074 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 80% confidence level, as determined by an actuarial valuation dated December 31, 2008, and includes claims that have been incurred but not yet reported (IBNR's). Because of the long-term nature of this liability, it is excluded from the OCFA's governmental fund financial statements under the modified accrual basis of accounting. However, the OCFA has established a fund balance designation for workers' compensation in the General Fund in the amount of \$36,771,370. This designation reflects the cumulative difference for multiple years between actual expenditures and budgeted costs, which are based on the annual actuarial valuation. Actual expenditures for workers' compensation cases often occur over multiple years, attributing to the cumulative difference between budgeted costs and expenditures. A summary of changes in workers' compensation claims payable for the years ended June 30, 2009 and 2008, including the current and long term portions at year-end, is as follows:

	FYE June 30	
	2009	2008
Unpaid claims, beginning of fiscal year	\$ 14,846,767	\$ 13,018,736
Incurred claims (including IBNR's)	6,265,140	5,468,417
Claim payments	(3,462,833)	(3,640,386)
Unpaid claims, end of fiscal year	17,649,074	14,846,767
Less: current portion	(4,116,438)	(4,151,552)
Long-term portion	\$ 13,532,636	\$ 10,695,215

(14) Short-Term Debt

On August 7, 2008, the OCFA issued \$28,000,000 of Tax and Revenue Anticipation Notes (TRAN) at an interest rate of 3.0% for the purpose of funding interim cash flow requirements in the General Fund. The TRAN, plus accrued interest in the amount of \$753,667, was repaid on June 30, 2009.

<u>Governmental Activities</u>	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending</u> <u>Balance</u>
Tax and Revenue Anticipation Notes	\$ -	\$28,000,000	(\$28,000,000)	\$ -

(15) Jointly Governed Organization

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

Each of the provider agencies is responsible for its percentage of interest contribution of OCCHMERA's annual budget by making in-kind contributions to the OCFA in the form of a response team. The percentage of interest contribution is calculated based on the estimated number of subscribing agencies. On a quarterly basis and upon dissolution, all surplus money is and will be distributed to each of the provider members in accordance with the percentages stated in the agreement.

Separate financial statements can be obtained from the City of Anaheim, 201 South Anaheim Boulevard, Suite 300, Anaheim, California 92805. The following is summarized financial information of OCCHMERA for the year ended June 30, 2009:

Total assets	<u>\$ 50,495</u>
Total liabilities	<u>\$ 34,574</u>
Total members equity	<u>\$ 15,921</u>
Total revenues	<u>\$ 154,637</u>
Total expenditures	<u>\$ 183,090</u>

(16) Retirement Plan for Full-Time Employees

(a) Plan Description

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

Agencies; University of California, Irvine Medical Center and Campus. The participating entities share proportionally in all risks and costs, including benefit costs.

OCERS was established in 1945 under the provisions of the County Employees Retirement Law of 1937, and provides employee members with retirement benefits. The Retirement Board consists of ten trustees. Four members of the Board of Retirement are appointed by the County Board of Supervisors; four members (including the alternate) are elected by active employee members of the system; one member is elected by the retirees; and the County Treasurer is an ex-officio member. Employee members of OCERS employed prior to September 21, 1979, without any break in service, are designated as Tier I members. Employee members of OCERS employed on or after September 20, 1979, are designated as Tier II members.

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

(b) Funding Policy

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

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

Safety Member Category

In the Safety Member category, Tier I employees are grouped in Plan E and Tier II employees are grouped in Plan F. These two plans share the benefit formula of 3% at 50. They differ in that the final retirement allowance for an employee under Plan E is calculated using the employee's single highest year of compensation, while the final retirement allowance for an employee covered under Plan F is calculated using the employee's average three highest years of compensation.

The employees under the Safety Member category are represented by the Orange County Professional Firefighters Association, IAFF-Local 3631, and the Orange County Fire Authority Chief Officers Association. This category also includes employees of Executive Management occupying suppression positions. As a result of the collective bargaining process, the OCFA assumes the contribution cost for both the employer and employee, which

is memorialized in the respective Memorandums of Understanding and Personnel and Salary Resolution.

General Member Category

Like the Safety Member category, the General Member category is also divided into two plans. Tier I employees are grouped in Plan I and Tier II employees are grouped in Plan J. These two plans share the benefit formula of 2.7% at 55. They differ in that the final retirement allowance for an employee under Plan I is calculated using the employee's single highest year of compensation, while the final retirement allowance for an employee covered under Plan J is calculated using the employee's average three highest years of compensation.

The employees under the General Member category are represented by the Orange County Employees Association (OCEA). Non-represented employees identified as Administrative Management and members of Executive Management occupying non-suppression positions are also included in this category. Although the OCFA also assumes the contribution cost for both the employer and employee, employees in this category have agreed, through the collective bargaining process and majority consensus, to reimburse the OCFA the increase in cost of the 2.7% at 55 enhanced retirement benefit, which was calculated at 6%. Employees under the General Member category reimburse 6% of their compensation earnable to the OCFA. This reimbursement continues throughout an employee's entire term of employment with the OCFA, and is memorialized in the respective Memorandum of Understanding and Personnel and Salary Resolution.

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

(c) Benefits

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

(d) Contributions

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

FYE June 30	Employee Contribution Rates (Paid by the OCFA)				Employer Contribution Rates	
	Safety		General		Safety	General
	Tier I	Tier II	Tier I	Tier II		
2007	8.56-12.57%	11.86-18.11%	6.89-14.38%	6.46-14.38%	33.85%	22.23%
2008	8.50-12.48%	11.80-18.02%	6.84-14.31%	6.41-14.31%	34.02%	22.56%
2009	8.47-12.44%	11.77-17.97%	6.86-14.34%	6.43-14.34%	33.43%	24.24%

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

FYE June 30	OCFA Payroll		OCFA's Required and Actual Contributions			
	Total	Covered by OCERS	Safety	General	Total	% of Covered
						Payroll
2007	\$112,504,325	\$ 95,823,423	\$30,592,570	\$3,160,498	\$33,753,068	35.2%
2008	125,744,817	100,313,038	32,242,142	3,467,384	35,709,526	35.6%
2009	130,284,103	104,571,731	33,384,056	3,799,026	37,183,082	35.6%

(17) Retirement Plan for Part-Time Employees

(a) Plan Description

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

(b) Funding Policy

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

(c) Benefits

Annual retirement benefits are calculated at the rate of 2% of career earnings. Upon retirement, participants are eligible to receive their benefit either as a lump sum payment or as a monthly payment. As of June 30, 2009, there were no retirees eligible to receive these benefits. If employment with the OCFA is terminated prior to retirement, the employee may be eligible to receive a lump sum distribution in lieu of any future benefits payable under the Plan. Following is a summary of the benefits for the current and the two preceding years:

<u>FYE</u> <u>June 30</u>	<u>Retirement</u> <u>Benefits</u>	<u>Lump Sum Distributions</u>	
		<u>Amount</u>	<u>Number of</u> <u>Employees</u>
2007	\$ -	\$ 7,194	27
2008	-	25,394	35
2009	-	41,742	57

(d) Contributions

Required contribution rates, which range from 2.5% to 7.5%, are determined by a formula based on the age of the employee. The contribution requirement for the year ended June 30, 2009, totaled \$29,650. The table below, *presented as required supplementary information*, summarizes contribution information for the current and the preceding two fiscal years. For all three years, the actual contributions were equal to 100% of the required contributions.

<u>FYE</u> <u>June 30</u>	<u>Required and Actual</u> <u>Contributions</u>
2007	\$27,208
2008	35,737
2009	29,650

(e) Individual Fund Financial Statements

Following are the financial statements for the Extra Help Retirement Fund as of and for the year ended June 30, 2009:

Statement of Fiduciary Net Assets

Assets:	
Cash and investments – Local Agency Investment Fund	<u>\$50,337</u>
Net assets:	
Assets held in trust for pension benefits	<u>\$50,337</u>

Statement of Changes in Fiduciary Net Assets

Additions:	
Contributions – plan members	\$29,650
Net investment income – interest	<u>2,314</u>
Total additions	31,964
Deductions – benefits and refunds paid to plan members and beneficiaries	
	<u>(41,742)</u>
Change in net assets	(9,778)
Net assets, beginning of year	<u>60,115</u>
Net assets, end of year	<u>\$50,337</u>

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

(a) Plan Description

During the year ended June 30, 2008, the OCFA implemented GASB Statement No. 45, which changed the accounting and financial reporting used by local government employers for post-employment benefits. Previously, the costs of such benefits were generally recognized as expenditures/expenses of local government employers on a pay-as-you-go basis. The new reporting requirements for these benefit programs as they pertain to the OCFA are as set forth below.

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 such that, when combined with investment income, should fully provide for all employees' benefits by the time they retire.

(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, 2009, there were 355 eligible retirees who received monthly benefits aggregating to an annual total of \$1,850,213. In addition, there were two deferred retirees who received monthly benefits directly from the OCFA totaling \$2,314.

(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, 2009, the OCFA's annual OPEB cost was \$8,844,871, as determined by an actuarial valuation with a measurement date as of July 1, 2008, and was calculated as follows:

Annual Required Contribution (ARC)	\$8,877,757
Interest on the Net OPEB Obligation (NOPEBO)	232,996
Actuary's adjustment on the ARC	<u>(265,882)</u>
Annual OPEB Cost	<u>\$8,844,871</u>

During the year ended June 30, 2009, the OCFA's actual contributions totaled \$4,284,213 resulting in an increase to the NOPEBO of \$4,560,658 (the difference between the Annual OPEB Cost and actual contributions). The outstanding balance of the NOPEBO as of June 30, 2009, was \$7,567,064. 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 year. (Three years will be presented as data becomes available.)

	(a)	(b)	(b/a)	(b-a)
FYE	Annual	Actual	% of Annual	Net OPEB
<u>June 30</u>	<u>OPEB Cost</u>	<u>Contributions</u>	<u>OPEB Cost</u>	<u>(Obligation)</u>
			<u>Contributed</u>	<u>Asset</u>
2008	\$6,529,769	\$3,523,363	54.0%	\$(3,006,406)
2009*	8,844,871	4,284,213	48.4%	(4,560,658)

* Based on updated information available for the June 30, 2008 actuarial valuation, the 2009 Annual OPEB Cost includes an implicit subsidy for safety members under the age of 65. The inclusion of this implicit subsidy increased the Annual Required Contribution (ARC) by approximately 25% over the prior fiscal year. Accordingly, the 2009 Actual Contributions also includes \$723,174 of implicit insurance premiums paid on behalf of these retirees. Actual contributions were calculated as follows for the year ended June 30, 2009:

Amounts irrevocably transferred to OCERS trust	\$3,558,725
Implicit insurance premiums paid on behalf of retirees	723,174
Amounts paid directly to retirees	<u>2,314</u>
Total actual contributions	<u>\$4,284,213</u>

(e) Funded Status and Funding Progress

The following schedule of funding progress, *presented as required supplementary information*, shows the change in the actuarial value of Plan assets over time in relation to the actuarial accrued liabilities for benefits.

	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/c
As of	Actuarial	Entry Age	Unfunded	Funded	Covered	UAAL as
<u>July 1**</u>	<u>Value of</u>	<u>Actuarial</u>	<u>AAL</u>	<u>Ratio</u>	<u>Payroll</u>	<u>a % of</u>
	<u>Assets</u>	<u>Liability (AAL)</u>	<u>(UAAL)</u>			<u>Covered</u>
						<u>Payroll</u>
2006	\$ 7,435,632	\$60,807,597	\$53,371,965	12.2%	\$95,608,358	55.8%
2008	21,525,051	94,124,900	72,599,849	22.9%	80,624,028	90.0%

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

(f) Actuarial Methods and Assumptions

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

The annual required contribution for the year ended June 30, 2009, was determined by an actuarial valuation of the Plan dated June 30, 2008. Unfunded liabilities are amortized over a closed period ending June 30, 2036. The principle assumptions and methods used to determine the annual required contribution were as follows:

- Valuation date July 1, 2008
- Actuarial cost method Entry age normal, level dollar
- Amortization method 30 years, closed, level dollar
- Remaining amortization period 28 years as of June 30, 2008
- Asset valuation method Market value
- Actuarial assumptions:
 - Investment rate of return / discount rate 7.75%
 - Projected salary increases N/A
 - Inflation N/A
 - Increase in retiree medical grant 5.0%
- Plan membership:
 - Current retirees and surviving spouses 316
 - Current active members 960

(19) Retiree Defined Contribution Healthcare Expense Reimbursement Plan

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

All active, full-time employees who became employed by the OCFA on or after January 1, 2007, are required to contribute 4% of their gross pay through payroll deductions to the OCFA. All contributions, investment income, realized and unrealized gains and losses are credited to individual recordkeeping accounts maintained in the name of each Plan participant. Account assets are invested as directed by the participant from among investment funds selected by the OCFA. Participants are eligible to receive Plan benefits upon reaching retirement age, including those who terminate employment with the OCFA for reasons other than retirement. Required and actual OCFA contributions totaled \$325,793 for the year ended June 30, 2009.

(20) Subsequent Events

(a) Long-term Liabilities

The OCFA opted to redeem its outstanding 2001 Revenue Bonds prior to their scheduled maturity dates. On August 3, 2009, principal and accrued interest totaling \$7,040,000 and \$139,075, respectively, were remitted to bondholders, which reduced the OCFA's outstanding liability on the revenue bonds to \$0.

On August 17, 2009, the OCFA remitted a payment totaling \$105,800 to the United States Treasury for excess arbitrage rebate earnings on the 2005 Lease Purchase Agreement.

(b) Contract Commitments

On July 23, 2009, the OCFA approved the issuance of a purchase order to Kovatch Fire Apparatus (KME) for the purchase of one Type I Fire Engine in an amount not to exceed \$482,543. The new engine will replace an existing engine in the OCFA fleet.

(c) Grant Agreements and Other Funding

On May 28, 2009, the OCFA accepted an Administrative Preparedness Grant in the amount of \$1,002,710 from the Department of Homeland Security/Federal Emergency Management Agency for the National Urban Search and Rescue Program. Grant funds will be used to equip and train members of California Task Force Five. The grant is available for use during the period May 1, 2009 through August 31, 2010.

On July 23, 2009, the OCFA accepted a \$158,819 grant from the Department of Homeland Security California State Homeland Grant Program. The funds will be used toward the continuing assignment of a Fire Captain to the Orange County Intelligence Assessment Center.

On August 12, 2009, the OCFA accepted a \$154,542 grant from the Department of Homeland Security California State Homeland Grant Program. The funds will be used toward the purchase of nerve agent antidote kits, which will be distributed to both the OCFA and fire departments for the cities of Brea, Fountain Valley, Fullerton, Laguna Beach, Newport Beach and Orange. On August 27, 2009, the OCFA approved the issuance of a sole source purchase order to Meridian Medical Technologies, Inc. for the purchase of 3,840 auto-injectors in an amount not to exceed \$154,542.

(d) IOU's Received from the State of California

In July and August 2009, the OCFA received five registered warrants (IOU's) with face values totaling \$1,966,874 from the State of California for assistance by hire receivables that were outstanding as of June 30, 2009. A registered warrant is a "promise to pay," with interest, that is issued by the State when there is not enough cash to meet all of its payment obligations. The IOU's mature no later than October 2, 2009, and accrue interest at the rate of 3.75% per year. On September 11, 2009, the OCFA redeemed the five outstanding warrants for face value plus \$3,290 in accrued interest.



Orange County Fire Authority Safety Message

If you Hear a Siren or See Red Emergency Lights...

While approaching an intersection:

- Stop at the limit line or the crosswalk at the intersection.
- Wait for ALL emergency vehicles to pass before getting back on the road. Remember that there may be more than one emergency vehicle on the way.
- Don't stop in the middle of the intersection.
- If the emergency vehicle is behind you, you may move into the intersection on a green traffic signal, and then pull to the right as soon as possible after the intersection.
- Don't pull into the intersection against a red traffic signal.

While on a one way street:

- Pull over to the right when safely able to do so.
- Slow down and stop to make a safe lane of passage for the emergency vehicles.
- Don't stop in the middle of the road.

While on the freeway:

- Continue to move forward at a safe speed.
- Pull over to the right when it is safe to do so.
- Don't stop on the freeway.
- Don't pull to the left median unless instructed to do so by emergency vehicles.

Supplementary Schedules



New FY 2008/09 Equipment:
1 - Type III Brush Engine
2 - Dozer
3 - Bell 412 EP Helicopter
4 - Heavy Rescue Unit

Nonmajor Governmental Funds

Special Revenue Funds

Facilities Maintenance & Improvements

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

Structural Fire Entitlement

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

Capital Projects Fund

Capital Projects

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

Debt Service Fund

Debt Service

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

ORANGE COUNTY FIRE AUTHORITY
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2009
(With Comparative Data for Prior Year)

	Special Revenue Funds		Capital Projects Fund
	Facilities Maintenance & Improvements	Structural Fire Entitlement	Capital Projects
	<u>Assets</u>		
Cash and investments	\$ 6,110,187	\$ 1,159,518	\$ 18,155,724
Receivables:			
Accounts, net	-	-	7,500
Accrued interest	7,116	2,588	123,214
Due from other governments, net	4,929	-	-
Total assets	\$ 6,122,232	\$ 1,162,106	\$ 18,286,438
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 71,996	\$ 280,932	\$ 206,012
Accrued liabilities	-	-	3,609
Deposits payable	-	-	1,024,900
Total liabilities	71,996	280,932	1,234,521
Fund balances:			
Reserved:			
Reserved for encumbrances	29,378	-	3,707,108
Reserved for debt service	-	-	-
Unreserved:			
Designated for capital improvement program	5,875,018	-	10,034,782
Designated for future service enhancements	-	651,673	-
Designated for operating contingency	-	8,511	-
Designated for debt service	-	-	-
Undesignated	145,840	220,990	3,310,027
Total fund balances	6,050,236	881,174	17,051,917
Total liabilities and fund balances	\$ 6,122,232	\$ 1,162,106	\$ 18,286,438

Debt Service Fund	Total Nonmajor Governmental Funds	
Debt Service	2009	2008
\$ 7,519,033	\$ 32,944,462	\$ 35,501,217
-	7,500	14,301
39,225	172,143	253,547
-	4,929	397,560
\$ 7,558,258	\$ 33,129,034	\$ 36,166,625
\$ -	\$ 558,940	\$ 141,590
-	3,609	3,008
-	1,024,900	1,025,232
-	1,587,449	1,169,830
-	3,736,486	574,146
2,806,000	2,806,000	2,806,000
-	15,909,800	19,810,045
-	651,673	936,858
-	8,511	7,358
4,744,771	4,744,771	8,588,267
7,487	3,684,344	2,274,121
7,558,258	31,541,585	34,996,795
\$ 7,558,258	\$ 33,129,034	\$ 36,166,625

**ORANGE COUNTY FIRE AUTHORITY
 Nonmajor Governmental Funds**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

**Year ended June 30, 2009
 (With Comparative Data for Prior Year)**

	Special Revenue Funds		Capital Projects Fund
	Facilities Maintenance & Improvements	Structural Fire Entitlement	Capital Projects
Revenues:			
Intergovernmental	\$ -	\$ -	\$ 169,569
Charges for services	161,388	-	-
Use of money and property	98,876	39,062	372,627
Miscellaneous	3,982	-	121,853
Developer contributions	-	-	-
Total revenues	264,246	39,062	664,049
Expenditures:			
Current - public safety:			
Salaries and benefits	-	-	134,330
Services and supplies	930,012	1,383,003	41,394
Capital outlay	199,517	-	932,694
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	1,129,529	1,383,003	1,108,418
Excess (deficiency) of revenues over (under) expenditures	(865,283)	(1,343,941)	(444,369)
Other financing sources (uses):			
Transfers in	2,882,958	-	301,651
Transfers out	-	-	-
Total other financing sources (uses)	2,882,958	-	301,651
Net change in fund balances	2,017,675	(1,343,941)	(142,718)
Fund balances, beginning of year	4,032,561	2,225,115	17,194,635
Fund balances, end of year	\$ 6,050,236	\$ 881,174	\$ 17,051,917

Debt Service Fund	Total Nonmajor Governmental Funds	
Debt Service	2009	2008
\$ -	\$ 169,569	\$ 1,842,249
-	161,388	194,085
235,583	746,148	1,394,671
-	125,835	118,364
-	-	1,097,832
235,583	1,202,940	4,647,201
-	134,330	128,649
-	2,354,409	1,632,879
-	1,132,211	92,462
3,325,000	3,325,000	3,205,000
339,663	339,663	457,263
3,664,663	7,285,613	5,516,253
(3,429,080)	(6,082,673)	(869,052)
-	3,184,609	10,927,905
(557,146)	(557,146)	(805,061)
(557,146)	2,627,463	10,122,844
(3,986,226)	(3,455,210)	9,253,792
11,544,484	34,996,795	25,743,003
\$ 7,558,258	\$ 31,541,585	\$ 34,996,795

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

Budgetary Comparison Schedule

Year ended June 30, 2009

(With Comparative Data for Prior Year)

	2009			Variance with Final Budget Positive (Negative)	2008
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 4,032,561	\$ 4,032,561	\$ 4,032,561	\$ -	\$ 2,207,369
Resources (inflows):					
Intergovernmental	-	-	-	-	1,475,635
Charges for services	240,000	161,388	161,388	-	194,085
Use of money and property	96,380	100,821	98,876	(1,945)	139,320
Miscellaneous	-	3,982	3,982	-	3,631
Transfers in	895,848	2,882,958	2,882,958	-	1,287,298
Total resources (inflows)	1,232,228	3,149,149	3,147,204	(1,945)	3,099,969
Amounts available for appropriations	5,264,789	7,181,710	7,179,765	(1,945)	5,307,338
Charges to appropriation (outflows):					
Services and supplies	1,243,847	1,107,175	930,012	177,163	1,274,777
Capital outlay	62,845	199,517	199,517	-	-
Total charges to appropriations	1,306,692	1,306,692	1,129,529	177,163	1,274,777
Budgetary fund balance, June 30	\$ 3,958,097	\$ 5,875,018	\$ 6,050,236	\$ 175,218	\$ 4,032,561

ORANGE COUNTY FIRE AUTHORITY
Structural Fire Entitlement
Budgetary Comparison Schedule
Year ended June 30, 2009
(With Comparative Data for Prior Year)

	2009			2008	
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final		Positive (Negative)	
Budgetary fund balance, July 1	\$ 2,225,115	\$ 2,225,115	\$ 2,225,115	\$ -	\$ 2,469,848
Resources (inflows):					
Use of money and property	18,971	42,228	39,062	(3,166)	107,714
Total resources (inflows)	18,971	42,228	39,062	(3,166)	107,714
Amounts available for appropriations	2,244,086	2,267,343	2,264,177	(3,166)	2,577,562
Charges to appropriation (outflows):					
Services and supplies	33,664	1,577,159	1,383,003	194,156	352,447
Capital outlay	-	30,000	-	30,000	-
Total charges to appropriations	33,664	1,607,159	1,383,003	224,156	352,447
Budgetary fund balance, June 30	\$ 2,210,422	\$ 660,184	\$ 881,174	\$ 220,990	\$ 2,225,115

**ORANGE COUNTY FIRE AUTHORITY
Capital Projects**

Budgetary Comparison Schedule

Year ended June 30, 2009

(With Comparative Data for Prior Year)

	2009			Variance with Final Budget Positive (Negative)	2008
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 17,194,635	\$ 17,194,635	\$ 17,194,635	\$ -	\$ 5,611,125
Resources (inflows):					
Intergovernmental	366,614	169,569	169,569	-	366,614
Use of money and property	238,624	340,135	372,627	32,492	590,490
Miscellaneous	-	121,853	121,853	-	114,733
Developer contributions	275,800	-	-	-	1,097,832
Transfers in	-	301,651	301,651	-	9,640,607
Total resources (inflows)	881,038	933,208	965,700	32,492	11,810,276
Amounts available for appropriations	18,075,673	18,127,843	18,160,335	32,492	17,421,401
Charges to appropriation (outflows):					
Salaries and benefits	132,351	134,330	134,330	-	128,649
Services and supplies	-	41,394	41,394	-	5,655
Capital outlay	10,376,400	7,917,337	932,694	6,984,643	92,462
Total charges to appropriations	10,508,751	8,093,061	1,108,418	6,984,643	226,766
Budgetary fund balance, June 30	\$ 7,566,922	\$ 10,034,782	\$ 17,051,917	\$ 7,017,135	\$ 17,194,635

ORANGE COUNTY FIRE AUTHORITY
Debt Service
Budgetary Comparison Schedule
Year ended June 30, 2009
(With Comparative Data for Prior Year)

	2009			Variance with Final Budget Positive (Negative)	2008
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 11,544,484	\$ 11,544,484	\$ 11,544,484	\$ -	\$ 15,454,661
Resources (inflows):					
Use of money and property	264,160	228,096	235,583	7,487	557,147
Total resources (inflows)	264,160	228,096	235,583	7,487	557,147
Amounts available for appropriations	11,808,644	11,772,580	11,780,067	7,487	16,011,808
Charges to appropriation (outflows):					
Principal retirement	3,325,000	3,325,000	3,325,000	-	3,205,000
Interest and fiscal charges	339,663	339,663	339,663	-	457,263
Transfers out	-	557,146	557,146	-	805,061
Total charges to appropriations	3,664,663	4,221,809	4,221,809	-	4,467,324
Budgetary fund balance, June 30	\$ 8,143,981	\$ 7,550,771	\$ 7,558,258	\$ 7,487	\$ 11,544,484



Orange County Fire Authority Safety Message

Poison Prevention

1. Lock up household products and medications out of children's sight and reach.
2. Never leave potentially poisonous household products unattended.
3. Use household products that are available in child-resistant packaging.
4. Be careful with both non-prescription and prescription medicines. Do not refer to medications as "candy" or take them in front of children.
5. Read and follow labels when using any household product or medication.
6. Lock and store chemicals and medications in their original, labeled containers.
7. Install carbon monoxide detectors in your home. Vent and inspect space heaters, furnaces, fireplaces and wood-burning stoves.
8. Keep household plants out of the reach of children and pets.
9. Dispose of household hazardous materials and medicines at a household hazardous waste collection site.

Fiduciary Funds

Pension Trust Funds

Extra Help Retirement

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

Retirement 2.7% @ 55

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

ORANGE COUNTY FIRE AUTHORITY
Pension Trust Funds
Combining Statement of Fiduciary Net Assets
June 30, 2009
(With Comparative Data for Prior Year)

	<u>Extra Help Retirement</u>	<u>Retirement 2.7% @ 55</u>	<u>Total Pension Trust Funds</u>	
			<u>2009</u>	<u>2008</u>
Assets:				
Cash and investments:				
Local Agency Investment Fund	\$ 50,337	\$ 435,079	\$ 485,416	\$ 488,150
Receivables:				
Accrued interest	-	1,353	1,353	-
Total assets	50,337	436,432	486,769	488,150
Liabilities:				
Accounts payable	-	370,932	370,932	370,932
Total liabilities	-	370,932	370,932	370,932
Net assets:				
Assets held in trust for pension benefits	50,337	65,500	115,837	117,218
Total net assets	\$ 50,337	\$ 65,500	\$ 115,837	\$ 117,218

**ORANGE COUNTY FIRE AUTHORITY
Pension Trust Funds**

Combining Statement of Changes in Fiduciary Net Assets

Year ended June 30, 2009

(With Comparative Data for Prior Year)

	Extra Help Retirement	Retirement 2.7% @ 55	Total Pension Trust Funds	
			2009	2008
Additions:				
Contributions:				
Plan members	\$ 29,650	\$ -	\$ 29,650	\$ 35,737
Total contributions	<u>29,650</u>	<u>-</u>	<u>29,650</u>	<u>35,737</u>
Net investment income:				
Interest	2,314	8,397	10,711	20,448
Total net investment income	<u>2,314</u>	<u>8,397</u>	<u>10,711</u>	<u>20,448</u>
Total additions	<u>31,964</u>	<u>8,397</u>	<u>40,361</u>	<u>56,185</u>
Deductions:				
Benefits and refunds paid to plan members and beneficiaries	41,742	-	41,742	25,394
Total deductions	<u>41,742</u>	<u>-</u>	<u>41,742</u>	<u>25,394</u>
Change in net assets	(9,778)	8,397	(1,381)	30,791
Net assets, beginning of year	60,115	57,103	117,218	86,427
Net assets, end of year	<u>\$ 50,337</u>	<u>\$ 65,500</u>	<u>\$ 115,837</u>	<u>\$ 117,218</u>



Orange County Fire Authority Safety Message

To Help Prevent Dryer Fires

1. Clean the lint screen/filter between drying each load of clothes.
2. If clothing is still damp at the end of a typical drying cycle, this may be a sign that the lint screen or exhaust duct is blocked.
3. Clean the dryer vent and exhaust duct periodically.
4. Clean behind the dryer, where lint can build up.
5. Replace plastic or foil, accordion-type ducting material with rigid or corrugated semi-rigid metal duct.
6. Take special care when drying clothes that have been soiled with volatile chemicals.

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

Are You Prepared to Ride it Out?

1. Before an Earthquake:
 - Prepare an emergency supply kit.
 - Know the safe spots in each room.
 - Conduct practice drills.
 - Choose an out-of-state friend/relative to call after the quake.

2. During an Earthquake:
 - If indoors, stay there. Drop, cover and hold on.
 - If outdoors, get into an open area away from trees, buildings, walls and power lines.
 - If driving, pull over to the side of the road and stop. Avoid overpasses, underpasses and power lines. Stay inside your car until the shaking stops.

3. After an Earthquake:
 - Unless there is an immediate emergency, do not use the telephone.
 - Check for gas and water leaks, broken electrical wiring or sewage lines.
 - Check your building/home for cracks and damage.
 - Turn on your portable radio for emergency instructions.
 - Do not use your vehicle unless there is an emergency.
 - Be prepared for aftershocks.

ORANGE COUNTY FIRE AUTHORITY

Financial Trends Information

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

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

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

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

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

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

Source: OCFA CAFR's

Note:

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

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

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

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

Source: OCFA CAFR's

Note:

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

2005	2006	2007	2008	2009
\$ 154,532,819	\$ 166,930,470	\$ 187,129,443	\$ 199,095,873	\$ 209,092,693
26,911,103	25,905,315	27,139,113	31,669,603	31,847,059
7,280,693	7,277,623	7,000,915	7,399,902	7,923,947
1,539,394	1,522,705	1,871,983	1,410,673	1,612,337
<u>190,264,009</u>	<u>201,636,113</u>	<u>223,141,454</u>	<u>239,576,051</u>	<u>250,476,036</u>
52,968,895	56,509,909	61,130,982	69,187,051	67,621,288
4,208,541	6,650,839	5,537,722	6,835,746	5,981,800
1,445,246	2,730,652	4,172,358	22,092,218	140,903
<u>58,622,682</u>	<u>65,891,400</u>	<u>70,841,062</u>	<u>98,115,015</u>	<u>73,743,991</u>
<u>(131,641,327)</u>	<u>(135,744,713)</u>	<u>(152,300,392)</u>	<u>(141,461,036)</u>	<u>(176,732,045)</u>
138,076,307	152,747,044	166,639,162	182,536,717	184,696,756
2,891,248	4,875,101	7,912,428	6,295,464	3,704,964
-	-	-	-	-
608,684	573,389	903,992	730,733	1,925,998
<u>141,576,239</u>	<u>158,195,534</u>	<u>175,455,582</u>	<u>189,562,914</u>	<u>190,327,718</u>
<u>\$ 9,934,912</u>	<u>\$ 22,450,821</u>	<u>\$ 23,155,190</u>	<u>\$ 48,101,878</u>	<u>\$ 13,595,673</u>

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

	Fiscal Year ended June 30			
	2000	2001	2002	2003
General Fund:				
Reserved	\$ 3,124,562	\$ 5,871,740	\$ 1,050,795	\$ 1,333,839
Unreserved	20,685,490	20,386,117	28,119,693	30,058,531
Total General Fund	<u>\$ 23,810,052</u>	<u>\$ 26,257,857</u>	<u>\$ 29,170,488</u>	<u>\$ 31,392,370</u>
All other governmental funds:				
Reserved	\$ 6,276,955	\$ 3,663,472	\$ 43,936,761	\$ 19,865,856
Unreserved, reported in:				
Special revenue funds	17,966,726	24,998,338	22,513,537	15,764,897
Capital projects funds	22,074,754	24,601,227	16,784,424	23,850,671
Debt service funds	-	-	3,401,963	3,593,444
Total all other governmental funds	<u>\$ 46,318,435</u>	<u>\$ 53,263,037</u>	<u>\$ 86,636,685</u>	<u>\$ 63,074,868</u>

Source: OCFA CAFR's

2004	2005	2006	2007	2008	2009
\$ 1,908,821	\$ 1,610,025	\$ 2,392,327	\$ 1,476,790	\$ 1,519,961	\$ 1,417,069
39,531,599	36,571,082	48,163,349	54,391,252	60,436,769	67,926,629
<u>\$ 41,440,420</u>	<u>\$ 38,181,107</u>	<u>\$ 50,555,676</u>	<u>\$ 55,868,042</u>	<u>\$ 61,956,730</u>	<u>\$ 69,343,698</u>
\$ 7,716,407	\$ 13,822,050	\$ 12,162,589	\$ 14,066,095	\$ 8,446,422	\$ 14,752,366
16,849,322	17,029,091	32,488,801	46,998,762	62,633,870	75,515,265
21,153,461	9,257,299	8,875,958	5,602,562	16,718,235	13,344,809
3,678,564	19,267,740	16,204,380	12,648,661	8,738,484	4,752,258
<u>\$ 49,397,754</u>	<u>\$ 59,376,180</u>	<u>\$ 69,731,728</u>	<u>\$ 79,316,080</u>	<u>\$ 96,537,011</u>	<u>\$ 108,364,698</u>

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			
	2000	2001	2002	2003
Revenues:				
Taxes	\$ 87,815,388	\$ 96,883,682	\$ 105,393,301	\$ 113,593,644
Intergovernmental	12,399,505	7,860,825	8,816,768	7,723,204
Charges for services	35,023,106	37,226,395	38,671,750	40,933,656
Use of money and property	4,172,168	5,973,137	5,413,039	3,254,776
Miscellaneous	2,258,118	1,553,345	3,307,861	650,151
Developer contributions	-	-	-	2,910,680
Total revenues	<u>141,668,285</u>	<u>149,497,384</u>	<u>161,602,719</u>	<u>169,066,111</u>
Expenditures:				
Current - public safety:				
Salaries and benefits	106,132,864	112,679,140	115,718,103	129,815,086
Services and supplies	15,680,121	17,434,875	27,859,749	46,231,678
Capital outlay	6,173,738	7,770,891	5,539,873	8,697,468
Debt service:				
Bond issuance costs	-	-	356,037	-
Principal retirement	582,649	966,644	1,013,288	3,772,207
Interest and fiscal charges	781,220	1,253,427	1,906,423	1,889,607
Total expenditures	<u>129,350,592</u>	<u>140,104,977</u>	<u>152,393,473</u>	<u>190,406,046</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,317,693</u>	<u>9,392,407</u>	<u>9,209,246</u>	<u>(21,339,935)</u>
Other financing sources (uses):				
Transfers in	20,340,101	19,401,115	32,721,037	16,103,994
Transfers out	(20,340,101)	(19,401,115)	(32,831,037)	(16,103,994)
Issuance of long-term debt	2,959,154	-	28,182,489	-
Sale of capital and other assets	-	-	-	-
Insurance recoveries	-	-	-	-
Total other financing sources (uses)	<u>2,959,154</u>	<u>-</u>	<u>28,072,489</u>	<u>-</u>
Net change in fund balances	<u>\$ 15,276,847</u>	<u>\$ 9,392,407</u>	<u>\$ 37,281,735</u>	<u>\$ (21,339,935)</u>
Debt service as a percentage of noncapital expenditures	1.1%	1.7%	2.2%	3.1%

Source: OCFA CAFR's

2004	2005	2006	2007	2008	2009
\$ 122,930,589	\$ 138,076,307	\$ 152,747,044	\$ 166,639,162	\$ 182,536,717	\$ 184,696,756
10,222,840	9,279,498	12,737,022	15,643,174	24,168,953	18,898,459
43,568,603	47,912,985	50,431,293	53,191,997	53,510,278	54,125,964
1,716,086	2,891,248	5,284,539	8,379,245	7,336,664	4,148,889
537,287	608,684	581,708	428,475	982,487	2,517,891
642,455	1,445,246	2,730,652	1,096,262	1,744,392	-
<u>179,617,860</u>	<u>200,213,968</u>	<u>224,512,258</u>	<u>245,378,315</u>	<u>270,279,491</u>	<u>264,387,959</u>
143,515,244	151,938,290	166,670,733	186,074,623	195,481,030	203,790,256
33,541,649	27,100,196	23,188,784	27,146,936	31,386,487	28,561,308
11,424,732	8,013,300	10,838,654	9,714,765	13,323,621	32,624,294
-	-	-	-	-	-
7,410,710	4,889,349	5,033,119	5,186,766	4,867,453	5,933,911
1,605,649	1,620,267	1,985,533	2,414,453	2,526,877	2,119,347
<u>197,497,984</u>	<u>193,561,402</u>	<u>207,716,823</u>	<u>230,537,543</u>	<u>247,585,468</u>	<u>273,029,116</u>
<u>(17,880,124)</u>	<u>6,652,566</u>	<u>16,795,435</u>	<u>14,840,772</u>	<u>22,694,023</u>	<u>(8,641,157)</u>
6,361,095	24,457,025	18,435,635	24,350,337	29,914,910	30,257,506
(6,361,095)	(24,457,025)	(18,435,635)	(24,350,337)	(29,914,910)	(30,257,506)
9,147,260	-	5,841,858	-	-	21,515,238
3,842,821	66,547	92,824	55,946	93,807	93,480
-	-	-	-	-	81,576
<u>12,990,081</u>	<u>66,547</u>	<u>5,934,682</u>	<u>55,946</u>	<u>93,807</u>	<u>21,690,294</u>
<u>\$ (4,890,043)</u>	<u>\$ 6,719,113</u>	<u>\$ 22,730,117</u>	<u>\$ 14,896,718</u>	<u>\$ 22,787,830</u>	<u>\$ 13,049,137</u>
4.8%	3.5%	3.6%	3.4%	3.2%	3.3%



Orange County Fire Authority Safety Message

Remember the PASS Method When Using a Fire Extinguisher

Pull the pin.

Aim the extinguisher or nozzle at the base of the fire.

Squeeze the handle and release the extinguishing agent.

Sweep the extinguisher from side to side across the base of the fire until it appears to be out.

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 1999/00	FY 2000/01	FY 2001/02	FY 2002/03
Buena Park	\$ 4,066,288	\$ 4,415,981	\$ 4,708,003	\$ 4,992,390
Placentia	2,583,982	2,803,120	3,017,366	3,261,068
San Clemente	4,615,202	5,139,411	5,886,511	6,831,696
Seal Beach	1,974,069	2,104,257	2,301,742	2,561,374
Stanton	1,080,258	1,191,968	1,253,119	1,332,874
Tustin	4,518,236	5,015,121	5,337,612	5,521,942
Westminster	3,685,811	3,947,269	4,178,647	4,439,818
Total cash cities (3)	<u>22,523,846</u>	<u>24,617,127</u>	<u>26,683,000</u>	<u>28,941,162</u>
Aliso Viejo (6)	n/a	n/a	n/a	4,645,701
Cypress	3,054,383	3,316,050	3,495,315	3,736,602
Dana Point	4,331,542	4,594,761	5,110,623	5,516,436
Irvine	18,296,436	20,405,359	22,710,140	24,858,632
Laguna Hills	3,239,893	3,457,927	3,782,350	3,967,515
Laguna Niguel	6,575,554	7,059,913	7,655,629	8,142,068
Laguna Woods (4)	n/a	1,394,456	1,523,257	1,608,653
Lake Forest	4,381,043	4,924,024	6,924,510	7,429,330
La Palma	992,816	1,073,145	1,126,504	1,155,782
Los Alamitos	885,552	957,159	1,008,946	1,055,691
Mission Viejo	7,575,168	8,274,317	8,836,993	9,330,631
Rancho Santa Margarita (5)	n/a	3,878,531	4,378,109	4,718,088
San Juan Capistrano	3,036,299	3,304,879	3,600,312	3,824,457
Villa Park	741,961	810,194	875,017	933,233
Yorba Linda	5,257,654	5,635,541	6,159,074	6,587,989
Unincorporated	20,530,995	18,303,375	18,931,941	13,236,995
Total SFF jurisdictions (2)	<u>78,899,296</u>	<u>87,389,631</u>	<u>96,118,720</u>	<u>100,747,803</u>
Percentage change from prior year	10.95%	10.76%	9.99%	4.82%
Total assessed valuation	<u>\$101,423,142</u>	<u>\$112,006,758</u>	<u>\$122,801,720</u>	<u>\$129,688,965</u>
Total direct tax rate	0.11%	0.11%	0.11%	0.11%

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

(1) Assessed value is stated at taxable full cash value. These values may include an increased value over the base year for that portion of the city or district which lies within a redevelopment agency.

(2) Assessed Value for these cities is part of the Structural Fire Fund (SFF).

(3) These cities pay for services on a cash contract basis. Assessed Value is shown for comparison only.

(4) Laguna Woods joined the OCFA on January 27, 2000 (previously part of County unincorporated).

(5) Rancho Santa Margarita joined the OCFA March 23, 2000 (previously part of County unincorporated).

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

FY 2003/04	FY 2004/05	FY 2005/06	FY 2006/07	FY 2007/08	FY 2008/09
\$ 5,241,607	\$ 5,651,721	\$ 6,112,028	\$ 6,750,905	\$ 7,351,653	\$ 7,611,793
3,499,257	3,792,066	4,189,586	4,628,986	4,991,175	5,070,123
7,738,680	8,748,299	9,999,404	11,366,168	12,486,976	12,855,038
2,761,755	2,968,854	3,189,870	3,585,301	3,875,902	4,256,884
1,456,875	1,590,290	1,774,670	1,972,744	2,184,177	2,195,788
5,901,337	6,507,163	7,046,325	8,170,655	9,070,627	9,958,561
4,802,251	5,188,197	5,589,577	6,215,306	6,640,057	6,775,451
<u>31,401,762</u>	<u>34,446,590</u>	<u>37,901,460</u>	<u>42,690,065</u>	<u>46,600,567</u>	<u>48,723,638</u>
5,223,553	5,673,714	6,176,940	6,968,167	7,499,861	7,792,144
4,038,709	4,380,633	4,704,566	5,085,127	5,421,886	5,604,677
5,941,465	6,250,662	6,998,388	7,693,012	8,532,709	8,879,909
26,799,741	29,634,708	33,764,042	39,280,256	44,382,983	47,257,608
4,197,860	4,508,804	4,909,424	5,313,973	5,736,525	5,692,646
8,774,412	9,496,924	10,355,469	11,347,524	12,073,542	12,227,117
1,714,358	1,793,619	1,963,825	2,118,937	2,262,295	2,295,254
8,035,481	8,567,664	9,258,757	10,165,487	10,896,488	11,189,197
1,222,653	1,304,664	1,397,213	1,509,520	1,636,875	1,685,812
1,126,237	1,221,543	1,333,656	1,416,837	1,515,499	1,582,738
9,882,639	10,514,195	11,473,222	12,449,764	13,246,125	13,357,566
5,051,504	5,502,550	5,989,888	6,575,282	6,977,082	6,921,865
4,060,793	4,424,780	4,780,297	5,260,585	5,794,133	5,961,050
990,409	1,069,950	1,148,109	1,234,034	1,311,588	1,355,557
7,252,943	7,938,555	8,865,186	9,969,593	10,909,311	11,165,576
<u>14,178,447</u>	<u>15,890,882</u>	<u>17,991,705</u>	<u>19,843,722</u>	<u>21,846,485</u>	<u>22,212,379</u>
<u>108,491,204</u>	<u>118,173,847</u>	<u>131,110,687</u>	<u>146,231,820</u>	<u>160,043,387</u>	<u>165,181,095</u>
7.69%	8.92%	10.95%	11.53%	9.44%	3.21%
<u>\$139,892,966</u>	<u>\$152,620,437</u>	<u>\$169,012,147</u>	<u>\$188,921,885</u>	<u>\$206,643,954</u>	<u>\$213,904,733</u>
0.11%	0.12%	0.12%	0.11%	0.11%	0.11%

NOTE:

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

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

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

<u>For the Year Ended June 30</u>	<u>Overlapping County-wide Basic Levy - Operating</u>	<u>Direct Orange County - Debt Service</u>	<u>Total</u>
2000	1.00000	0.00000	1.00000
2001	1.00000	0.00000	1.00000
2002	1.00000	0.00000	1.00000
2003	1.00000	0.00000	1.00000
2004	1.00000	0.00000	1.00000
2005	1.00000	0.00000	1.00000
2006	1.00000	0.00000	1.00000
2007	1.00000	0.00000	1.00000
2008	1.00000	0.00000	1.00000
2009	1.00000	0.00000	1.00000

SOURCE: County of Orange, Auditor-Controller

ORANGE COUNTY FIRE AUTHORITY
Principal Property Tax Payers
Current and Nine Years Ago

Property Tax Payer	Fiscal Year 1999/2000			Fiscal Year 2008/2009		
	Actual Taxes Levied	Rank	Percent of Total Taxes Levied	Actual Taxes Levied	Rank	Percent of Total Taxes Levied
Irvine Company	33,911	1	2.73%	59,816	1	1.26%
Walt Disney Company	14,787	3	1.19%	32,632	2	0.69%
So Cal Edison Co.	14,289	4	1.15%	23,001	3	4.90%
Irvine Apartment Communities	16,893	2	1.36%	22,440	4	0.47%
Irvine Community Development Co.	3,931	9	0.32%	11,277	5	0.24%
Pacific Bell Telephone Co.	12,214	5	0.98%	7,885	6	0.17%
Walt Disney World Co.				7,672	7	0.16%
United Laguna Hills	4,365	7	0.35%	6,981	8	0.15%
Irvine Company LLC				6,901	9	1.50%
Heritage Fields El Toro LLC				6,061	10	0.13%
Rockwell Semiconductor	5,304	6	0.43%			
McDonnell Douglas Corp.	4,326	8	0.35%			
DMB Ladera LLC	3,833	10	0.31%			

SOURCE: Orange County Auditor/Controller

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

For the Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collection to Date	
		Amount (1)	Percent Of Levy		Amount	Percent Of Levy
2000	89,194	89,107	99.9%	87	89,194	100.0%
2001	98,486	97,989	99.5%	205	98,194	99.7%
2002	108,852	106,242	97.6%	222	106,464	97.8%
2003	113,649	112,684	99.2%	256	112,940	99.4%
2004	123,841	121,829	98.4%	251	122,080	98.6%
2005	138,864	137,037	98.7%	250	137,287	98.9%
2006	154,289	151,789	98.4%	242	152,031	98.5%
2007	168,777	166,567	98.7%	446	167,013	99.0%
2008	182,400	181,773	99.7%	667	182,440	100.0%
2009	184,776	183,326	99.2%	744	184,070	99.6%

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

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

ORANGE COUNTY FIRE AUTHORITY

Debt Capacity Information

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

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

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

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

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

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

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

For the Year Ended June 30	Governmental Activities			Median Family Income (County of Orange) (1)	Percentage of Personal Income (2)	Population	Debt Per Capita (3)
	Revenue Bonds	Leases Purchase Agreements	Total Outstanding Debt				
2000	\$ -	\$ 6,658	\$ 6,658	\$ 65	10243.1%	1,226	5
2001	-	5,691	5,691	65	8755.4%	1,256	5
2002	28,060	4,678	32,738	66	49603.0%	1,275	26
2003	25,350	3,616	28,966	67	43232.8%	1,290	22
2004	22,555	8,147	30,702	70	43860.0%	1,309	23
2005	19,665	6,148	25,813	74	34882.4%	1,333	19
2006	16,670	9,952	26,622	78	34130.8%	1,351	20
2007	13,570	7,865	21,435	80	26793.8%	1,365	16
2008	10,365	6,203	16,568	80	20710.0%	1,384	12
2009	7,040	25,109	32,149	78	41216.7%	1,389	23

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

(1) Data source: Chapman University (2008 and 2009 are estimates)

(2) Ratio calculated using median family income for County of Orange, as estimated for most recent year

(3) Ratio calculated using population from January 1

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

For the Year Ended June 30	Population	Assessed Value	Gross Bonded Debt	Less Amounts Available in Debt Service Fund (2)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2000 - 2001 (1)							
2002	1,275	\$ 122,801,720	\$ 28,060	\$ 2,806	\$ 25,254	0.02%	\$20
2003	1,290	129,688,965	25,350	2,806	22,544	0.02%	17
2004	1,309	139,892,966	22,555	2,806	19,749	0.01%	15
2005	1,333	152,620,437	19,665	2,806	16,859	0.01%	13
2006	1,351	169,012,147	16,670	2,806	13,864	0.01%	10
2007	1,365	188,921,885	13,570	2,806	10,764	0.01%	8
2008	1,384	206,643,954	10,365	2,806	7,559	0.00%	5
2009	1,389	213,904,733	7,040	2,806	4,234	0.00%	3

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

- (1) FY 2001/02 was the first year that the OCFA had revenue bond debt service obligations.
- (2) Minimum reserve requirement

ORANGE COUNTY FIRE AUTHORITY
Computation of Direct and Overlapping Bonded Debt
June 30, 2009

2008-09 Assessed Valuation:	\$213,904,735,187
Redevelopment Incremental Valuation:	<u>(18,840,365,322)</u>
Adjusted Assessed Valuation:	<u>\$195,064,369,865</u>

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>Total Debt</u>	<u>% Applicable (1)</u>	<u>District's Share of Debt 6/30/09</u>
Metropolitan Water District	\$293,425,000	10.568%	\$ 31,009,154
Coast Community College District	341,668,867	7.524	25,707,166
North Orange County Joint Community College District	227,859,001	39.164	89,238,699
Rancho Santiago Community College District	316,405,071	19.471	61,607,231
Capistrano Unified School District School Facilities Improvement District No. 1	53,689,930	99.999	53,689,393
Placentia-Yorba Linda Unified School District	165,776,100	82.947	137,506,302
Saddleback Valley Unified School District	140,200,000	100.000	140,200,000
Santa Ana Unified School District	221,191,491	33.229	73,499,721
Anaheim Union High School District	120,553,955	27.561	32,225,876
Other School Districts	809,634,943	Various	155,073,300
City of San Juan Capistrano	6,645,000	100.000	6,645,000
Irvine Ranch Water District Improvement Districts	369,988,928	Various	360,423,739
Moulton-Niguel Water District Improvement Districts	45,765,000	100.000	45,765,000
Santa Margarita Water District Improvement Districts	207,635,000	100.000	207,635,000
South Coast Water District	4,060,000	64.803	2,631,002
County Community Facilities Districts	583,649,660	100.000	583,649,660
School Community Facilities Districts	1,052,341,959	Various	1,052,234,483
City and Special District Community Facilities Districts	331,030,000	100.000	331,030,000
1915 Act Bonds	958,693,771	100.000	<u>958,693,771</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$4,349,464,497</u>

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	\$412,672,000	51.421%	\$212,200,069
Orange County Pension Obligations	64,428,001	51.421	33,129,522
Orange County Board of Education Certificates of Participation	19,430,000	51.421	9,991,100
Orange County Fire Authority	7,040,000	100.000	7,040,000
Municipal Water District of Orange County Water Facilities Corporation	15,965,000	61.030	9,743,440
South Orange County Community College District Certificates of Participation	32,875,000	90.150	29,636,813
Unified School District Certificates of Participation	394,292,459	Various	175,436,772
Union High School Districts Certificates of Participation	116,036,090	Various	18,976,521
Elementary School District Certificates of Participation	36,990,000	Various	10,595,220
City General Fund Obligations	166,020,210	100.000	166,020,210
Irvine Ranch Water District Certificates of Participation	103,100,000	85.094	87,731,914
Moulton-Niguel Water District Certificates of Participation	27,595,234	100.000	27,595,234
Other Special District General Fund Obligations	13,129,797	Various	<u>13,129,797</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$801,226,612</u>
Less: MWDOC Water Facilities Corporation Certificates of Participation			(9,743,440)
School District Quality Zone Academy Bonds supported by investment fund			(5,199,385)
City Obligations (self-supporting from incremental tax and sales tax revenues)			(41,553,710)
South Coast Water District (100% self-supporting)			<u>(2,163,785)</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$742,566,292</u>

GROSS COMBINED TOTAL DEBT	\$5,150,691,109 (2)
NET COMBINED TOTAL DEBT	\$5,092,030,789

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

Ratios to 2008-09 Assessed Valuation:
Total Overlapping Tax and Assessment Debt 2.03%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt (\$7,040,000).....0.004%
Gross Combined Total Debt 2.64%
Net Combined Total Debt 2.61%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09: \$0

Source: California Municipal Statistics, Inc.

ORANGE COUNTY FIRE AUTHORITY

Demographic and Economic Information

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

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

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

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

Year	(A) Population Estimates (In Thousands)	(B) Total Personal Income (In Thousands)	Per Capita Income	(C) Unemployment Rate
2000	2,828	\$ 106,003,900	\$ 37,484	3.5
2001	2,926	109,010,300	37,256	4.0
2002	2,940	111,750,300	38,010	5.0
2003	2,979	116,977,800	39,267	4.8
2004	3,017	125,798,400	41,697	4.3
2005	3,057	135,070,500	44,184	3.8
2006	3,072	145,435,600	47,342	3.6
2007	3,098	150,214,300	48,488	3.6
2008	3,121	153,833,900	49,290	4.8
2009	3,139	154,348,400	49,171	7.8

SOURCES:

- (A) County of Orange Population and Housing Estimates, California Department of Finance at January 1 of each year
- (B) Center for Economic Research, Chapman University (estimate for most recent year)
- (C) Institute for Economic and Environmental Studies, California State University, Fullerton
The 2009 figure is a forecast.

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

	Population by City, 2000 and 2009			Housing Units by City, 2000 and 2009		
	(A) 2000	(B) 2009	Percent Change	(A) 2000	(B) 2009	Percent Change
Aliso Viejo (1)	n/a	45,683	n/a	n/a	18,123	n/a
Buena Park	77,267	83,385	7.9%	24,142	24,417	1.1%
Cypress	49,031	49,647	1.3%	15,826	16,615	5.0%
Dana Point	37,976	37,082	-2.4%	15,801	15,955	1.0%
Irvine	144,557	212,793	47.2%	51,208	79,039	54.3%
Laguna Hills	31,017	33,434	7.8%	10,578	11,153	5.4%
Laguna Niguel	60,108	67,201	11.8%	23,545	24,982	6.1%
Laguna Woods (2)	n/a	18,477	n/a	n/a	13,629	n/a
Lake Forest	59,976	78,344	30.6%	20,761	26,384	27.1%
La Palma	16,537	16,205	-2.0%	5,072	5,131	1.2%
Los Alamitos	12,129	12,217	0.7%	4,541	4,423	-2.6%
Mission Viejo	98,464	100,242	1.8%	33,017	34,278	3.8%
Placentia	50,179	51,932	3.5%	15,555	16,530	6.3%
Rancho Santa Margarita (3)	n/a	49,704	n/a	n/a	16,792	n/a
San Clemente	50,302	68,316	35.8%	20,872	27,251	30.6%
San Juan Capistrano	32,495	36,870	13.5%	11,052	11,884	7.5%
Seal Beach	27,412	25,913	-5.5%	14,410	14,542	0.9%
Stanton	34,347	39,480	14.9%	11,240	11,199	-0.4%
Tustin	68,316	74,825	9.5%	24,861	26,215	5.4%
Villa Park	6,782	6,276	-7.5%	2,062	2,023	-1.9%
Westminster	87,637	93,284	6.4%	26,846	27,444	2.2%
Yorba Linda	63,112	68,399	8.4%	19,725	21,929	11.2%
Unincorporated	218,821	119,480	-45.4%	88,792	38,328	-56.8%
Total OCFA	1,226,465	1,389,189	13.3%	439,906	488,266	11.0%

NOTES:

- (1) Aliso Viejo joined the OCFA upon incorporation on July 1, 2001.
- (2) Laguna Woods joined the OCFA after incorporation on March 24, 1999.
- (3) Rancho Santa Margarita joined the OCFA after incorporation on January 1, 2000.

DATA SOURCES:

- (A) County of Orange Population and Housing Estimates, California Department of Finance at January 1, 2000
- (B) County of Orange Population and Housing Estimates, California Department of Finance at January 1, 2009

ORANGE COUNTY FIRE AUTHORITY
Principal Employers
Current and Nine Years Ago

Employer	Fiscal Year 1999/2000			Fiscal Year 2008/2009		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Walt Disney Co.	13,300	2	0.91%	20,000	1	1.38%
County of Orange	15,408	1	1.05%	18,668	2	1.29%
University of California, Irvine	12,861	3	0.88%	17,500	3	1.21%
St. Joseph Health System	8,150	5	0.56%	10,656	4	0.73%
Boeing Co.	12,000	4	0.82%	8,100	5	0.56%
Yum! Brands Inc.				7,000	6	0.48%
Target Corp.				6,100	7	0.42%
SuperValu, Inc.				6,082	8	0.42%
California State University, Fullerton				5,768	9	0.40%
BankAmerica Corp.	4,843	9	0.33%	5,500	10	0.38%
American Stores Co.	7,543	6	0.52%			
Tenet Healthcare Corp.	7,221	7	0.49%			
Ralphs Grocery Co.	5,000	8	0.34%			
Tricon Global Restaurants, Inc.	4,820	10	0.32%			

SOURCE: Orange County Auditor/Controller and Bureau of Labor Statistics

ORANGE COUNTY FIRE AUTHORITY

Operating Information

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

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

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

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

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

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

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

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

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

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

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

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

Function/Department	Full-time and Part-time Employees as of June 30 (1)									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public safety:										
Executive management	40	41	44	44	44	43	44	44	45	45
Operations	818	841	834	834	840	852	857	866	891	902
Fire prevention	70	67	76	76	75	76	76	74	74	72
Support services	29	31	32	32	33	33	33	35	35	35
Business services	66	66	76	76	68	67	74	75	77	77
Total public safety	1,023	1,046	1,062	1,062	1,060	1,071	1,084	1,094	1,122	1,131

Source:
OCFA Budget Books

Notes:
(1) Numbers reflect the General Fund funded positions.

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

(A)	(B)		(C)	(C)	(C)		
<u>Assessed Property Value</u>	Total		<u>Non-Residential</u>	<u>Residential</u>	Total		
Fiscal	Bank	Calendar	Construction	Construction	Construction		
Year	Deposits	Year	Value	Number of Units	Value	Value	
1999-00	\$209,136,472	\$37,639,000	2000	\$ 1,818,791	11,905	\$ 2,152,073	\$ 3,970,864
2000-01	228,548,301	40,643,225	2001	1,748,172	11,953	2,214,626	3,962,798
2001-02	248,966,581	44,329,000	2002	1,208,626	12,020	2,328,123	3,536,749
2002-03	269,684,864	50,226,425	2003	1,005,547	9,311	2,076,976	3,082,523
2003-04	287,923,828	57,732,000	2004	1,132,848	9,322	2,243,642	3,376,490
2004-05	311,802,395	63,665,000	2005	1,494,759	7,206	2,100,436	3,595,195
2005-06	342,576,859	66,250,000	2006	2,400,569	8,371	2,316,948	4,717,517
2006-07	381,007,391	67,961,000	2007	2,005,198	7,072	1,792,270	3,797,468
2007-08	412,669,779	67,783,000	2008	1,439,120	3,160	1,037,087	2,476,207
2008-09	428,809,224	(1)	2009	1,031,205	1,991	862,084	1,893,289

NOTE:

(1) Data not available at time of publication.

SOURCES:

(A) Auditor-Controller, County of Orange

(B) Federal Deposit Insurance Corporation (<http://www.fdic.gov>)

(C) The Chapman University " Economic & Business Review " (Forecasts) dated June 2009

ORANGE COUNTY FIRE AUTHORITY
Miscellaneous Statistical Information
June 30, 2009

Date of Formation:	March 1, 1995		
Form of Government:	Joint Powers Authority, State of California		
Number of Member Agencies:	23		
Members:	Aliso Viejo	Laguna Woods	San Juan Capistrano
	Buena Park	Lake Forest	Seal Beach
	Cypress	La Palma	Stanton
	County of Orange	Los Alamitos	Tustin
	Dana Point	Mission Viejo	Villa Park
	Irvine	Placentia	Westminster
	Laguna Hills	Rancho Santa Margarita	Yorba Linda
	Laguna Niguel	San Clemente	
Area Served:	550 square miles		
Population:	1,389,189 people		
Number of Stations:	62 (including 2 specialty stations)		
Equipment:	Engines	75	
	Type 1 – 55 engines		Air Support Vehicles 4
	Paramedic Engine Units – 20		Airport Crash Units 4
	Paramedic Assessment Units – 21		Bull Dozers 3
	Basic Life Support Units – 14		Command Vehicles 2
	Type 2 – 7 engines		Haz Mat Response 2
	Paramedic Assessment Units – 2		Helicopters 4
	Basic Life Support Units – 5		Paramedic Vans 10
	Type 3 – 13 engines		Squad Vehicles 7
	Basic Life Support Units – 13		Water Tenders 5
	Trucks	13	Patrols 12
	Paramedic Truck Unit – 1		Swift Water Rescue Boats 4
	Paramedic Assessment Units – 3		
	Basic Life Support Units – 9		

ORANGE COUNTY FIRE AUTHORITY
Miscellaneous Statistical Information
(Continued)

Authorized Positions (by unit):

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

Investigations Activity:

Cause of Fire	Origin & Cause	Follow-up	Post Incident Inspection
Arson	76	83	1
Reckless Burning	6	7	1
Careless/Negligent	37	14	1
Accident	126	19	6
Mischievous False Alarm	1	1	0
Undetermined	13	7	0
Not Applicable	9	10	0
Total	268	141	9

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

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

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

Planning and Development Activities:

Total Plans Received	6,308
Total Plans Reviewed	6,391
Percentage Reviewed within Processing Goals	99.3%

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

ORANGE COUNTY FIRE AUTHORITY
Insurance in Force
June 30, 2009

Services	Term	Premium	Coverage Summary
FAIRA Carrier: American Alternative TPA: Glatfelter Claims Mgmt. General Liability/Property/Crime/ Portable Equipment/ Management Liability Auto Liability Executive Auto Policy Rider	7/1/08 - 7/1/09	\$769,552	LIMITS: Primary limit: \$1,000,000 Umbrella limit: \$10,000,000 Total general liability program limit: \$11,000,000 Various deductibles apply: \$0 – \$10,000 Policies include coverage for real and personal property, employment-related practices, administration of employee benefit plans, advertising, professional liability, wrongful termination, failure to promote, sexual harassment, errors and omissions, and other wrongful acts not excluded. LIMITS: Liability: \$1,000,000 each accident Uninsured motorists: \$1,000,000 Medical payments: \$10,000 each person Bodily injury/property damage: No deductible, each accident Comp/collision deductibles apply: \$1,000 – \$3,000
Aviation Carrier: Phoenix Aviation California Municipal Aircraft Program	6/30/08 – 6/30/09	\$217,304	LIMITS: Single limit \$50,000,000 Coverage for bodily injury, property damage, medical payments.
Pollution Carrier: Zurich American Insurance Co.	3/11/09 – 3/11/10	\$17,008	LIMITS: \$1,000,000/\$2,000,000 Coverage for bodily injury or property damage due to release from storage tank and for costs of corrective action.
Public Officials Carrier: Hartford Fire Insurance Treasurer Chief of Business Services Finance Manager Clerk of the Authority	3/23/09 – 3/23/10 1/3/09 – 1/3/10 1/25/09 – 1/25/10 7/1/08 – 7/1/09	\$3,025 \$3,025 \$2,750 \$2,887	LIMITS: \$1,000,000 Coverage protects OCFA in the event faithful performance of duties by public officials is not carried out.
Vehicle Verifier Bond Carrier: Hartford Fire Insurance Fleet Services Manager Fleet Services Coordinator Fleet Services Supervisor	5/19/09 – 5/19/10 10/30/08 – 10/30/09 10/12/08 – 10/12/09	\$100 \$100 \$100	Surety bond for employees responsible for verifying vehicle documentation.
Excess Workers' Compensation TPA: SCRMA Excess: CSAC Excess Insurance Authority	12/1/07 – 12/1/09 7/1/08 – 7/1/09	\$561,643 \$169,161	Workers' Compensation: \$50,000,000 subject to \$2,000,000 SIR Employer's Liability: \$5,000,000 subject to \$2,000,000 SIR Excess Workers' Compensation: \$250,000,000 each accident \$250,000,000 each employee for disease
TOTAL		\$1,746,655	

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

ORANGE COUNTY FIRE AUTHORITY
Incidents by Major Category Definitions

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

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

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

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

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

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

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

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

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

SOURCE: Operations Department, Orange County Fire Authority

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

For the Year Ended June 30 (1)	Fire/ Explosion	Ruptures	Rescue/ EMS	Hazmat	Service Call	Good Intent	False Alarm	Natural Disaster	Other	Total
2000	2,352	252	43,715	1,603	4,353	10,430	4,974	2	274	67,955
2001	2,254	224	45,525	1,754	4,803	10,082	5,472	3	103	70,220
2002	2,212	162	48,011	1,747	4,902	11,122	5,505	7	106	73,774
2003	2,158	160	48,604	1,805	4,891	10,919	4,831	5	118	73,491
2004	2,136	177	52,000	1,665	4,918	10,938	4,455	2	105	76,396
2005	1,923	169	52,348	1,559	5,246	10,990	4,434	47	552	77,268
2006	1,972	179	54,461	1,402	5,271	11,413	4,543	4	417	79,662
2007	1,860	164	50,892	1,332	4,841	9,748	4,098	2	6,340	79,277
2008	1,946	178	57,871	1,353	5,257	10,933	4,835	10	547	82,930
2009	1,795	169	58,358	1,080	5,508	10,839	4,503	3	294	82,549

SOURCE: Clerk of the Authority, Orange County Fire Authority

Note: (1) Response statistics are normally reported on a calendar year basis in other reports.
These statistics have been reported on the fiscal year basis, July through June.

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

For the Year Ended June 30 (1)	2000 Total	2001 Total	2002 Total	2003 Total	2004 Total	2005 Total	2006 Total	2007 Total	2008 Total	2009 Total
Aliso Viejo (2)	n/a	n/a	1,705	1,813	1,924	1,802	1,993	1,978	2,060	1,998
Buena Park	5,041	5,063	5,350	5,439	5,346	5,530	5,368	5,395	5,528	5,668
Cypress	2,229	2,349	2,313	2,322	2,240	2,359	2,489	2,453	2,552	2,504
Dana Point	2,041	2,093	2,303	2,398	2,529	2,441	2,490	2,507	2,700	2,650
Irvine	8,119	8,755	9,190	8,833	9,293	10,341	10,797	10,942	11,632	11,385
Laguna Hills	2,067	2,197	2,242	2,238	2,512	2,211	2,373	2,424	2,434	2,421
Laguna Niguel	2,597	2,557	2,799	2,818	2,871	2,866	2,944	2,949	3,101	3,079
Laguna Woods	3,481	3,700	3,772	3,670	3,949	3,955	4,300	4,223	4,349	4,350
Lake Forest	3,411	3,805	4,079	3,922	4,092	4,171	4,103	4,171	4,170	4,272
La Palma	621	563	619	648	736	761	772	798	760	760
Los Alamitos	939	917	963	984	930	971	1,012	1,052	1,032	1,083
Mission Viejo	5,010	5,351	5,630	5,573	5,845	5,577	5,809	5,763	6,139	6,424
Placentia	2,125	2,258	2,269	2,375	2,557	2,577	2,797	2,678	2,829	2,699
Rancho Santa Margarita	1,275	1,593	1,790	1,786	1,773	1,914	1,946	1,828	2,002	1,965
San Clemente	2,721	3,004	3,057	3,219	3,508	3,594	3,619	3,644	3,863	3,678
San Juan Capistrano	2,219	2,196	2,253	2,116	2,340	2,418	2,452	2,446	2,569	2,526
Seal Beach	2,708	2,802	2,967	2,720	2,967	3,049	3,257	3,218	3,453	3,388
Stanton	2,252	2,503	2,483	2,495	2,419	2,307	2,368	2,372	2,438	2,420
Tustin	3,536	3,542	3,524	3,644	3,668	3,645	3,608	3,631	3,865	3,761
Villa Park	265	263	273	274	271	292	309	303	324	329
Westminster	5,333	5,377	5,460	5,525	5,618	5,798	5,950	5,782	5,795	5,835
Yorba Linda	2,300	2,371	2,510	2,563	2,653	2,676	2,814	2,815	3,100	3,134
Unincorporated	<u>7,665</u>	<u>6,961</u>	<u>6,223</u>	<u>6,116</u>	<u>6,355</u>	<u>6,013</u>	<u>6,092</u>	<u>5,905</u>	<u>6,235</u>	<u>6,220</u>
Total	<u>67,955</u>	<u>70,220</u>	<u>73,774</u>	<u>73,491</u>	<u>76,396</u>	<u>77,268</u>	<u>79,662</u>	<u>79,277</u>	<u>82,930</u>	<u>82,549</u>

SOURCE: Clerk of the Authority, Orange County Fire Authority

Note: (1) Response statistics are normally reported on a calendar year basis in other reports.

These statistics have been reported on the fiscal year basis, July through June.

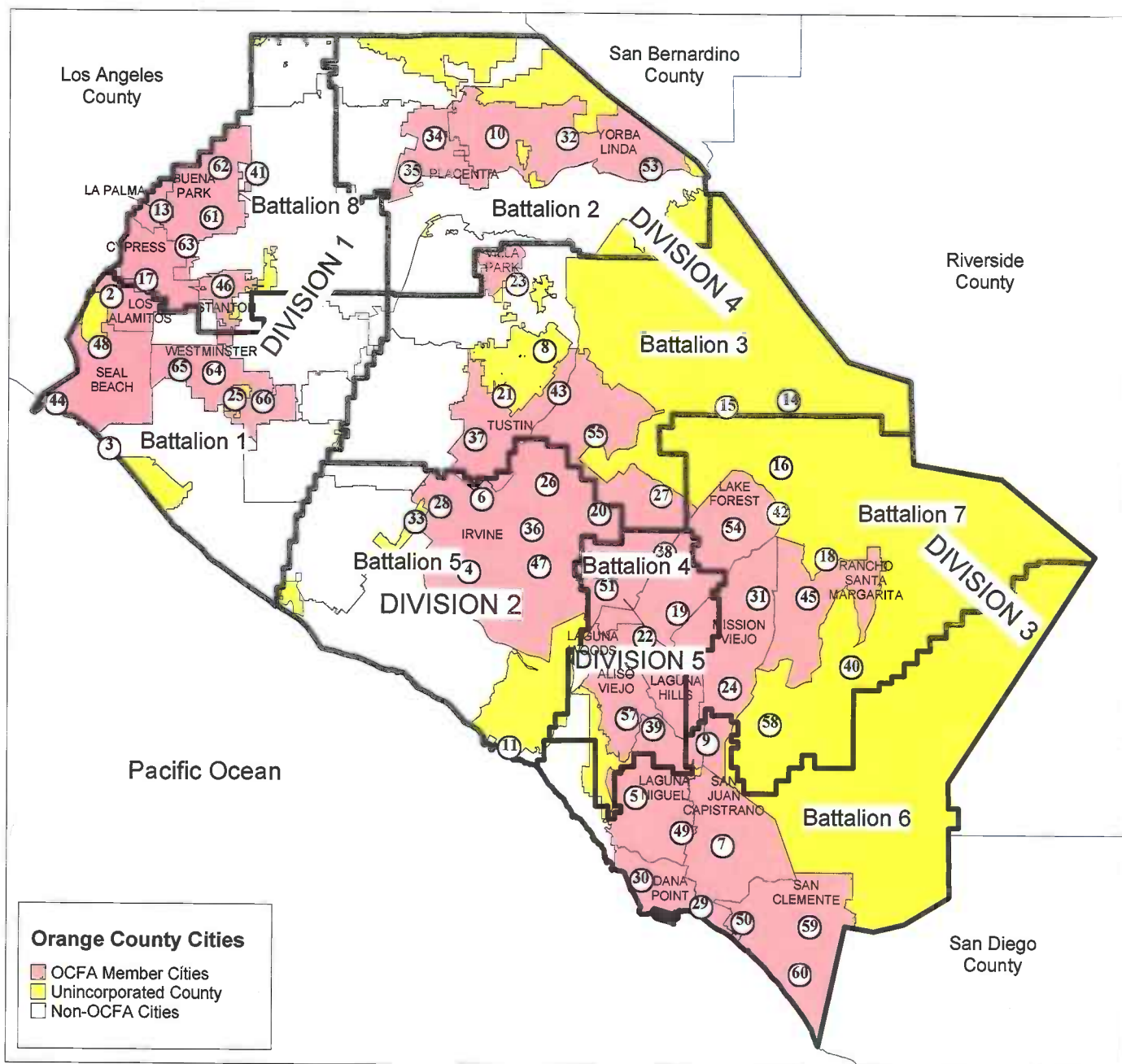
(2) Aliso Viejo joined the OCFA upon incorporation on 7/1/01 (previously reported in County unincorporated).

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

	For the Year Ended June 30									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Number of stations	61	63	59	60	60	60	61	60	61	62
Equipment:										
Engines (1)	82	84	76	73	73	99	99	53	75	80
Trucks	14	14	13	13	13	13	13	13	13	13
Air support vehicles	2	4	4	3	4	4	2	2	4	4
Airport crash units	4	3	3	4	3	4	4	4	4	4
Bull dozers	3	2	2	3	2	2	3	3	3	3
Command vehicles	2	2	2	2	2	2	2	2	2	2
HazMat response	1	1	1	1	2	2	2	2	2	2
Helicopters	2	2	2	2	2	2	2	2	2	4
Paramedic vans	10	10	10	10	10	10	10	12	13	10
Squad vehicles	0	0	10	7	7	7	7	7	7	7
Water tenders	6	4	4	5	5	5	5	4	5	5
Patrols	9	9	9	12	12	12	12	12	12	12
Swift water rescue boats	4	4	4	4	4	4	4	4	4	4

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

DIVISION/BATTALION BOUNDARIES AND STATION LOCATIONS



ORANGE COUNTY FIRE AUTHORITY
List of Stations by Member Agency
June 30, 2009

City of Aliso Viejo

Station 57, 57 Journey, 92656

City of Buena Park

Station 61, 8081 Western Ave. 90620

Station 62, 7780 Artesia Blvd. 90620

Station 63, 9120 Holder St. 90620

City of Cypress

Station 17, 4991 Cerritos Ave. 90630

City of Dana Point

Station 29, 26111 Victoria Blvd. 92624

Station 30, 23831 Stonehill Dr. 92629

City of Irvine

Station 4, 2 California Ave. 92612

Station 6, 3180 Barranca Pkwy. 92606

Station 20, 7020 Trabuco Rd., 92618

Station 26, 4691 Walnut Ave. 92604

Station 27, 12400 Portola Springs Rd.

Station 28, 17862 Gillette Ave. 92614

Station 36, 301 E. Yale Loop 92604

Station 38, 26 Parker 92618

Station 47, 47 Fossil 92603

Station 51, 18 Cushing 92618

Station 55, 4955 Portola Pkwy. 92614

Cities of Laguna Hills and Laguna Woods

Station 22, 24001 Paseo de Valencia 92653

City of Laguna Niguel

Station 5, 23600 Pacific Island Dr. 92677

Station 39, 24241 Avila Rd. 92656

Station 49, 31461 St. of the Golden Lantern 92677

City of Lake Forest

Station 19, 23022 El Toro Rd. 92630

Station 42, 19150 Ridgeline Rd., 92679

Station 54, 19811 Pauling Ave., 92610

City of La Palma

Station 13, 7822 Walker St. 90623

City of Los Alamitos

Station 2, 3642 Green Ave. 90720

City of Mission Viejo

Station 9, #9 Shops Blvd. 92691

Station 24, 25862 Marguerite Pkwy. 92692

Station 31, 22426 Olympiad Rd. 92692

City of Placentia

Station 34, 1530 N. Valencia 92870

Station 35, 110 S. Bradford 92870

City of Rancho Santa Margarita

Station 45, 30131 Aventura 92688

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

City of San Clemente

Station 50, 670 Camino de los Mares 92673
Station 59, 1030 Calle Negocio 92673
Station 60, 100 Avenida Presidio 92672

City of Tustin

Station 37, 14901 Red Hill Ave. 92780
Station 43, 11490 Pioneer Way 92782

City of San Juan Capistrano

Station 7, 31865 Del Obispo 92675

City of Villa Park

Station 23, 5020 Santiago Canyon Rd. 92869

City of Seal Beach

Station 44, 718 Central Ave. 90740
Station 48, 3131 Beverly Manor Rd. 90740

City of Westminster

Station 64, 7351 Westminster Blvd. 92683
Station 65, 6061 Hefley St. 92683
Station 66, 15061 Moran St. 92683

City of Stanton

Station 46, 7871 Pacific St. 90680

City of Yorba Linda

Station 10, 18422 E. Lemon Dr. 92886
Station 32, 20990 Yorba Linda Blvd. 92886
Station 53, 25415 La Palma Ave. 92886

County of Orange, Unincorporated

Station 3, 16861 12th St., Sunset Beach 90742
Station 8, 10631 Skyline Dr., Santa Ana 92705
Station 11, 259 Emerald Bay, Laguna Beach 92651
Station 14, P.O. Box 12, Silverado 92676
Station 15, 27172 Silverado Canyon Rd., Silverado 92676
Station 16, 28891 Modjeska Canyon Rd., Silverado 92676

Station 18, P.O. Box 618, Trabuco Canyon 92678
Station 21, 1241 Irvine Blvd., Tustin 92780
Station 25, 8171 Bolsa Ave., Midway City 92655
Station 40, 25082 Vista del Verde, Coto de Caza 92679
Station 58, 58 Station Way, Ladera Ranch 92694

Specialty Stations

Station 41, 3815 Commonwealth Ave, Fullerton 92633
Helicopter Operations

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

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

EXECUTIVE MANAGEMENT

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

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

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

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

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

Human Resources Division – The Human Resources Division includes the following sections: Employee Relations, Organizational Training and Development, 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. The employee relations program includes classification and compensation, recruitment and selection, labor negotiations and Memorandum of Understanding (MOU) administration, risk management, performance management, salary administration, health and wellness, organizational development/training, employee benefits and other areas essential to the management of the OCFA's human resources.

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

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

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

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

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

OPERATIONS DEPARTMENT

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

Divisions I, II, III, IV, and V – There are five operational divisions, each under the command of a Division Chief, encompassing geographical areas throughout the OCFA's jurisdiction. Divisions I, III, and IV are divided into two battalions while Divisions II and V consist of one battalion and specialized emergency response capabilities and equipment (Airport Rescue Firefighting and the Hazardous Materials Response Team in Division II and Urban Search and Rescue in Division V). The battalions are under the command of Battalion Chiefs. Within these battalions are 60 fire stations that provide for regional emergency response to all structure fires, medical aids, rescues, hazardous materials incidents and wildland fires.

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

Community Volunteer Services – The Community Volunteer Services Section is responsible for the coordination of 357 Reserve Firefighters (RFF) that provide emergency medical aid, fire suppression and support services responding out of five stand-alone fire stations, fourteen combination fire stations (both RFF and Career personnel assigned) and three RFF Crew locations.

Emergency Communications – The Emergency Communications Section has two primary functions. The Dispatch Center receives and dispatches emergency calls using Computer Aided Dispatching system (CAD). The geo-file group maintains the Fire Station Order File, a key component of CAD to ensure the closest emergency apparatus is sent to the emergency.

Emergency Medical Services (EMS) – The Emergency Medical Services (EMS) Section provides management, oversight and direction for the delivery of emergency medical services by first responders and paramedics. This includes the implementation of the continuing quality improvement program; ongoing continuing education for all personnel and EMT-I basic training for the reserve personnel; EMS supply and equipment evaluation and purchasing; monitoring and tracking of paramedic licensure and EMT-I certifications; oversight of compliance to ALS and medical supply fee agreements by the ambulance providers; issuance and evaluation of the ambulance RFP; monitoring of ambulance response time compliance; liaison to applicable regulatory agencies, hospitals, ambulance providers and other EMS groups; and identifying paramedic staffing needs and performing recruitment functions.

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

issues. This section also maintains and updates all City and County Emergency Plans, the multi-agency Mutual Aid Plan, Office of Emergency Services (OES) Mutual Aid Plan, Supplement Response Guidebook and OCFA Mutual Aid Operational Area Plan. The Chief also has responsibility for the administration and coordination of the OCFA Vegetation Management Program (VMP/Wildland Defense Program). The goal of this program is to mitigate the negative effects of wildland fires by developing tactical pre-fire plans, using controlled burns to lessen the effects of wildland fires and providing community awareness of efforts the community can take to prevent property and life loss in the wildland/urban interface.

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

Special Operations – The Special Operations Section is responsible for coordination of the OCFA's Helicopter Program, fire crews and heavy fire equipment. The OCFA currently maintains firefighting helicopters used for emergency responses throughout the year for wildland and wildland-urban interface fires, swift water and still water rescues, medical rescue support and disaster mitigation. The Crews and Equipment Unit is responsible for coordinating firefighting handcrews, heavy fire equipment emergency responses, fire road maintenance and various construction and maintenance projects.

FIRE PREVENTION DEPARTMENT

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

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

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

Pre-Fire Management – The Pre-Fire Management Section focuses on the reduction of risk through the unique function of three different units. The Risk Analysis and Mitigation Evaluation unit identifies fire risks in order to develop and/or modify effective risk intervention programs. The Wildland Fire Defense Planning and Prevention unit works with stakeholders and jurisdictions that manage large, open space areas to support them in understanding fire risks and potential losses due to wildland fire, and assist them in developing plans to mitigate risks and protect these lands. Wildland Fire Prevention also oversees OCFA's **READY! SET! GO!** Program which includes the mitigation of wildland fire risks through a formalized fuel modification inspection and enforcement program. This unit also monitors wildland and vegetation conditions to identify potential hazards, ensuring communities in the wildland urban interface areas are better protected from the risk of wildland fire. The Automation Support unit, through the utilization of technology, creates and maintains efficiencies to ensure Fire Prevention utilizes streamlined processes and procedures. Together these units take a proactive approach to fire prevention through the systematic mitigation of risk in its communities.

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

BUSINESS SERVICES DEPARTMENT

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

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

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

Purchasing & Materiel Management – The Purchasing & Materiel Management Section processes all purchasing requisitions, develops requests for proposals (RFPs), manages formal bid processes and manages surplus property for the OCFA. This section also provides shipping, receiving and warehousing services; performs mail processing and delivery services; certifies and maintains breathing apparatus; provides repair and fabrication services on equipment, woodworking, safety garments, and tools; manages the acquisition and distribution of bulk supplies and equipment; and provides logistical support for major emergencies.

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

SUPPORT SERVICES DEPARTMENT

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

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

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

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

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