NEW ISSUE — BOOK-ENTRY ONLY **Rating: S&P: "SP-1+"**
See "Rating" herein.

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with tax covenants described herein, (i) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In addition, in the opinion of Bond Counsel to the Authority, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by the State of California. See "Tax Matters" herein.

$36,260,000
ORANGE COUNTY FIRE AUTHORITY
2015-2016 Tax and Revenue Anticipation Notes
Interest Rate: 2.0% Reoffering Yield: 0.30% CUSIP No: 68424PAF6

Dated Date: July 1, 2015 **Maturity Date: June 30, 2016**

The Orange County Fire Authority (the "Authority") is issuing its $36,260,000 principal amount of 2015-2016 Tax and Revenue Anticipation Notes (the "Notes") for the purpose of financing seasonal cash flow requirements for its general fund expenditures during the fiscal year ending June 30, 2016. In accordance with California law, the Notes are general obligations of the Authority, but are payable only out of the taxes, income, revenue, cash receipts, or other moneys of the Authority (including moneys deposited in inactive or term deposits (but excepting certain moneys which, when received by the Authority, will be encumbered for a special purpose unless an equivalent amount of the proceeds from the Notes is set aside for and used for said special purpose)) received or accrued by the Authority during Fiscal Year 2015-16 that are lawfully available for payment of the Notes and the interest thereon (collectively, the "Unrestricted Revenues"). Pursuant to the terms of the Resolution of the Board of Directors of the Authority adopted on May 28, 2015 (the "Resolution"), the Authority pledges Unrestricted Revenues lawfully available for the payment of principal of and interest on the Notes as security for the Notes, and the Treasurer is directed to deposit from such Unrestricted Revenues into the Repayment Account (defined herein) (i) Unrestricted Revenues received by the Authority during certain periods in Fiscal Year 2015-16 ("Designated Revenues") and, in the event such amounts are insufficient to permit the deposit into the Repayment Account of the full amount of the Designated Revenues to be deposited therein in any such period and (ii) Unrestricted Revenues available that have not been deposited previously into the Repayment Account, as more particularly described herein. As provided in Article 7.6, Chapter 4, Part 1, Division 2, Title 5, Sections 53850 *et seq*. of the California Government Code (the "Act") and the Resolution, the Notes and the interest thereon will be a first lien and charge against, and will be payable from the first moneys received by the Authority from the Designated Revenues. The Resolution does not authorize the issuance of additional tax and revenue anticipation notes subsequent to the issuance of the Notes. The Authority expects that the amounts required to be deposited in the Repayment Account from Designated Revenues will be sufficient to repay the Notes and accrued interest thereon. The Repayment Account is to be held in trust by the Authority's Treasurer, as paying agent (the "Paying Agent"). See "The Notes – Security and Sources of Payment for the Notes" herein.

The Notes will be delivered in fully registered form without coupons. The Notes will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Notes. Individual purchases of the Notes will be made in book-entry form only, in denominations of $5,000 and integral multiples of $5,000 in excess thereof. Purchasers of the Notes (the "Beneficial Owners") will not receive certificates representing their interests in the Notes. The principal of and interest on the Notes will be paid on the Maturity Date by the Paying Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the Beneficial Owners. See "Book-Entry Only System" herein.

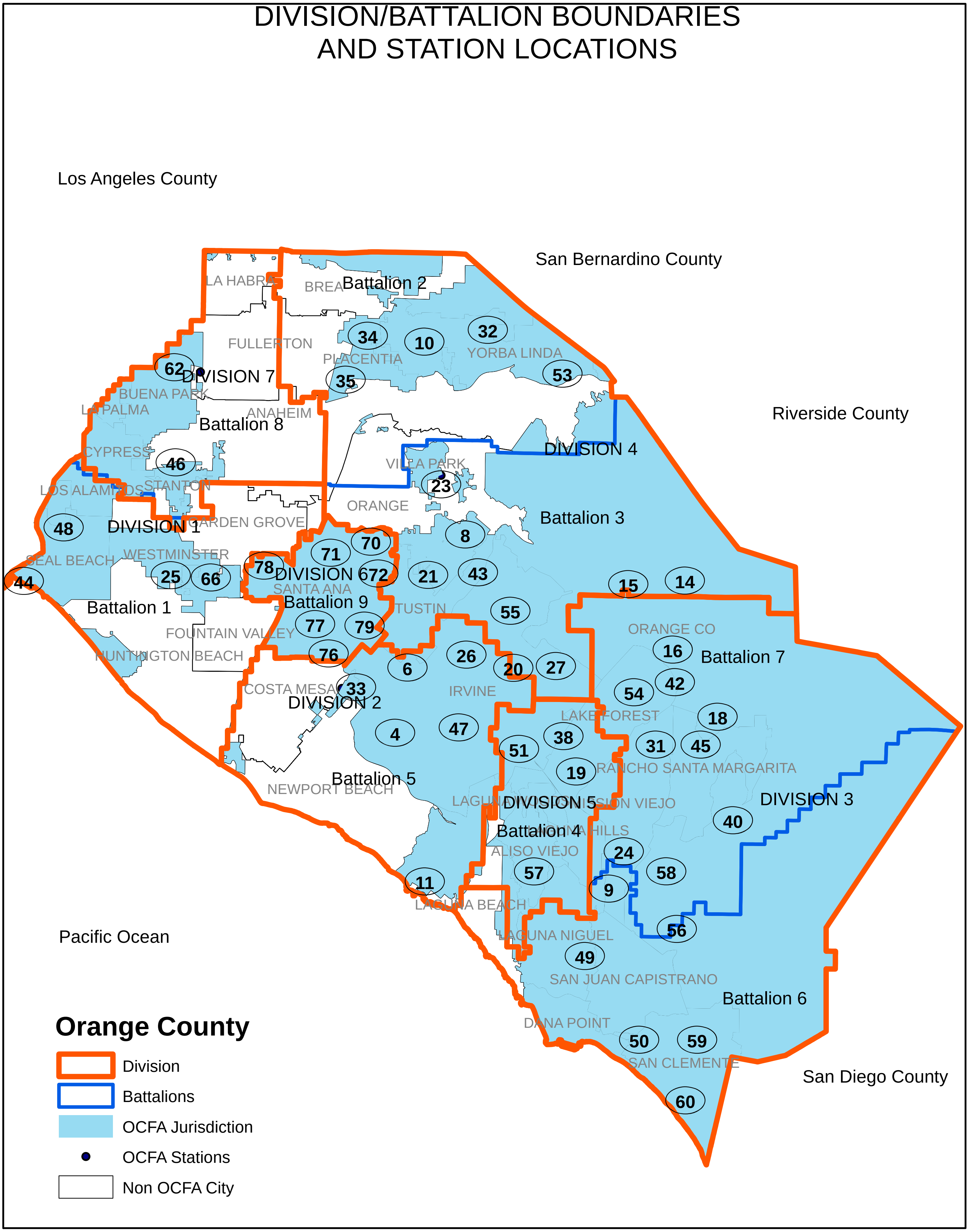
The Notes are not subject to redemption prior to maturity. See "The Notes – General" herein.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Notes are offered when, as and if executed and delivered, and received by the Underwriter, subject to the approval as to their legality by Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed upon for the Authority by its counsel, Woodruff, Spradlin, & Smart, Costa Mesa, California, and its Disclosure Counsel, Hawkins Delafield & Wood LLP, Los Angeles, California. Fieldman, Rolapp & Associates, Irvine, California is serving as Financial Advisor to the Authority in connection with the issuance of the Notes It is anticipated that the Notes in definitive form will be available for delivery through the facilities of DTC on or about July 1, 2015.

Date of the Official Statement: June 9, 2015

ORANGE COUNTY FIRE AUTHORITY SERVICE AREA



ORANGE COUNTY FIRE AUTHORITY

BOARD OF DIRECTORS

Director	Member Agency	Director	Member Agency
Al Murray, Chair	Tustin	Ed Sachs	Mission Viejo
Gene Hernandez, Vice Chair	Yorba Linda	Craig Green	Placentia
Phillip Tsunoda	Aliso Viejo	Carol Gamble	Rancho Santa Margarita
Elizabeth Swift	Buena Park	Bob Baker	San Clemente
Rob Johnson	Cypress	John Perry	San Juan Capistrano
Joseph Muller	Dana Point	Angelica Amezcua	Santa Ana
Jeffrey Lalloway	Irvine	David Sloan	Seal Beach
Gerard Goedhart	La Palma	David John Shawver	Stanton
Don Sedgwick	Laguna Hills	Rick Barnett	Villa Park
Jerry McCloskey	Laguna Niguel	Tri Ta	Westminster
Noel Hatch	Laguna Woods	Lisa Bartlett	County of Orange
Dwight Robinson	Lake Forest	Todd Spitzer	County of Orange
Warren Kusumoto	Los Alamitos		

AUTHORITY OFFICIALS

Jeff Bowman, Fire Chief
Lori Zeller, Assistant Chief, Business Services Department
Michael Schroeder, Assistant Chief, Support Services Department
Lori Smith, Assistant Chief, Community Risk Reduction Department
Dave Thomas, Assistant Chief, Operations Department
Brian Young, Assistant Chief, Organizational Planning
Patricia Jakubiak, Treasurer
Jane Wong, Assistant Treasurer
Jim Ruane, Finance Manager/Auditor
David Kendig, General Counsel

PAYING AGENT

Treasurer of the Orange County Fire Authority
Irvine, California

BOND COUNSEL AND DISCLOSURE COUNSEL

Hawkins Delafield & Wood LLP
Los Angeles, California

GENERAL COUNSEL

Woodruff, Spradlin, & Smart
Costa Mesa, California

FINANCIAL ADVISOR

Fieldman, Rolapp & Associates
Irvine, California

No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Notes other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Notes by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or owners of the Notes. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from the Authority and sources which the Authority believes to be reliable. The information and expression of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or any other parties described herein since the date hereof. All summaries of the Resolution or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Authority for further information in connection therewith.

In connection with the offering of the Notes, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of such notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Notes to certain dealers and dealer banks and banks acting as agents at prices lower than the public offering price stated on the cover page hereof and said public offering price may be changed from time to time by the Underwriter.

The Authority maintains a website at http://www.ocfa.org. However, the information presented there is not part of this Official Statement, is not incorporated by reference herein and should not be relied upon in making an investment decision with respect to the Notes.

CUSIP is a registered trademark of American Bankers Association. CUSIP data in this Official Statement is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. CUSIP data herein is set forth for convenience of reference only. The Authority assumes no responsibility for the selection or uses of the CUSIP data or for the accuracy or correctness of such data.

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OFFICIAL STATEMENT

$36,260,000
ORANGE COUNTY FIRE AUTHORITY
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INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the Notes being offered, and a brief description of this Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

General

This Official Statement, including the cover and the Appendices attached hereto (the "Official Statement"), provides certain information concerning the sale and delivery of the 2015-2016 Tax and Revenue Anticipation Notes by the Orange County Fire Authority (the "Authority") in a principal amount of $36,260,000 (the "Notes"). The Notes are issued under the authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the "Act") and a Resolution adopted by the Board of Directors of the Authority (the "Board of Directors") on May 28, 2015 (the "Resolution"). The Resolution only authorizes the issuance of the Notes and does not authorize the issuance of additional tax and revenue anticipation notes. The Notes are being issued for the purpose of financing seasonal cash flow requirements of the Authority for its General Fund (the "General Fund") expenditures during the fiscal year ending June 30, 2016. For additional information regarding General Fund expenditures, see "The Notes – Cash Flow Projections" herein and Appendix A – "Financial, Economic and Demographic Information Regarding the Authority - Financial and Economic Information" and Appendix B - "Excerpts from the Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2014" attached hereto.

The Authority

The Authority was formed on March 1, 1995 to provide fire protection and related services to 18 member cities and the unincorporated area of County of Orange, California (the "County"). Subsequent to its formation, five additional cities have become members of the Authority. See Appendix A - "Financial, Economic and Demographic Information Regarding the Orange County Fire Authority" attached hereto. A map of the boundaries of the Authority is set forth on the inside front cover page of this Official Statement.

Security and Sources of Payment for the Notes

In accordance with California law, the Notes are general obligations of the Authority, but are payable only out of taxes, income, revenue, cash receipts, or other moneys of the Authority (including moneys deposited in inactive or term deposits (but excepting certain moneys which, when received by the Authority, will be encumbered for a special purpose unless an equivalent amount of the proceeds from the Notes is set aside for and used for said special purpose) received or accrued by the Authority during Fiscal Year 2015-16 that are lawfully available for payment of the Notes and the interest thereon (collectively, the "Unrestricted Revenues"). Pursuant to the terms of the Act and the Resolution, the

Authority has pledged Unrestricted Revenues lawfully available for the payment of principal of and interest on the Notes as security for the Notes, and the Treasurer is directed to deposit from such Unrestricted Revenues into the Repayment Account Designated Revenues (as hereinafter defined). In the event such amounts are insufficient to permit the deposit into the Repayment Account of the full amount of the Designated Revenues to be deposited therein in any such period, the Authority has pledged to deposit Unrestricted Revenues available that have not been deposited previously into the Repayment Account, as more particularly described herein. As provided in the Act, the Notes and the interest thereon will be a first lien and charge against, and will be payable from the first moneys received by the Authority from the Designated Revenues. The Repayment Account is to be held in trust by the Authority's Treasurer, as Paying Agent for the Notes (the "Paying Agent"). The Authority expects that the aggregate amounts required to be deposited in the Repayment Account from Designated Revenues will be sufficient to repay the Notes and accrued interest thereon when due. See "The Notes – Security and Sources of Payment for the Notes" herein.

General Description of the Notes

The Notes will be delivered in fully registered form without coupons. The Notes will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC") will act as securities depository of the Notes. Individual purchases of the Notes will be made in book-entry form only, in denominations of $5,000 and integral multiples of $5,000 in excess thereof. Purchasers of the Notes (the "Beneficial Owners") will not receive certificates representing their interests in the Notes. The principal of and interest on the Notes will be paid on June 30, 2016 (the "Maturity Date") by the Paying Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the Beneficial Owners. See "Book-Entry Only System" and "The Notes – General" herein.

The Notes are not subject to redemption prior to maturity.

Tax Matters

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with tax covenants described herein, (i) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In addition, in the opinion of Bond Counsel to the Authority, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by the State of California. See "Tax Matters" herein.

Continuing Disclosure

The Authority has covenanted in the Resolution to file notices of certain events (each, a "Listed Event") with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system or as otherwise directed by the MSRB or the Securities and Exchange Commission (the "SEC"). See "Continuing Disclosure" herein.

Miscellaneous

The Notes will be offered when, as and if executed and delivered, and received by the Underwriter, subject to the approval as to their legality by Bond Counsel and certain other conditions. It is anticipated that the Notes in definitive form will be available for delivery to DTC on or about July 1, 2015.

The descriptions herein of the Resolution are qualified in their entirety by reference to such document, and the descriptions herein of the Notes are qualified in their entirety by the form thereof and the information with respect thereto included in the aforementioned documents. Copies of the Resolution are on file and available from the office of the Treasurer at 1 Fire Authority Road, Irvine, California 92602, Attention: Treasurer.

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof.

The presentation of information, including tables of receipt of revenues, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the Authority. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

The Authority regularly prepares a variety of reports, including audits, budgets and related documents. Any owner of a Note may obtain a copy of any such report from the Authority.

THE NOTES

General

The Notes will be dated, will mature, and will bear interest at the rate per annum as shown on the cover page hereof computed on the basis of a 360-day year consisting of twelve 30-day months. Principal and interest on the Notes will be payable on the Maturity Date. The Notes will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Notes. Individual purchases of the Notes will be made in book-entry form only, in denominations of $5,000 and in integral multiples of $5,000 in excess thereof. Beneficial Owners (as defined below) of the Notes will not receive physical certificates representing the Notes purchased. The principal of and interest on the Notes will be paid on the Maturity Date by the Paying Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the Beneficial Owners. See “Book-Entry Only System” herein.

The Notes are not subject to redemption prior to maturity.

Security and Sources of Payment for the Notes

In accordance with California law, the Notes are general obligations of the Authority, but are payable only out of Unrestricted Revenues received or accrued by the Authority during Fiscal Year 2015-16. Pursuant to the terms of the Act and the Resolution, the Authority has pledged Unrestricted Revenues lawfully available for the payment of principal of and interest on the Notes as security for the Notes, and the Treasurer is directed to deposit from such Unrestricted Revenues into the Repayment Account Unrestricted Revenues received by the Authority during certain periods in the Fiscal Year 2015-16 (collectively, the “Designated Revenues”) and, in the event such amounts are insufficient to permit the deposit into the Repayment Account of the full amount of the Designated Revenues to be deposited therein in any such period and Unrestricted Revenues available that have not been deposited previously into the Repayment Account, as more particularly described herein. The Authority expects that the amounts required to be deposited in the Repayment Account from Designated Revenues will be sufficient to repay the Notes and accrued interest thereon. The Repayment Account is to be held in trust by the Paying Agent.

Designated Revenues are as follows: (i) an amount equal to fifty percent (50%) of the principal amount of the Notes from the first Unrestricted Revenues received by the Authority during the accounting period commencing on April 1, 2016 and ending April 30, 2016, inclusive (the "First Designation Period"), and (ii) an amount equal to fifty percent (50%) of the principal amount of Notes from the first Unrestricted Revenues received by the Authority during the accounting period commencing on May 1, 2016 and ending May 31, 2016, inclusive (the "Second Designation Period"), together with an amount sufficient to (net of anticipated earnings on moneys in the Repayment Account) satisfy and make up any deficiency in the Repayment Account with respect to the First Designation Period and pay the interest accrued and to accrue on the Notes to the maturity thereof, plus an amount, if any, equal to the rebate amount calculated pursuant to the Resolution to be due to the United States Treasury. As provided in the Act, the Notes and the interest thereon shall be a first lien and charge against and shall be payable from the first moneys to be received by the Authority from the Designated Revenues.

In the event that there have been insufficient Unrestricted Revenues received by the Authority by the third business day prior to the end of any such Designation Period to permit the deposit into the Repayment Account of the full amount of the Designated Revenues required to be deposited with respect to such Designation Period, then the amount of any deficiency in the Repayment Account shall be satisfied and made up from any other moneys of the Authority lawfully available for the payment of the principal of the Notes and the interest thereon (all as provided in Sections 53856 and 53857 of the Government Code) (the "Other Designated Moneys") on such date or thereafter on a daily basis, when and as such Designated Revenues and Other Designated Moneys are received by the Authority.

Available Sources of Payment

The Notes, in accordance with California law, are general obligations of the Authority, but are payable only out of the taxes, income, revenue, cash receipts and other moneys received for the General Fund of the Authority attributable to Fiscal Year 2015-16 and legally available for payment thereof. Under the Act, no obligations, including the Notes, may be issued thereunder if the principal thereof and interest thereon exceeds 85% of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts and other moneys which will be available for payment of such principal and interest. The estimated principal amount of Notes and interest thereon equals $37.00 million which represents approximately 9.5% of the estimated sources available for payment of the Notes.

The Authority estimates that the total General Fund balance and Unrestricted Revenues available for payment of the Notes will be in excess of $391.1 million as indicated in the following Table 1. Except for Designated Revenues, these moneys will be expended during the remaining course of the fiscal year, and no assurance can be given that any moneys, other than the Designated Revenues, will be available to pay the Notes and the interest thereon.

Table 1
ORANGE COUNTY FIRE AUTHORITY
Estimated General Fund Balance and Revenues Available for Payment of the Notes
Fiscal Year 2015-16[(1)]

Source of Revenues	Amount
Beginning Balance	$ 21,538,620
Revenues	
Property Taxes	$214,445,545
Intergovernmental	14,942,177
Charges for Current Services	101,969,304
Use of Money and Property	880,227
Miscellaneous	1,058,733
Proceeds of the Notes	36,260,000
Total	$391,094,606

(1) Based upon estimates contained in the Authority's adopted budget for Fiscal Year 2015-16.

Source: Orange County Fire Authority.

For detailed information regarding estimated debt service coverage on the Notes at each respective Pledge Date, see the table titled "Projected General Fund and Repayment Fund Cash Flow Fiscal Year 2015-16" in the section "The Notes - Cash Flows Projections for Fiscal Years 2013-14, 2014-15 and 2015-16" herein.

Intrafund Borrowing

The Authority does not invest its funds in the Orange County Treasury Pool. Therefore, it cannot temporarily borrow funds from the County. However, the Authority may fund General Fund cash flow deficits from its capital funds and other special funds and repay those funds from available amounts in its General Fund when such funds are received during the fiscal year. This temporary borrowing is referred to as "Intrafund Borrowing". During the period from Fiscal Year 1997-98 through Fiscal Year 2008-09, the Authority issued tax and revenue anticipation notes to fund cash flow deficits. Prior to Fiscal Year 2007-08 and during Fiscal Years 2009-10 through and including 2013-14, the Authority used Intrafund Borrowing to fund cash flow deficits. The Authority issued its $44,000,000 aggregate principal amount 2014-15 Tax and Revenue Anticipation Notes on July 1, 2014 which will are due and payable on June 30, 2015. As of the date hereof, the Authority has deposited all amounts necessary to pay the 2014-15 Tax and Revenue Notes on the maturity date therefor. Pursuant to the Authority's Short-Term Debt Policy, any Intrafund Borrowing must be repaid within the same fiscal year with interest. The Authority has never used Intrafund Borrowing to make deposits to secure or pay any tax and revenue anticipation notes. The Authority has always made timely repayment of any Intrafund Borrowing.

The Authority regularly requests the Board of Directors to provide authorization for such Intrafund Borrowing. On May 28, 2015, the Board of Directors authorized the Authority to use Intrafund Borrowing during Fiscal Year 2015-16 if necessary. The Authority's Intrafund Borrowing capacity is estimated to be approximately $11 million as of June 30, 2016. The Authority does not expect to need to use Intrafund Borrowing to fund the Designated Revenues or pay the principal of or interest on the Notes on the Maturity Date. The following Table 2 sets forth the Authority's borrowable cash resources as of June 30 for Fiscal Years 2011-12 through 2015-16.

Table 2
ORANGE COUNTY FIRE AUTHORITY
Intrafund Borrowing Capacity
Fiscal Years ended June 30, 2012 through June 30, 2016

Fund	**Name and Purpose of Fund**	**Actual Fiscal Year 2011-12**	**Actual Fiscal Year 2012-13**	**Actual Fiscal Year 2013-14**	**Estimated Fiscal Year 2014-15**	**Projected Fiscal Year 2015-16**
Capital Projects Fund 122	Facilities Maintenance and Improvement Fund	$ 3,474,556	$ 2,761,858	$ 2,798,203	--	--
Capital Projects Fund 124	Communications/Information Systems Replacement Fund	22,180,446	19,165,539	18,944,605	$14,498,643	$10,265,267
Capital Projects Fund 133	Vehicle Replacement Fund	34,057,794	30,622,213	29,395,203	18,688,160	11,903,623
Fund 171	Structural Fire Fund Entitlement Fund	1,396,867	1,296,620	1,173,911	786,944	798,943
Fund 190	Worker's Compensation Self Insurance Fund	34,242,717	53,649,000	60,921,529	68,019,507	73,933,892
Capital Projects Fund 123	Fire Stations and Facilities Fund	16,080,659	16,624,752	15,358,517	11,646,338	11,012,278
	Total	$111,433,039	$124,119,982	$128,591,968	$113,639,592	$ 107,914,003

Source: Orange County Fire Authority.

Historical General Fund Cash Balances and Intrafund Borrowing Capacity

The following Table 3 sets forth the month-end cash balances in the General Fund for Fiscal Years 2011-12 through Fiscal Year 2015-16. The Authority's estimated and projected fiscal year-end Intrafund Borrowing Capacity is also presented in the following Table 2 herein. See " – Intrafund Borrowing and Cash Flow" herein for amounts available from the largest funds comprising Intrafund Borrowing Capacity.

Table 3
ORANGE COUNTY FIRE AUTHORITY
General Fund Month-End Cash Balances and Intrafund Borrowing Capacity(1)
Fiscal Years 2011-12 through 2015-16

Accounting Month	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15(2)	Fiscal Year 2015-16(3)
July	$ 53,316,461	$ 63,080,411	$ 62,284,081	$43,750,690	$30,024,426
August	40,187,922	43,026,561	39,684,544	20,975,834	15,715,658
September	30,824,485	39,554,071	33,169,364	19,496,444	16,162,510
October	16,709,543	27,215,384	18,537,102	5,448,214	12,989,019
November	13,141,827	36,846,123	14,860,504	4,875,444	7,763,115
December	85,568,035	98,129,458	95,050,306	89,044,753	80,108,613
January	51,294,050	63,194,420	47,466,905	39,513,083	41,928,005
February	38,258,308	47,863,957	32,524,870	30,473,166	30,205,791
March	33,673,957	43,843,432	36,223,096	33,212,544	36,756,078
April	85,472,447	82,670,550	83,430,240	60,954,684	70,025,961
May	36,997,021	34,907,452	31,403,499	27,122,834	37,142,207
June	32,637,673	32,548,172	31,645,069	21,538,620	29,698,072
Intrafund Borrowing Capacity at June 30:	$111,433,039	$124,119,982	$128,591,968	$113,639,592	$107,914,003

(1) Period-end balances for Fiscal Years 2011-12 through 2014-15 are net of any Intrafund Borrowing undertaken to finance cash flow deficits. The projected period-end balances for Fiscal Year 2014-15 are net of scheduled deposits to the Repayment Account for the Notes. See " – Intrafund Borrowing and Cash Flow" and Table 2 herein for information on Intrafund Borrowing and borrowable balances as of June 30 of each Fiscal Year.

(2) Reflects actual balances from July 2014 through March 2015 and estimated balances from April 2015 through June 2015.

(3) Projected.

Source: Orange County Fire Authority.

Cash Flows for Fiscal Years 2013-14, 2014-15 and 2015-16

The Authority has prepared the General Fund actual cash flows for Fiscal Year 2013-14 set forth in the following Table 4, the actual and projected General Fund cash flows for Fiscal Year 2014-15 set forth in the following Table 5, the variances between Fiscal Year 2014-15 and Fiscal Year 2013-14 set forth in the following Table 6 and explanations of such aggregate variances set forth in the following Table 7.

In addition, the Authority has prepared the projected General Fund cash flows for Fiscal Year 2015-16 in the following Table 8, the variances between Fiscal Year 2015-16 and Fiscal Year 2014-15 in the following Table 9 and explanations of such aggregate variances in the following Table 10. The Fiscal Year 2015-16 projected cash flows are based upon the Authority's Fiscal Year 2015-16 Adopted Budget. See Appendix A – "Financial, Economic and Demographic Information Regarding the Authority - Financial and Economic Information - Budgetary Process - Proposed 2015-2016 Authority Budget" attached hereto.

Table 4
ORANGE COUNTY FIRE AUTHORITY
Actual General Fund Cash Flow Fiscal Year 2013-14[1]

	Actual July 2013	Actual August 2013	Actual September 2013	Actual October 2013	Actual November 2013	Actual December 2013	Actual January 2014	Actual February 2014	Actual March 2014	Actual April 2014	Actual May 2014	Actual June 2014	Actual 2013-14 Total
Balance From Prior Month	$32,548,172	$ 62,284,081	$39,684,544	$ 33,169,364	$ 18,537,102	$ 14,860,504	$ 95,050,306	$ 47,466,905	$ 32,524,870	$ 36,223,096	$ 83,430,240	$31,403,499	$ 32,548,172
Receipts:													
Property Taxes	$ 3,667,661	$ 691,851	$ 4,491,322	$ 602,024	$ 13,978,883	$ 79,804,588	$ 6,868,796	$ 553,326	$ 9,665,386	$ 62,104,466	$ 4,495,530	$ 2,019,554	$188,943,387
Intergovernmental	185,206	1,362,312	600,627	674,460	296,347	685,944	5,696,450	1,251,812	401,536	401,059	120,558	6,457,438	18,133,749
Charges for Current Services	5,962,851	4,294,356	15,345,212	5,323,783	2,155,982	18,847,953	1,694,623	4,085,111	18,661,010	4,852,826	3,955,026	12,783,744	97,962,476
Bankruptcy Loss Recovery	0	0	0	79,745	0	0	0	0	0	0	0	0	79,745
Use of Money and Property	7,083	3,482	11,956	7,534	5,704	14,067	21,135	10,360	9,453	18,706	14,478	99,931	223,889
Miscellaneous	660,740	81,034	345,795	76,686	92,327	42,436	366,057	157,329	126,436	252,162	90,624	269,444	2,561,070
TRAN Principal	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Transfers In	0	0	0	0	0	0	0	0	0	0	0	0	0
Intrafund Borrowing	41,000,000	0	0	0	0	0	0	0	0	0	(41,000,000)	0	0
Total Receipts	$ 51,483,541	$ 6,433,036	$20,794,911	$ 6,764,232	$ 16,529,243	$ 99,394,988	$ 14,647,061	$ 6,057,938	$ 28,863,822	$ 67,629,218	$(32,323,785)	$21,630,111	$307,904,316
Expenditures:													
Salary & Employee Benefits	$ 21,121,872	$ 26,514,331	$20,189,657	$ 18,778,511	$ 16,693,014	$ 17,275,070	$ 27,770,400	$ 19,080,258	$ 19,520,745	$ 18,196,674	$ 18,081,583	$17,351,494	$240,573,608
OCERS Prepayment (Routine)	0	0	0	0	0	0	29,214,818	0	0	0	0	0	29,214,818
Services & Supplies	625,760	2,518,242	2,622,587	2,617,982	3,512,828	1,930,116	2,257,163	1,919,715	1,772,323	2,225,400	1,512,100	4,037,047	27,551,263
Irvine JEAPs	0	0	0	0	0	0	2,988,081	0	0	0	0	0	2,988,081
OCERS Prepayment (Special)	0	0	0	0	0	0	0	0	3,000,000	0	0	0	3,000,000
Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service: TRAN Principal	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service: TRAN Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
Intrafund Borrowing: Interest Expense	0	0	0	0	0	0	0	0	0	0	109,274	0	109,274
Operating Transfers Out	0	0	4,497,847	0	0	0	0	0	872,528	0	0	0	5,370,375
Total Disbursements	$ 21,747,632	$ 29,032,573	$27,310,091	$ 21,396,493	$20,205,842	$ 19,205,185	$ 62,230,462	$ 20,999,973	$ 25,165,596	$ 20,422,074	$ 19,702,957	$21,388,540	$308,807,419
Excess / (Deficiency)	$ 29,735,909	$(22,599,537)	$ (6,515,180)	$(14,632,261)	$ (3,676,599)	$ 80,189,802	$(47,583,401)	$ (14,942,035)	$ 3,698,226	$ 47,207,144	$(52,026,742)	$ 241,571	$ (903,103)
Month End Balance Forward	$ 62,284,081	$ 39,684,544	$33,169,364	$ 18,537,102	$ 14,860,504	$ 95,050,306	$ 47,466,905	$ 32,524,870	$ 36,223,096	$ 83,430,240	$ 31,403,499	$31,645,069	$ 31,645,069

Source: Orange County Fire Authority.

(1) The Authority restated monthly cash flow for Fiscal Year 2013-14 from the cash flow presented in the Official Statement for the Authority's 2014-15 Tax and Revenue Anticipation Notes due to, among other things, internal reclassifications and adjustments within line items.

Table 5
ORANGE COUNTY FIRE AUTHORITY
Actual General Fund Cash Flow Fiscal Year 2014-15 from July 1, 2014 through March 31, 2015 and Projected General Fund Cash Flow Fiscal Year 2014-15 from April 1, 2015 through June 30, 2015

	Actual July 2014	Actual August 2014	Actual September 2014	Actual October 2014	Actual November 2014	Actual December 2014	Actual January 2015	Actual February 2015	Actual March 2015	Projected April 2015	Projected May 2015	Projected June 2015	Fiscal Year 2014-15 Total
Balance From Prior Month	$31,645,069	$ 43,750,690	$20,975,834	$ 19,496,444	$ 5,448,214	$ 4,875,444	$ 89,044,753	$39,513,083	$30,473,166	$33,212,544	$ 60,954,684	$27,122,834	$ 31,645,069
Receipts:													
Property Taxes	$ 3,406,179	$ 837,562	$ 5,459,121	$ 572,743	$ 9,749,764	$ 90,237,064	$ 6,967,579	$ 1,256,111	$11,735,192	$67,522,992	$ 4,887,759	$ 2,195,757	$204,827,822
Intergovernmental	876,809	1,287,697	1,943,646	215,451	1,509,258	2,154,722	5,686,197	292,333	3,233,325	228,860	68,795	3,684,866	21,181,958
Charges for Current Services	4,626,614	4,324,372	13,546,609	6,905,483	4,233,491	15,914,208	1,258,427	7,129,216	13,417,451	6,223,904	5,072,447	16,395,561	99,047,783
Bankruptcy Loss Recovery	0	0		155,630	0	0	0						155,630
Use of Money and Property	288,155	6,383	2,093	5,729	2,037	1,574	14,117	11,525	1,547	8,028	6,214	42,890	390,293
Miscellaneous	480,748	70,077	211,395	149,679	33,148	98,608	269,218	360,131	(55,050)	(209,009)	(75,115)	(223,334)	1,110,495
TRANs Principal	44,000,000	0	0	0	0	0	0	0	0	0	0	0	44,000,000
Operating Transfers In	0	0	0	0	0	0	0	2,710,702	0	0	0	0	2,710,702
Intrafund Borrowing	0	0	0	0	5,000,000	0	0	0	0	0	0	0	5,000,000
Total Receipts	$53,678,505	$ 6,526,091	$21,162,864	$ 8,004,715	$20,527,697	$108,406,175	$ 14,195,537	$11,760,019	$28,332,465	$73,774,776	$ 9,960,099	$22,095,740	$378,424,683
Expenditures:													
Salary & Employee Benefits	$19,221,098	$ 28,393,657	$21,549,456	$ 20,535,418	$19,901,491	$ 18,746,937	$ 29,780,615	$19,542,796	$20,990,566	$19,132,324	$ 19,132,324	$19,132,324	$256,059,007
OCERS Prepayment (Routine)	0	0	0	0	0	0	29,539,884	0	0	0	0	0	29,539,884
Services & Supplies	3,476,956	907,290	1,092,798	1,517,526	1,198,976	488,271	1,406,708	1,257,140	2,186,207	4,480,310	3,044,252	8,127,628	29,184,061
JEAPs		0	0	0	0	0	0	0	0	0	0	0	0
OCERS Prepayment (Special)	18,290,238	0	0	0	0	0	3,000,000	0	0	0	0	0	21,290,238
Equipment	0	0	0	0	0	0	0	0	0	420,002	420,002	420,002	1,260,007
Debt Service: TRAN Principal	0	0	0	0	0	0	0	0	0	22,000,000	22,000,000		44,000,000
Debt Service: TRAN Interest	0	0	0	0	0	0	0	0	0	0	329,083	0	329,083
Intrafund Borrowing Repayment (including interest)	0	0	0	0	0	5,001,658	0	0	0	0	0	0	5,001,658
Operating Transfers Out	584,592								2,416,314		(1,133,712)		1,867,194
Total Disbursements	$41,572,884	$ 29,300,947	$22,642,254	$ 22,052,944	$21,100,467	$ 24,236,866	$ 63,727,207	$20,799,935	$25,593,087	$46,032,636	$ 43,791,949	$27,679,954	$388,531,132
Excess / (Deficiency)	$12,105,621	$(22,774,856)	$ (1,479,390)	$(14,048,230)	$ (572,770)	$ 84,169,309	$(49,531,670)	$ (9,039,917)	$ 2,739,378	$27,742,139	$(33,831,850)	$ (5,584,214)	$ (10,106,449)
Month End Balance Forward	$43,750,690	$ 20,975,834	$19,496,444	$ 5,448,214	$ 4,875,444	$ 89,044,753	$ 39,513,083	$30,473,166	$33,212,544	$60,954,684	$ 27,122,834	$21,538,620	$ 21,538,620

Source: Orange County Fire Authority

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Table 6
ORANGE COUNTY FIRE AUTHORITY
Changes from Fiscal Year 2014-15 Cash Flow from Fiscal Year 2013-14 Cash Flow

	Actual July 2014	Actual August 2014	Actual September 2014	Actual October 2014	Actual November 2014	Actual December 2014	Actual January 2015	Actual February 2015	Actual March 2015	Projected April 2015	Projected May 2015	Projected June 2015	Fiscal Year 2013-14 Total
Balance From Prior Month	$ (903,103)	$(18,533,391)	$(18,708,710)	$(13,672,920)	$(13,088,889)	$(9,985,060)	$(6,005,553)	$(7,953,822)	$(2,051,704)	$ (3,010,552)	$(22,475,557)	$ (4,280,665)	$ (903,103)
Receipts:													
Property Taxes	$ (261,482)	$ 145,710	$ 967,799	$ (29,281)	$ (4,229,119)	$10,432,476	$ 98,783	$ 702,785	$ 2,069,806	$ 5,418,527	$ 392,229	$ 176,203	$ 15,884,435
Intergovernmental	691,603	(74,615)	1,343,019	(459,009)	1,212,911	1,468,777	(10,254)	(959,479)	2,831,789	(172,199)	(51,763)	(2,772,573)	3,048,209
Charges for Current Services	(1,336,237)	30,016	(1,798,602)	1,581,700	2,077,508	(2,933,745)	(436,196)	3,044,106	(5,243,559)	1,371,079	1,117,421	3,611,817	1,085,307
Bankruptcy Loss Recovery	0	0	0	75,884	0	0	0	0	0	0	0	0	75,884
Use of Money and Property	281,072	2,901	(9,863)	(1,805)	(3,667)	(12,492)	(7,018)	1,165	(7,906)	(10,677)	(8,264)	(57,041)	166,404
Miscellaneous	(179,992)	(10,957)	(134,400)	72,993	(59,180)	56,172	(96,839)	202,802	(181,486)	(461,171)	(165,739)	(492,778)	(1,450,575)
TRANs Principal	44,000,000	0	0	0	0	0	0	0	0	0	0	0	44,000,000
Operating Transfers In	0	0	0	0	0	0	0	2,710,702	0	0	0	0	2,710,702
Intrafund Borrowing	(41,000,000)	0	0	0	5,000,000	0	0	0	0	0	41,000,000	0	5,000,000
Total Receipts	$ 2,194,964	$ 93,056	$ 367,953	$ 1,240,483	$ 3,998,454	$ 9,011,188	$ (451,524)	$ 5,702,081	$ (531,357)	$ 6,145,558	$ 42,283,884	$ 465,629	$ 70,520,367
Expenditures:													
Salary & Employee Benefits	$ (1,900,773)	$ 1,879,327	$ 1,359,799	$ 1,756,907	$ 3,208,477	$ 1,471,867	$ 2,010,215	$ 462,538	$ 1,469,821	$ 935,650	$ 1,050,741	$ 1,780,830	$ 15,485,399
OCERS Prepayment (Routine)	0	0	0	0	0	0	325,066	0	0	0	0	0	325,066
Services & Supplies	2,851,195	(1,610,953)	(1,529,790)	(1,100,456)	(2,313,852)	(1,441,844)	(850,455)	(662,576)	413,884	2,254,910	1,532,152	4,090,581	1,632,798
Irvine JEAPs	0	0	0	0	0	0	(2,988,081)	0	0	0	0	0	(2,988,081)
OCERS Prepayment (Special)	18,290,238	0	0	0	0	0	3,000,000	0	(3,000,000)	0	0	0	18,290,238
Equipment	0	0	0	0	0	0	0	0	0	420,002	420,002	420,002	1,260,007
Debt Service: TRAN Principal	0	0	0	0	0	0	0	0	0	22,000,000	22,000,000	0	44,000,000
Debt Service: TRAN Interest	0	0	0	0	0	0	0	0	0	0	329,083	0	329,083
Intrafund Borrowing Repayment (including interest)	0	0	0	0	0	5,001,658	0	0	0	0	(109,274)	0	4,892,384
Operating Transfers Out (estimated)	584,592	0	(4,497,847)	0	0	0	0	0	1,543,786	0	(1,133,712)	0	(3,503,181)
Total Disbursements	$ 19,825,252	$ 268,374	$ (4,667,837)	$ 656,451	$ 894,625	$ 5,031,681	$ 1,496,744	$ (200,038)	$ 427,492	$ 25,610,563	$ 24,088,992	$ 6,291,414	$ 79,723,713
Excess / (Deficiency)	$(17,630,288)	$ (175,319)	$ 5,035,790	$ 584,032	$ 3,103,829	$ 3,979,507	$(1,948,269)	$ 5,902,118	$ (958,848)	$(19,465,005)	$ 18,194,892	$ (5,825,785)	$ (9,203,346)
Month End Balance Forward	$(18,533,391)	$(18,708,710)	$(13,672,920)	$(13,088,889)	$ (9,985,060)	$(6,005,553)	$(7,953,822)	$(2,051,704)	$(3,010,552)	$(22,475,557)	$ (4,280,665)	$(10,106,450)	$(10,106,450)

Source: Orange County Fire Authority

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Table 7
ORANGE COUNTY FIRE AUTHORITY
Explanation of Changes from Fiscal Year 2014-15 Cash Flow from Fiscal Year 2013-14 Cash Flow

	Variance Projected	Variance Explanation
BEGINNING BALANCE	$ (903,103)	
RECEIPTS		
Property Taxes	$ 15,884,435	The Authority projects higher property tax revenues in Fiscal Year 2014-15 than Fiscal Year 2013-14. This is generally due to reassessments of properties that had received temporary relief under Proposition 8 (1976) for declined property values which had occurred between 2008 and 2012. These reassessments resulted in a large increase in revenues in Fiscal Year 2014-15 and a larger base for revenues in future years.
Intergovernmental	3,048,209	Intergovernmental revenues are primarily composed of State and federal reimbursements for assistance-by-hire incidents. Assistance-by-hire is responses by Authority personnel to requests for assistance in areas outside of the Authority's jurisdiction. The requirements of each assistance by hire response impacts reimbursements. Accordingly, reimbursement revenues are unpredictable. The greater revenues in Fiscal Year 2014-15 resulted from a greater number of incident activity than occurred in Fiscal Year 2013-14.
Charges for Current Services	1,085,307	The variance in charges for current services results from, among other things, a 4.5% increase in base service charges in Fiscal Year 2014-15 for Cash Contract Members. See Appendix A – "Financial, Economic and Demographic Information regarding the Orange County Fire Authority – Authority Financial Information – Major Revenues – Cash Contract Payments" attached hereto.
Bankruptcy Loss Recovery	75,884	Minor variance.
Use of Money and Property	166,404	Minor variance.
Miscellaneous	(1,450,575)	Miscellaneous revenues consist of 11 types of miscellaneous revenues, including sale of surplus property. Miscellaneous revenues are unpredictable. Accordingly, the Authority adjusts its budget to reflect miscellaneous revenues in connection with its mid-year budget review.
TRANs Principal	44,000,000	The variance in revenues relating to the principal amount of tax and revenue anticipation notes reflects the issuance of the Authority's 2014-15 Tax and Revenue Anticipation Notes in Fiscal Year 2014-15 (the "2014-15 Notes"). The Authority did not issue tax and revenue anticipation notes in Fiscal Year 2013-14. See Appendix A – "Financial, Economic and Demographic Information regarding the Orange County Fire Authority – Financial and Economic Information – Indebtedness - Short-Term Indebtedness. Tax and Revenue Anticipation Notes" attached hereto.
Operating Transfers In	2,710,702	On February 26, 2015, the Board of Directors approved the Capital Projects Fund Policy. In connection therewith, the Authority closed the Capital Improvement Fund, which was known as Fund 122, and reallocated the budgeted revenues and expenditures to the General Fund. See "The Notes – Intrafund Borrowing" herein and Appendix A – "Financial, Economic and Demographic Information regarding the Orange County Fire Authority – Authority Financial Information – Capital Projects" and " - Fiscal Year 2015-16 Adopted Budget" attached hereto. The variance in operating transfers in reflects the transfer of the fund balance from Capital Improvement Fund to the General Fund.
Intrafund Borrowing	5,000,000	The variance in intrafund borrowing reflects the actual intrafund borrowing amount in Fiscal Year 2014-15. The repayment of intrafund borrowing is reflected as an expenditure. See Table 10 – "Explanation of Changes to Fiscal Year 2015-16 Cash Flow from Fiscal Year 2014-15 Cash Flow" herein. In Fiscal Year 2013-14, the principal portion of the Intrafund borrowing repayment to the other fund was offset with the borrowed funds received by the General Fund.
TOTAL RECEIPTS	$ 70,520,367	
EXPENDITURES		
Salary & Employee Benefits	$ 15,485,399	The variance in salaries and employee benefits is attributable to, among other things, the pro-rated addition of three full-time employees and the reimbursement of overtime for assistance-by-hire incident activity in Fiscal Year 2014-15. In addition, the variance in salary and employee benefit expenditures reflects the payment to the Orange County Employees' Retirement System (the "System") of an additional $3 million towards the reduction of the Authority's unfunded actuarial accrued liability ("UAAL") with respect to its pension in Fiscal Year 2014-15. See Appendix A – "Financial, Economic and Demographic Information regarding the Orange County Fire Authority – Authority Financial Information – Defined Benefit Retirement Program" and " - Fiscal Year 2014-15 Budget" attached hereto.
OCERS Prepayment (Routine)	325,066	The variance in the OCERS prepayment (routine) reflects the estimated increase in the Authority's annual prepayment of its contribution to the

	Variance Projected	Variance Explanation
		System.
Services & Supplies	1,632,798	The variance in services and supplies is due to several reasons, including one-time grant activity included in Fiscal Year 2014-15 and the reallocation of budgeted revenues and expenditures from the Capital Project Fund to the General Fund in connection with the Capital Funds Project Policy. See "The Notes – Intrafund Borrowing" herein and Appendix A – "Financial, Economic and Demographic Information regarding the Orange County Fire Authority – Authority Financial Information – Capital Projects" and " - Fiscal Year 2015-16 Adopted Budget" attached hereto.
JEAP to the City of Irvine	(2,988,081)	The amount of Jurisdictional Equity Adjustment Payments is based on a formula set forth in the Second Amendment to Amended Joint Powers Authority Agreement. Based on such formula, an increase in property tax revenues will cause an increase in the amount of the Jurisdictional Equity Adjustment Payments owed to the Structural Fire Fund Jurisdictions. The variance in the Jurisdictional Equity Adjustment Payment to the City of Irvine reflects a reduction in the amount of the Jurisdictional Equity Adjustment Payment that the Authority paid to the City of Irvine in Fiscal Year 2014-15. Pursuant to the Second Amendment to Amended Joint Powers Authority Agreement, the Authority agreed to appropriate approximately $5.5 million to the City of Irvine as a Jurisdictional Equity Adjustment Payment. See Appendix A – "Financial, Economic and Demographic Information regarding the Orange County Fire Authority – Authority Financial Information – Major Revenues - Structural Fire Fund Revenues" attached hereto.
OCERS Prepayment (Special)	18,290,238	The variance in the OCERS prepayment (special) reflects a one-time payment to the System to reduce the Authority's UAAL that occurred in Fiscal Year 2014-15 in accordance with a memorandum of understanding with certain employee groups.
Equipment	1,260,007	The variance in equipment expenditures reflects, among other things, the change in the Capital Projects Fund Policy and the reallocation of the budgeted revenues and expenditures of various capital projects to the General Fund. In Fiscal Year 2013-14, the Authority accounted the budgeted revenues and expenditures for such projects in the Capital Improvement Project Funds.
Debt Service: TRAN Principal	44,000,000	The variance in debt service expenditures with respect to principal payments of tax and revenue anticipation notes reflects the issuance of the 2014-15 Notes in Fiscal Year 2014-15. The Authority did not issue tax and revenue anticipation notes in Fiscal Year 2013-14. .See Appendix A – "Financial, Economic and Demographic Information regarding the Orange County Fire Authority – Financial and Economic Information – Indebtedness - Short-Term Indebtedness. Tax and Revenue Anticipation Notes" attached hereto.
Debt Service: TRAN Interest	329,083	The variance in debt service expenditures with respect to interest payments on tax and revenue anticipation notes reflects the issuance of the 2014-15 Notes in Fiscal Year 2014-15. The Authority did not issue tax and revenue anticipation notes in Fiscal Year 2013-14. .See Appendix A – "Financial, Economic and Demographic Information regarding the Orange County Fire Authority – Financial and Economic Information – Indebtedness - Short-Term Indebtedness. Tax and Revenue Anticipation Notes" attached hereto.
Intrafund Borrowing Repayment (including interest)	4,892,384	The variance in intrafund borrowing reflects the actual intrafund borrowing amount in Fiscal Year 2014-15. The repayment of intrafund borrowing is reflected as an expenditure. See Table 10 – "Explanation of Changes to Fiscal Year 2015-16 Cash Flow from Fiscal Year 2014-15 Cash Flow" herein. In Fiscal Year 2013-14, the principal portion of the Intrafund borrowing repayment to the other fund was offset with the borrowed funds received by the General Fund.
Operating Transfers Out (estimated)	(3,503,181)	The variance in operating transfers out reflects, among other things, the revision to the Capital Projects Fund Policy and the reallocation of the budgeted revenues and expenditures of various capital projects to the General Fund. In connection with the increase to General Fund expenditures, the Authority had less surplus revenues in the General Fund which were available to be transferred to the Capital Project Funds.
TOTAL DISBURSEMENTS	$ 79,723,713	
EXCESS / (DEFICIENCY)	$ (9,203,346)	
ENDING BALANCE	$(10,106,450)	

Source: Orange County Fire Authority

Table 8
ORANGE COUNTY FIRE AUTHORITY
Projected General Fund Cash Flow and Repayment Fund Cash Flow Fiscal Year 2015-16

	Projected July 2015	Projected August 2015	Projected September 2015	Projected October 2015	Projected November 2015	Projected December 2015	Projected January 2016	Projected February 2016	Projected March 2016	Projected April 2016	Projected May 2016	Projected June 2016	Fiscal Year 2015-16 Total
Balance From Prior Month	$21,538,620	$ 30,024,426	$15,715,658	$16,162,510	$12,989,019	$ 7,763,115	$ 80,108,613	$ 41,928,005	$30,205,791	$36,756,078	$ 70,025,961	$37,142,207	$ 21,538,620
Receipts:													
Property Taxes	$ 3,566,117	$ 876,889	$ 5,715,455	$ 599,636	$10,207,565	$ 94,474,159	$ 7,294,742	$ 1,315,092	$12,286,220	$70,693,545	$ 5,117,264	$ 2,298,859	$214,445,545
Intergovernmental	618,519	908,368	1,371,087	151,983	1,064,661	1,519,984	4,011,157	206,218	2,280,852	161,442	48,529	2,599,378	14,942,177
Charges for Current Services	4,763,081	4,451,924	13,946,181	7,109,167	4,358,362	16,383,614	1,295,545	7,339,500	13,813,213	6,407,485	5,222,064	16,879,166	101,969,304
Bankruptcy Loss Recovery	0	0	0	0	0	0	0	0	0	0	0	0	0
Use of Money and Property(1)	628,833	14,573	9,835	9,290	6,404	27,925	46,046	21,405	21,225	32,700	33,873	28,118	880,227
Miscellaneous	458,339	66,811	201,541	142,703	31,603	94,012	256,669	343,344	(52,484)	(199,267)	(71,614)	(212,924)	1,058,733
TRANs Principal	36,260,000	0	0	0	0	0	0	0	0	0	0	0	36,260,000
Operating Transfers In	0	0	0	0	0	0	0	0	0	0	0	0	0
Intrafund Borrowing	0	0	0	10,000,000	0	0	0	0	0	0	0	0	10,000,000
Total Receipts	$46,294,889	$ 6,318,565	$21,244,099	$18,012,780	$15,668,595	$112,499,694	$ 12,904,160	$ 9,225,559	$28,349,026	$77,095,906	$ 10,350,117	$21,592,597	$379,555,986
Expenditures:													
Salary & Employee Benefits	$29,694,471	$ 19,796,314	$19,796,314	$19,796,314	$19,796,314	$ 29,694,471	$ 19,796,314	$ 19,796,314	$19,796,314	$19,796,314	$ 19,796,314	$19,796,314	$257,352,080
OCERS Prepayment (Routine)	0	0	0	0	0	0	30,000,000	0	0	0	0	0	30,000,000
Services & Supplies	3,184,669	831,019	1,000,933	1,389,957	1,098,185	447,225	1,288,454	1,151,459	2,002,426	4,103,677	2,788,340	7,444,386	26,730,730
JEAPs	0	0	0	0	0	0	0	0	0	0	0	0	0
OCERS Prepayment (Special)	2,802,122	0	0	0	0	0	0	0	0	0	0	0	2,802,122
Equipment	0	0	0	0	0	0	0	0	0	1,796,032	1,796,032	1,796,032	5,388,095
Debt Service: TRAN Principal	0	0	0	0	0	0	0	0	0	18,130,000	18,130,000	0	36,260,000
Debt Service: TRAN Interest	0	0	0	0	0	0	0	0	0	0	723,186	0	723,186
Intrafund Borrowing Repayment (including interest)	0	0	0	0	0	10,012,500	0	0	0	0	0	0	10,012,500
Operating Transfers Out	2,127,821	0	0	0	0	0	0	0	0	0	0	0	2,127,821
Total Disbursements	$37,809,083	$ 20,627,333	$20,797,246	$21,186,271	$20,894,499	$ 40,154,196	$ 51,084,768	$ 20,947,773	$21,798,739	$43,826,023	$ 43,233,871	$29,036,732	$371,396,534
Excess / (Deficiency)	$ 8,485,806	$(14,308,768)	$ 446,852	$(3,173,491)	$(5,225,904)	$ 72,345,498	$ (38,180,608)	$(11,722,214)	$ 6,550,287	$33,269,883	$(32,883,754)	$ (7,444,135)	$ 8,159,452
Month End Balance Forward	$30,024,426	$ 15,715,658	$16,162,510	$12,989,019	$ 7,763,115	$ 80,108,613	$ 41,928,005	$ 30,205,791	$36,756,078	$70,025,961	$ 37,142,207	$29,698,072	$ 29,698,072

Source:Orange County Fire Authority.

(1) Use of Money and property is based on a 0.75% earnings rate on the Authority's ending cash balances. July 2015 amount includes TRAN original issue premium.

Table 9
ORANGE COUNTY FIRE AUTHORITY
Changes from Fiscal Year 2015-16 Cash Flow from Fiscal Year 2014-15 Cash Flow

	Projected July 2015	Projected August 2015	Projected September 2015	Projected October 2015	Projected November 2015	Projected December 2015	Projected January 2016	Projected February 2016	Projected March 2016	Projected April 2016	Projected May 2016	Projected June 2016	Fiscal Year 2015-16 Total
Balance From Prior Month	$(10,106,449)	$(13,726,264)	$(5,260,176)	$(3,333,933)	$ 7,540,805	$ 2,887,671	$ (8,936,140)	$ 2,414,922	$ (267,375)	$ 3,543,534	$ 9,071,278	$10,019,373	$(10,106,449)
Receipts:													
Property Taxes	$ 159,938	$ 39,328	$ 256,334	$ 26,893	$ 457,802	$ 4,237,096	$ 327,164	$ 58,981	$ 551,028	$ 3,170,553	$ 229,505	$ 103,102	$ 9,617,723
Intergovernmental	(258,290)	(379,330)	(572,559)	(63,468)	(444,597)	(634,738)	(1,675,040)	(86,116)	(952,473)	(67,417)	(20,266)	(1,085,488)	(6,239,781)
Charges for Current Services	136,467	127,552	399,572	203,685	124,871	469,407	37,119	210,284	395,762	183,581	149,617	483,605	2,921,521
Bankruptcy Loss Recovery	0	0	0	(155,630)	0	0	0	0	0	0	0	0	(155,630)
Use of Money and Property	340,678	8,190	7,742	3,561	4,367	26,351	31,929	9,880	19,678	24,672	27,659	(14,772)	489,934
Miscellaneous	(22,408)	(3,266)	(9,853)	(6,977)	(1,545)	(4,596)	(12,549)	(16,786)	2,566	9,742	3,501	10,410	(51,762)
TRANs Principal	(7,740,000)	0	0	0	0	0	0	0	0	0	0	0	(7,740,000)
Operating Transfers In	0	0	0	0	0	0	0	(2,710,702)	0	0	0	0	(2,710,702)
Intrafund Borrowing	0	0	0	10,000,000	(5,000,000)	0	0	0	0	0	0	0	5,000,000
Total Receipts	$ (7,383,616)	$ (207,526)	$ 81,235	$10,008,065	$(4,859,102)	$ 4,093,519	$ (1,291,377)	$(2,534,460)	$ 16,561	$ 3,321,130	$ 390,017	$ (503,143)	$ 1,131,303
Expenditures:													
Salary & Employee Benefits	$ 10,473,372	$ (8,597,344)	$(1,753,142)	$ (739,104)	$ (105,177)	$ 10,947,534	$ (9,984,301)	$ 253,518	$(1,194,253)	$ 663,990	$ 663,990	$ 663,990	$ 1,293,073
OCERS Prepayment (Routine)	0	0	0	0	0	0	460,116	0	0	0	0	0	460,116
Services & Supplies	(292,287)	(76,270)	(91,865)	(127,569)	(100,791)	(41,046)	(118,254)	(105,680)	(183,781)	(376,633)	(255,912)	(683,241)	(2,453,331)
JEAPs	0	0	0	0	0	0	0	0	0	0	0	0	0
OCERS Prepayment (Special)	(15,488,116)	0	0	0	0	0	(3,000,000)	0	0	0	0	0	(18,488,116)
Equipment	0	0	0	0	0	0	0	0	0	1,376,029	1,376,029	1,376,029	4,128,088
Debt Service: TRANs Principal	0	0	0	0	0	0	0	0	0	(3,870,000)	(3,870,000)	0	(7,740,000)
Debt Service: TRAN Interest	0	0	0	0	0	0	0	0	0	0	394,103	0	394,103
Intrafund Borrowing Repayment (including interest)	0	0	0	0	0	5,010,842	0	0	0	0	0	0	5,010,842
Operating Transfers Out (estimated)	1,543,229	0	0	0	0	0	0	0	(2,416,314)	0	1,133,712	0	260,627
Total Disbursements	$ (3,763,802)	$ (8,673,614)	$(1,845,007)	$ (866,674)	$ (205,968)	$ 15,917,330	$(12,642,438)	$ 147,838	$(3,794,348)	$(2,206,614)	$ (558,078)	$ 1,356,778	$(17,134,598)
Excess / (Deficiency)	$ (3,619,814)	$ 8,466,088	$ 1,926,242	$10,874,739	$(4,653,134)	$(11,823,811)	$ 11,351,062	$(2,682,297)	$ 3,810,909	$ 5,527,744	$ 948,096	$ (1,859,921)	$18,265,902
Month End Balance Forward	$(13,726,264)	$ (5,260,176)	$(3,333,933)	$ 7,540,805	$ 2,887,671	$ (8,936,140)	$ 2,414,922	$ (267,375)	$ 3,543,534	$ 9,071,278	$10,019,373	$ 8,159,452	$ 8,195,452

Source: Orange County Fire Authority

Table 10
ORANGE COUNTY FIRE AUTHORITY
Explanation of Changes to Fiscal Year 2015-16 Cash Flow from Fiscal Year 2014-15 Cash Flow

	Variance Projected	Variance Explanation
BEGINNING BALANCE	$ (10,106,449)	
RECEIPTS		
Property Taxes	9,617,723	The Authority projected property tax revenues in Fiscal Year 2014-15 greater than the amount received in previous years. In general, the reassessments of properties that had received temporary relief under Proposition 8 (1976) for declined property values between 2008 and 2012 are expected to contribute to increase property tax revenues in Fiscal Year 2014-15 and to provide a larger base for revenues in future years. In addition, the Authority's property tax consultant, Rosenow, Spevacek Group, Inc., projects a 4.7% increase in revenues from Fiscal Year 2014-15, based on, among other things, projected real property sales and new building improvements.
Intergovernmental	(6,239,781)	Intergovernmental revenues are primarily composed of State and federal reimbursements for assistance-by-hire incidents. Assistance-by-hire incidents are responses by Authority personnel to requests for assistance in areas outside of the Authority's jurisdiction. The requirements of each assistance by hire incident response impacts reimbursements. Accordingly, reimbursement revenues are unpredictable. The Fiscal Year 2015-16 Proposed Budget does not assume receipt of reimbursement revenues during Fiscal Year 2015-16. However, the Authority expects to adjust its budget to reflect actual incident activity and reimbursements during its mid-year budget review.
Charges for Current Services	2,921,521	The variance in charges for current services is attributed to the increase in base services charges to Cash Contract Members (as defined in Appendix A). The Authority projects a 2.38% increase to the base service charge in Fiscal Year 2015-16. In addition, the Authority projects that other adjustments to particular contract items will provide a net increase in revenues of 3.32% for charges for current services. See Appendix A – "Financial, Economic and Demographic Information regarding the Orange County Fire Authority – Authority Financial Information – Major Revenues – Cash Contract Payments" attached hereto.
Bankruptcy Loss Recovery	(155,630)	The revenues related to bankruptcy loss recovery are unpredictable. Accordingly, the Fiscal Year 2015-16 Proposed Budget does not project that bankruptcy loss recovery revenues in Fiscal Year 2015-16 will equal such revenues for Fiscal Year 2014-15. The Authority expects to adjust its budget to reflect actual bankruptcy loss recovery revenues during its mid-year budget review.
Use of Money and Property	489,934	Minor Variance.
Miscellaneous	(51,762)	Miscellaneous revenue consists of 11 types of revenues, including sale of surplus property. The Authority cannot predict the amount of miscellaneous revenues which it will receive each year. Accordingly, the Authority expects to adjust the projections related to miscellaneous revenues during its mid-year budget review.
TRANs Principal	(7,740,000)	The variance in revenues relating to the principal amount of tax and revenue anticipation notes in Fiscal Year 2015-16 reflects higher projected cash balances for Fiscal Year 2015-16 and slightly higher intrafund borrowing capacity compared to Fiscal Year 2014-15.
Operating Transfers In	(2,710,702)	On February 26, 2015, the Board of Directors approved the Capital Projects Fund Policy. In connection therewith, the Authority closed the Capital Improvement Fund and reallocated the budgeted revenues and expenditures therefor into the budget for the General Fund. The variance in operating transfers in reflects the transfer of fund balance from the Capital Improvement Funds to the General Fund. See "The Notes – Intrafund Borrowing" herein and Appendix A – "Financial, Economic and Demographic Information regarding the Orange County Fire Authority – Authority Financial Information – Capital Projects" and " - Fiscal Year 2015-16 Adopted Budget" attached hereto. The Authority does not expect any additional fund closures or associated transfers of fund balances to the General Fund in Fiscal Year 2015-16.
Intrafund Borrowing	5,000,000	The variance in intrafund borrowing reflects the projected intrafund borrowing in Fiscal Year 2015-16. The actual principal amount of the Authority's tax and revenue anticipation notes for Fiscal Year 2015-16 will depend on, among other things, intrafund borrowing capacity and actual cash flow need. In Fiscal Year 2014-15, the Authority's actual intrafund borrowing amount was $5 million.
TOTAL RECEIPTS	$ 1,131,303	
EXPENDITURES		
Salary & Employee Benefits	$ 1,293,073	The variance in salary and employee benefit expenditures reflects, among other things, expended and reimbursed overtime costs for assistance-by-

	Variance Projected	Variance Explanation
		hire incidents in Fiscal Year 2014-15. The Authority's Fiscal Year 2015-16 Adopted Budget does not include projected overtime costs. In addition, the variance for salary and employee benefits reflects the addition of 24 funded positions in the Fiscal Year 2015-16 Adopted Budget, including 12 full-time safety personnel for Fire Station 56 which is scheduled to open in July 2015.
OCERS Prepayment (Routine)	460,116	The variance in the OCERS prepayment (routine) reflects the estimated increase in the Authority's annual prepayment of its contribution to the Orange County Employees Retirement System. See Appendix A – "Financial, Economic and Demographic Information regarding the Orange County Fire Authority – Authority Financial Information – Defined Benefit Retirement Program" and " - Fiscal Year 2015-16 Adopted Budget" attached hereto.
Services & Supplies	(2,453,331)	The variance is due to several reasons, including one-grant activity included in Fiscal Year 2014-15, and revised project budgets from Fiscal Year 2013-14. In addition, the Fiscal Year 2015-16 Adopted Budget includes reductions to certain information technology contracts as full-time employee positions were added.
JEAPs	0	No variance.
OCERS Prepayment (Special)	(18,488,116)	The variance in the OCERS prepayment (special) reflects a one-time payment of the unfunded actuarial accrued liability that occurred in Fiscal Year 2014-15 pursuant to a memorandum of understanding with certain employee groups. See Appendix A – "Financial, Economic and Demographic Information regarding the Orange County Fire Authority – Authority Financial Information – Defined Benefit Retirement Program" and " - Fiscal Year 2015-16 Adopted Budget" attached hereto.
Equipment	4,128,088	On February 26, 2015, the Board of Directors approved the Capital Projects Fund Policy. In connection therewith, the Authority transferred all projects which no longer satisfy the criteria for projects which can be accounted for within the Capital Improvement Funds to the General Fund or a new sub-fund of the General Fund (12110). The variance in equipment expenditures is attributable to, among other things, the reallocation of project budgets to the new subfund of the General Fund from former Capital Improvement Funds. See "The Notes – Intrafund Borrowing" herein and Appendix A – "Financial, Economic and Demographic Information regarding the Orange County Fire Authority – Authority Financial Information – Capital Projects" and " - Fiscal Year 2015-16 Adopted Budget" attached hereto.
Debt Service: TRANs Principal	(7,740,000)	The variance in debt service expenditures with respect to principal payments of tax and revenue anticipation notes in Fiscal Year 2015-16 reflects the Authority's projection that its issuance of tax and revenue anticipation notes in Fiscal Year 2015-16 will be in a principal amount less than the tax and revenue anticipation notes issued in Fiscal Year 2014-15.
Debt Service: TRAN Interest	394,103	The variance in debt service expenditures with respect to interest payments on tax and revenue anticipation notes in Fiscal Year 2015-16 reflects a lesser estimated principal amount of tax and revenue anticipation notes and a higher estimated coupon rate therefor in Fiscal Year 2015-16 compared to Fiscal Year 2014-15.
Intrafund Borrowing Repayment (including interest)	5,010,842	The variance in the repayment of intrafund borrowing in Fiscal Year 2015-16 reflects the Authority's projection that its issuance of tax and revenue anticipation notes in Fiscal Year 2015-16 will be in a principal amount less than the tax and revenue anticipation notes issued in Fiscal Year 2014-15. The actual principal amount of the Notes will depend on, among other things, intrafund borrowing capacity and actual cash flow need. In Fiscal Year 2014-15, the Authority's actual intrafund borrowing amount was $5 million.
Operating Transfers Out	$ 260,627	The Authority expects to transfer any General Fund surplus in excess of the amount required to satisfy the General Fund's 10% Contingency Reserve to a Capital Improvement Fund. See Appendix A – "Financial, Economic and Demographic Information regarding the Orange County Fire Authority – Authority Financial Information Financial Policies and Practices - Fiscal Health Plan and Financial Stability Budget Policy" attached hereto. The variance in operating transfers out reflects a larger surplus for the General Fund in Fiscal Year 2015-16 than Fiscal Year 2014-15.
TOTAL DISBURSEMENTS	$ (17,134,598)	
EXCESS / (DEFICIENCY)	$ 18,265,902	
ENDING BALANCE	$ 8,195,452	

Source: Orange County Fire Authority.

Use and Investment of Note Proceeds

The Authority will, immediately upon receiving the proceeds of the sale of the Notes, deposit in the General Fund all amounts received from such sale. Such amounts held in the General Fund will be invested as permitted by Section 53601 or Section 53635 of the Government Code provided that no such investments shall consist of reverse repurchase agreements. Such amounts are expected to be deposited in the Authority's Investment Pool and commingled with other funds of the Authority. See Appendix A – "Financial, Economic and Demographic Information regarding the Orange County Fire Authority - Authority Financial Information – OCFA Portfolio" herein. Amounts in the General Fund attributable to the sale of the Notes shall be withdrawn and expended by the Authority for any purpose for which the Authority is authorized to expend funds from the General Fund.

Repayment Account

In accordance with the provisions of the Resolution, a Repayment Account (the "Repayment Account") is to be established by the Authority to be held in trust by the Paying Agent and all Designated Revenues are to be deposited into the Repayment Account as required by the terms of the Resolution. Moneys in the Repayment Account are to be invested in Permitted Investments that provide sufficient liquidity so that moneys will be available no later than the Maturity Date. Moneys in the Repayment Account are to be used to pay the Notes and the interest thereon when and as they become due and payable, and amounts necessary to pay any rebate requirement as provided in the Resolution, and may not be used for any other purposes, provided, however, that any proceeds of any such investments not needed for such purposes may, upon the request of the Treasurer, be transferred by the Paying Agent to the Authority's General Fund. Any balance in the Repayment Account on the Maturity Date in excess of the amounts needed to pay the principal of and interest on the Notes shall be transferred to the Authority's General Fund. See "Summary of Certain Provisions of the Resolution – Permitted Investments" herein.

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a summary of certain provisions of the Resolution. This summary is not to be considered a full statement of the terms of the Resolution and accordingly is qualified by reference thereto and is subject to the full text thereof. Except as otherwise defined herein, capitalized terms used in this Official Statement without definition have the respective meanings set forth in the Resolution.

Resolution to Constitute Contract

The Resolution is deemed to be and constitutes a contract between the Authority and the Owners from time to time of the Notes; and the pledge made in the Resolution and the covenants and agreements set forth therein to be performed by or on behalf of the Authority will be for the equal benefit, protection and security of the Owners of any and all of the Notes.

Covenants of the Authority

The Authority will do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of the Act and the Resolution.

Upon the date of issuance of the Notes, all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Notes, will exist, will have happened and will have been performed and the issue of such Notes, together with all other indebtedness of the Authority, will be within every debt and other limit prescribed by the Constitution and laws of the State of California.

The Authority covenants that during the Fiscal Year it will not borrow any amount under the authority of the Act such that such borrowed amount plus (i) the interest on such borrowed amount, (ii) the amount of all notes and other evidences of indebtedness of the Authority issued under the authority of the Act then outstanding, and (iii) the interest on such notes and other evidences of indebtedness issued under the authority of the Act then outstanding (collectively, the “Total Debt”), will exceed an amount equal to eighty-five percent (85%) of the amount estimated at the time of such borrowing of the then uncollected taxes, income, revenue, cash receipts and other moneys received or accrued by the Authority during the Fiscal Year that lawfully will be available for payment of the Total Debt.

The Authority hereby covenants that it will not knowingly take any action, omit to take any action or permit the taking or omission of any action (including, without limitation, making or permitting any use of Note proceeds) if taking or omitting to take such action would cause the Notes to be arbitrage bonds, private activity bonds or federally-guaranteed obligations within the meaning of the Code, or would otherwise cause interest on the Notes to be included in the gross income of the registered owner and/or the Beneficial Owners thereof for federal income tax purposes. See “Tax Matters” herein.

Paying Agent and Note Registrar

The Treasurer is appointed as the Paying Agent for the Notes pursuant to the Resolution; provided, however, that the Treasurer and such other officers of the Authority as may be authorized by the Board will be, and each of them acting alone is, authorized to appoint another Paying Agent to undertake the Treasurer’s duties under the Resolution as Paying Agent in the event the Treasurer is not able to accept, or after determining it to be in the best interest of the Authority, does not accept its appointment under the Resolution and enter into a Paying Agent Agreement. Should the Paying Agent be other than the Treasurer, the Paying Agent will signify its acceptance of the duties and obligations imposed upon it by the Resolution by executing and delivering to the Authority a written acceptance thereof under which the Paying Agent will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Authority at all reasonable times.

Exchange and Transfer of the Notes

The registered owners of the Notes which are evidenced by registered certificates may transfer such Notes upon the books maintained by the Note Registrar, in accordance with the Resolution.

The Authority and any Paying Agent may deem and treat the registered owner of any Note as the absolute owner of such Note, regardless of whether such Note is overdue, for the purpose of receiving payment thereof and for all other purposes, and all such payments so made to any such registered owner upon his or her order will satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid, and neither the Authority nor any Paying Agent will be affected by any notice to the contrary. Cede & Co., as nominee of DTC, or such other nominee of DTC or any successor securities depository or the nominee thereof, will be the registered owner of the Notes as long as the beneficial ownership of the Notes is held in book-entry form in the records of such securities depository. See “Book-Entry Only System.” herein

The registration of any Note may be transferred upon the Note Register upon surrender of such Note to the Paying Agent. Such Note will be endorsed or accompanied by delivery of a written instrument of transfer, duly executed by the Owner or the Owner’s duly authorized attorney, and payment of such reasonable transfer fees as the Paying Agent may establish. Upon such registration of transfer, a new Note or Notes, for the same outstanding principal amount, maturity and interest rate and in authorized denominations, will be issued to the transferee in exchange therefor.

The Authority and the Paying Agent may treat the person in whose name any Outstanding Note shall be registered upon the Note Register as the absolute Owner of such Note, whether such Notes shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes, and all such payments so made to any such Owner or upon such Owner's order shall be valid and effective to satisfy and discharge the liability upon such Notes to the extent of the sum or sums so paid, and neither the Authority nor any Paying Agent shall be affected by any notice to the contrary.

Permitted Investments

Moneys in the Repayment Account will be deposited with the Paying Agent and shall be invested by the Paying Agent in Permitted Investments. "Permitted Investments" consist of any of the following securities, provided that in no event shall any Qualified Investment mature or otherwise be repayable such that moneys will be available later than the Maturity Date:

(1) United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest ("United States Treasury Obligations");

(2) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board (FHLB); (b) the Federal Home Loan Mortgage Corporation (FHLMC); (c) the Federal National Mortgage Association (FNMA); (d) Federal Farm Credit Bank (FFCB); (e) Government National Mortgage Association (GNMA); (f) Student Loan Marketing Association (SLMA); Federal Agricultural Mortgage Association and (g) guaranteed portions of Small Business Administration (SBA) notes;

(3) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances. Purchases of bankers' acceptances may not exceed a maturity of 180 days. The financial institution must have a minimum short-term rating of "A-1" by S&P and a long-term rating of no less than "A";

(4) Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by S&P ("A-1"). Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars $(500,000,000). Purchases of eligible commercial paper may not exceed a maturity of 270 days;

(5) Negotiable certificates of deposits issued by a nationally or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank in each case which has, or which is a subsidiary of a parent company which has, the highest letter and numerical rating from S&P ("A-1");

(6) Investments in repurchase agreements of any securities listed in (1) through (4) above. Investments in repurchase agreements may be made with financial institutions having a rating of "AA" or better from S&P, and when the term of the agreement does not exceed 30 days and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (2) above;

(7) Deposits in the State of California Treasurer's Local Agency Investment Fund; and

(8) The Orange County Fire Authority Investment Portfolio.

BOOK-ENTRY ONLY SYSTEM

The following information concerning The Depository Trust Company and its book-entry system has been obtained from sources the Authority believes to be reliable; however, the Authority takes no responsibility as to the accuracy or completeness thereof. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

The Depository Trust Company ("DTC"), will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued in the aggregate principal amount of the Notes, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Authority subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal of and interest on the Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Authority or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, security certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC and the requirements of the Authority Resolution with respect to certificated Notes will apply.

THE AUTHORITY, THE PAYING AGENT AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SECURITIES (I) PAYMENTS OF PRINCIPAL OF AND INTEREST EVIDENCED BY THE SECURITIES (II) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE SECURITIES OR (III) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE SECURITIES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

NEITHER THE AUTHORITY, THE PAYING AGENT NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OR COMPLETENESS OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON SECURITIES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE RESOLUTION; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE SECURITIES.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

Article XIII A

On June 6, 1978, California voters approved Proposition 13, adding Article XIII A to the California Constitution. Article XIII A, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data for the area under taxing jurisdiction, or reduced in the event of declining property value caused by substantial damage, destruction or other factors including a general economic downturn. Any reduction in assessed value is temporary and may be adjusted for any given year by the Assessor. The assessed value increases to its pre-reduction level (escalated to the annual inflation rate of no more than two percent) following the year(s) for which the reduction is applied. Article XIII A further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value except that additional taxes may be levied to pay (i) debt service on indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition, and (iii) bonded indebtedness incurred by a school district, community college district or county office of education (which is separate from the County) for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the votes cast by the voters of the school district, community college district or the county, as appropriate, voting on the proposition but only if certain accountability measures are included in the proposition.

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIII A. Under this amendment to Article XIII A, local governments and school districts may increase the property tax rate above 1% for the period necessary to retire new general obligation bonds, if two-thirds of those voting on such a proposition in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the $1 per $100 of taxable value. Tax rates for voter approved bonded indebtedness are also applied to 100% of assessed value.

Future changes to assessed valuation that are allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the change occurs. Local agencies and school districts will share the change of "base" revenue from the tax rate area. Each year's allocation of the change to assessed valuation becomes part of each agency's allocation the following year. The Authority is unable to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Article XIII B

On November 6, 1979, California voters approved Proposition 4, which added Article XIII B to the California Constitution. Article XIII B has been amended by Proposition 99 which was approved by voters in November 1988, Proposition 98 which was approved by voters in November 1998, Proposition 111 which was approved by voters in June 1990, Proposition 10 which was approved by voters in November 1998 and Proposition 1A which was approved by voters in November 2004.

Article XIII B of the California Constitution limits the annual appropriations of the State and any city, county, school district, special district, authority or other political subdivision of the State (e.g. local governments) to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The Authority is not required to independently calculate an appropriation limit under Article XIII B. The Authority is included in the County's calculation of the County's appropriations limit and provided information regarding its yearly appropriations to the County.

The "base year" for establishing such appropriation limit is the 1986-87 fiscal year. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to a governmental entity, or (ii) for emergencies so long as the appropriations limits for the three years following the emergency are reduced accordingly to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to limitation of the State pursuant to Article XIIIB, include generally any authorization to expend during the fiscal year the Proceeds of Taxes (defined herein) levied by or for the State, exclusive of certain State subventions for the use and operation of local government, and further exclusive of refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation of an entity of local government, pursuant to Article XIIIB, include generally any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity excluding refunds of taxes. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting on the related proposition in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified outlay projects, appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above specified levels, appropriations derived from certain sales and use taxes and certain weight fees imposed on commercial vehicles, and appropriations of revenue from the Cigarette and Tobacco Products Surtax Fund and California Children and Families First Trust Fund. Further, revenues from the federal government are not included in appropriations subject to limitation.

"Proceeds of Taxes" include, but are not restricted to, all tax revenues and the proceeds to an entity of local government from (1) regulatory licenses, user charges, and user fees to the extent that those proceeds exceed the costs reasonably borne by that entity in providing the regulation, product, or service and (2) the investment of tax revenues. The Government Code states that Proceeds of Taxes for any local government include subventions received from the State, other than subventions received from the State in accordance with the Government Code whenever the State Legislature or any State agency mandates a new program or higher level of service on any local government.

Article XIII B includes a requirement pursuant to which fifty percent (50%) of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount which may be appropriated by the State in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be transferred and allocated, from a fund established for that purpose, pursuant to Article XVI of the State Constitution. In addition, fifty percent (50%) of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount which may be appropriated by the State in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be returned by revising tax rates or fee schedules within the next two subsequent fiscal years. Further, Article XIII B includes a requirement that all revenues received by an entity of government, other than the State, in a fiscal year and in the fiscal year immediately following it that exceed the amount which may be appropriated by that entity in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be returned by revising tax rates or fee schedules within the next two subsequent fiscal years.

As amended in June 1990, the appropriations limit in each year for an entity of local government is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the option of such entity of local government, either (i) the percentage change in California per capita personal income from the preceding fiscal year, or (ii) the percentage change in the local assessment roll from the preceding fiscal year for the jurisdiction due to the addition of local nonresidential new construction. Pursuant to the Revenue and Taxation Code, the State's Department of Finance annually transmits to each city and each county an estimate of the percentage change in the population of the city or the county.

Article XIII B permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

An amendment to Article XIII B will be submitted to voters in the State at an election to be held in June 2014. Such amendment, if approved, would remove the requirement that the State provide a subvention of funds to reimburse local governments for certain costs related to the California Public Records Act and the Ralph M. Brown Act.

Proposition 62

Proposition 62 was adopted by the California voters at the November 4, 1986 general election which (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the Authority be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes imposed for specific purposes) imposed by a local government entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIII A of the California

Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) required that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

On September 28, 1995, the California Supreme Court, in the case of *Santa Clara County Local Transportation Authority v. Guardino (*"*Guardino*"*)*, upheld the constitutionality of Proposition 62. In *Guardino*, the court held that a county-wide sales tax of one-half of one percent was a special tax that, under Section 53722 of the Government Code, was invalid without the required two-thirds voter approval. The decision did not address the question of whether or not it should be applied retroactively. The Authority does not presently anticipate that any impact Proposition 62 may have on taxes levied by the Authority will adversely affect the ability of the Authority to pay the principal of and interest on the Notes as and when due.

Following the California Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al*. ("*La Habra*"). In *La Habra*, the court held that public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes that are subject to Proposition 62 is three years. Accordingly, a challenge to a tax that is subject to Proposition 62 may only be made for those taxes collected within three years of the date the action is brought.

Proposition 218

On November 5, 1996, the California voters approved Proposition 218, a constitutional initiative entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 added Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions limiting the ability of local governments, including the Authority, to impose and collect both existing and future taxes, assessments, fees and charges. Proposition 218 substantially restricts the Authority's ability to raise future revenues and subjects certain existing sources of revenue to reduction or repeal, and increases the Authority's costs to hold elections, calculate fees and assessments, notify the public and defend its fees and assessments in court. Further, as described below, Proposition 218 provides for broad initiative powers to reduce or repeal local taxes, assessments, fees and charges. However, other than any impact resulting from the exercise of this initiative power, the Authority does not presently believe that the potential impact on the financial condition of the Authority as a result of the provisions of Proposition 218 will adversely affect the Authority's ability to pay principal of and interest on the Notes as and when due and perform its other obligations.

Article XIII C requires that all new, extended, or increased local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the Authority require a majority vote of the electorate and taxes for specific purposes, even if deposited in the Authority's General Fund, require a two-thirds vote of the electorate. These voter approval requirements of Proposition 218 reduce the flexibility of the Authority to raise revenues through General Fund taxes, and no assurance can be given that the Authority will be able to impose, extend or increase such taxes in the future to meet increased expenditure requirements.

Article XIII C also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed. This extension of the initiative power is not limited by the terms of Proposition 218 to local taxes, assessments, fees or charges imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. The Authority believes that it does not impose any taxes, assessments or fees and charges that could be reduced or repealed in connection with the broad initiative powers of tax reduction or repeal extended by Proposition 218.

The repeal of local taxes, assessments, fees or charges could be challenged as a violation of the prohibition against impairing contracts under the contract clause of the United States Constitution. Subsequent to the amendment of Article XIII C, the State Legislature approved SB 919 (the "Proposition 218 Omnibus Implementation Act"), which directed that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date (such date being November 5, 1996) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters of the Authority will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that are or will be deposited into the Authority's General Fund. Further, "fees" and "charges" are not defined in Article XIII C or Proposition 218 Omnibus Implementation Act, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIII C as they do in Article XIII D, as described below. Accordingly, the scope of the initiative power under Article XIII C could include all sources of General Fund moneys not received from or imposed by the federal or State government or derived from investment income.

The initiative power granted under Article XIII C, by its terms, applies to all local taxes, assessments, fees and charges and is not limited to local taxes, assessments, fees and charges that are property related. The Authority is unable to predict whether the courts will interpret the initiative provision to be limited to property related fees and charges. No assurance can be given that the voters of the Authority will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges which are deposited into the Authority's General Fund. The Authority believes that in the event that the initiative power were exercised so that all local taxes, assessments, fees and charges which may be subject to the provisions of Proposition 218 are reduced or substantially reduced, the financial condition of the Authority, including its General Fund, would be materially adversely affected. As a result, there can be no assurances that the Authority would be able to pay the principal of and interest on the Notes as and when due or any of its other obligations payable from the Authority's General Fund.

Article XIII D added several requirements that generally made it more difficult for local agencies, such as the Authority, to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined in Proposition 218 and the Proposition 218 Omnibus Implementation Act (as enacted in Government Code Section 53750) to mean any levy or charge upon real property for a special benefit conferred upon the real property. This includes maintenance assessments imposed in certain service areas and in special districts in the Authority. If the Authority is unable to collect assessment revenues relating to those specific programs as a consequence of Proposition 218, the Authority's current practice curtail such services rather than use amounts in the General Fund to finance such programs. Accordingly, the Authority anticipates that any impact Article XIII D may have on existing or future taxes, fees, and assessments will not adversely affect the ability of the Authority to pay the principal of and interest on the Notes as and when due. However, no assurance can be given that the Authority may or will be able to reduce or eliminate such services to avoid new costs for the Authority's General Fund in the event the assessments that presently finance them are reduced or repealed.

Article XIII D also adds several provisions affecting "fees" and "charges" which are defined as "any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by an agency [subdivision (a) of Section 2 of Article XIII D defines an agency as any local government as defined in subdivision (b) of Section 1 of Article XIIIC] upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new fees and charges and, after June 30, 1997, all existing property related fees and charges that are extended, imposed or increased must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The Authority must then hold a hearing upon the proposed imposition or increase of such property-related fee or charge, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the Authority may not impose or increase the fee or charge. In *Morgan et al., v. Imperial Irrigation District and Imperial County Farm Bureau*, the appellate court held that Proposition 218 does not require the agency to conduct a separate protest election for each different rate class comprised of owners of identified parcels. Instead, the agency need only conduct a single a protest election for a collection of rate increases involving all its customers. Moreover, except for fees or charges for sewer, water and refuse collection services, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the Authority, two-thirds voter approval by the electorate residing in the affected area. The annual amount of revenues that are received by the Authority and deposited into its General Fund which may be considered to be property related fees and charges under Article XIII D of Proposition 218 is not substantial. Accordingly, the Authority does not presently anticipate that any impact Article XIII D may have on future fees and charges will adversely affect the ability of the Authority to pay the principal of and interest on the Notes as and when due. However, no assurance can be given that the Authority may or will be able to reduce or eliminate such services to avoid new costs for the Authority's General Fund in the event the fees and charges that presently finance them are reduced or repealed.

Additional implementing legislation respecting Proposition 218 may be introduced in the State legislature from time to time that would amend and supplement and add provisions to California statutory law. No assurance may be given as to the terms of such legislation or its potential impact on the Authority.

Proposition 1A

Proposition 1A ("Proposition 1A"), proposed by the Legislature as a Senate Constitutional Amendment in connection with the 2004-05 Budget Act and approved by California voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the VLF rate below 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates. The State's ability to initiate future exchanges and shifts of funds will be limited by Proposition 22. See " – Proposition 22" below.

Proposition 22

Proposition 22 ("Proposition 22"), which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. Due to the prohibition with respect to State's ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A of 2004. See " – Proposition 1A" herein. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increase school and community college district's share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. The Legislative Analyst's Office states that Proposition 22 will prohibit the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies.

Proposition 22 prohibits the State from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local government except pursuant to specified procedures involving public notices and hearings. In addition, Proposition 22 requires that the State apply the formula setting forth the allocation of State fuel tax revenues to local agencies that was in effect on June 30, 2009.

Proposition 26

Proposition 26 ("Proposition 26"), which was approved by California voters on November 2, 2010, revises the California Constitution to expand the definition of "taxes." Proposition 26 re-categorizes many State and local fees as taxes and specifies a requirement of two-thirds voter approval for taxes levied by local governments.

Proposition 26 requires the State obtain the approval of two-thirds of both houses of the State Legislature for any proposed change in State statutes, which would result in any taxpayer paying a higher tax. Proposition 26 eliminates the previous practice whereby a tax increase coupled with a tax reduction that resulted in an overall neutral fiscal effect was subject only to a majority vote in the State Legislature. Furthermore, pursuant to Proposition 26, any increase in a fee above the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require such two-thirds vote of approval to be effective.

Proposition 26 amends Article XIII C of the State Constitution to state that a "tax" means a levy, charge or exaction of any kind imposed by a local government, except (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property or the purchase rental or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (6) a charge imposed as a condition of property development; or (7) assessments and property related fees imposed in accordance with the provisions of Proposition 218. See " – Proposition 218" herein.

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010, unless exempted, as stated above. Accordingly, fees adopted prior to that date are not subject to the measure unless and only to the extent that they are increased or extended or if it is determined that an exemption applies. As of the date hereof, none of the Authority's fees or charges has been challenged in a court of law in connection with the requirements of Proposition 26.

If the local government specifies how the funds from a proposed local tax are to be used, the approval will be subject to a two-thirds voter requirement. If the local government does not specify how the funds from a proposed local tax are to be used, the approval will be subject to a fifty percent voter requirement. Proposed local government fees that are not subject to Proposition 26 generally are subject to the approval of a majority of the governing body. In general, proposed property charges will be subject to a majority vote of approval by the governing body although certain proposed property charges will also require approval by a majority of the affected property owners.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D, Proposition 111, Proposition 1A, Proposition 62, Proposition 22, and Proposition 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting revenues of the Authority or the ability of the Authority to expend revenues. The nature and impact of these measures cannot be predicted by the Authority.

ENFORCEABILITY OF REMEDIES

The rights of the owners of the Notes are subject to the limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the Authority, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against counties in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held in the case of *County of Orange v. Merrill Lynch* that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county, but was not required to directly address the State statute that provides for the lien in favor of holders of tax and revenue anticipation notes. The Authority holds taxes and other revenues that are pledged and will be set aside to repay the Notes and following payment of these funds to the Paying Agent such funds will be invested in the Authority Investment Pool or other Permitted Investments. In the event of a petition for the adjustment of debts of the Authority under Chapter 9 of the Bankruptcy Code, a court might hold that the Owners of the Notes do not have a valid and prior lien on the Designated Revenues where such amounts are deposited in the Authority Investment Pool and may not provide the Owners of the Notes with a priority interest in such amounts. Such amounts may not be available for payment of principal of and interest on the Notes unless the Owners of the Notes could "trace" the funds from the Repayment Account that have been deposited in the Authority Investment Pool. There can be no assurance that the Owners could successfully so "trace" the Designated Revenues.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with the Notes, and Bond Counsel has assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Authority, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by the State of California.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Notes. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, or any facts or circumstances that may thereafter come to its attention, or changes in law or in interpretations thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action thereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Notes, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on such Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Authority has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Notes. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Note Premium

In general, if an owner acquires a Note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Note (a “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the bond premium over the remaining term of the Premium Note, based on the owner’s yield over the remaining term of the Premium Note determined based on constant yield principles. An owner of a Premium Note must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Note, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Notes should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification”, or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding”, which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Notes under Federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes. For example, the Fiscal Year 2016 Budget proposed by the Obama Administration recommends a 28% limitation on "all itemized deductions, as well as other tax benefits" including "tax-exempt interest." The net effect of such a proposal, if enacted into law, would be that an owner of a tax-exempt bond with a marginal tax rate in excess of 28% would pay some amount of Federal income tax with respect to the interest on such tax-exempt bond regardless of issue date.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, sale, execution and delivery by the Authority of the Notes are subject to the approval of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority. A complete copy of the proposed form of opinion of Bond Counsel is contained in Appendix D hereto. Certain legal matters will be passed upon for the Authority by its counsel, Woodruff, Spradlin, & Smart, Costa Mesa, California, and its Disclosure Counsel, Hawkins Delafield & Wood LLP, Los Angeles, California.

FINANCIAL ADVISOR

The Authority has retained Fieldman, Rolapp & Associates, as Financial Advisor (the "Financial Advisor") in connection with the issuance of the Notes and certain other financial matters. The Financial Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other negotiable instruments.

The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in this Official Statement, or any other related information available to the Authority, with respect to the accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Financial Advisor respecting the accuracy and completeness of this Official Statement or any other matter related to this Official Statement.

FINANCIAL STATEMENTS

The Authority's Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2014, including its general purpose financial statements for the Fiscal Year ended June 30, 2014 is attached hereto as Appendix B. The basic financial statements of the Authority for the Fiscal Year 2013-14 have been audited by Vilmure, Peeler & Boucher, a Division of Lance, Soll & Lunghard, independent certified public accountants (the "Auditors"), as stated in their report appearing in Appendix B. The Authority has not requested nor has the Authority obtained the consent of the Auditors to the inclusion of its report in Appendix B. The Auditors have not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditors have not been requested to perform and has not performed any procedures relating to the Official Statement.

LITIGATION

No litigation is pending or threatened concerning the validity of the Notes, and an opinion of the Authority Counsel (based upon its best knowledge after reasonable investigation) to that effect will be furnished to the purchaser at the time of the original delivery of the Notes. The Authority is not aware of any litigation pending or threatened questioning the political existence of the Authority or contesting the Authority's ability to levy and collect ad valorem taxes or contesting the Authority's ability to issue and pay the Notes.

There are a number of lawsuits and claims pending against the Authority. The Authority does not believe that any of these proceedings could have a material adverse impact upon the financial condition of the Authority.

RATING

The Notes have been assigned a rating of "SP-1+" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"). An explanation of the significance of such rating may be obtained from S&P. The rating reflects the views of S&P and the Authority makes no representation as to the appropriateness of the rating. Further, there is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely if in the sole judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the trading value and the market price of the Notes.

UNDERWRITING

The Notes were sold at competitive bid on June 9, 2015. The Notes were awarded to J.P. Morgan Securities LLC (the "Underwriter"), at a purchase price of $36,872,431.40 (which includes an underwriter's discount of $362.60). The Official Notice of Sale provides that all Notes would be purchased if any were purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Official Notice of Sale, the approval of certain legal matters by Bond Counsel and certain other conditions. The Underwriter will represent to the Authority that the Notes have been re-offered to the public at the price or yield as stated on the cover page hereof.

CONTINUING DISCLOSURE

The Authority has agreed in the Resolution and will covenant in a Continuing Disclosure Certificate to be executed in connection with the delivery of the Notes that, upon the occurrence of any of the Listed Events (as defined in the Continuing Disclosure Certificate), it will report the occurrence of such event to either the MSRB through its EMMA system or to another repository designated by the MSRB or the SEC within 10 Business Days (as defined in the Continuing Disclosure Certificate). The Authority's obligations under the Resolution with respect to continuing disclosure shall terminate upon payment in full of all of the Notes without any requirement to provide notice to any owner or holder of the Notes. If such termination occurs prior to the final maturity of the Notes, the Authority shall give notice of such termination in the same manner as for a Listed Event. See Appendix D – "Form of Disclosure Certificate" attached hereto.

The Authority will file updated cash flows for Fiscal Year 2015-16 with the MSRB through its EMMA system after each of the quarters ending September 30, 2015, December 31, 2015, March 31, 2016 and June 30, 2016.

MISCELLANEOUS

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as an opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in affairs in the Authority since the date hereof.

The execution and delivery of this Official Statement have been duly authorized by the Authority.

ORANGE COUNTY FIRE AUTHORITY

By: /s/ Patricia Jakubiak
Patricia Jakubiak
Treasurer

APPENDIX A

FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE ORANGE COUNTY FIRE AUTHORITY

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GENERAL INFORMATION

History and Overview

Prior to 1980, fire protection services in the unincorporated portions of the County of Orange (the "County") and in certain cities within the County were provided by the California Department of Forestry ("CAL FIRE"). In 1980, the County formed the Orange County Fire Department which assumed responsibility for providing fire and emergency response protection within the County. The Orange County Fire Authority (the "Authority") was formed on March 1, 1995 to provide fire protection and related services to the member jurisdictions including the unincorporated area within the County. The Authority also provides mutual aid to areas outside of the County for large or unusual emergencies pursuant to the Master Mutual Aid Agreement by and among all fire agencies in the State of California (the "State"). The Authority serves as the mutual aid area coordinator for the County.

The Authority is a political subdivision of the State and exists separate and apart from the County and the Cities. The Authority operates pursuant to the Amended Orange County Fire Authority Joint Powers Agreement dated September 23, 1999, by and among the jurisdictions within the County named therein and the County, as amended by the First Amendment to Amended Joint Powers Authority Agreement (the "First Amendment") effective July 1, 2010 and the Second Amendment to Amended Joint Powers Authority Agreement (the "Second Amendment") which was approved by the Board of Directors of the Authority (the "Board of Directors") on September 26, 2013 (collectively, the "Joint Powers Agreement") each by and among the jurisdictions within the County named therein and the County. Pursuant to the First Amendment, each of the members of the Authority agreed to twenty year membership commitments which are scheduled to terminate in Fiscal Year 2029-30. Any member may withdraw from the Authority by delivering a notice to the Authority by July 1 of the second to last year of each ten year interval. The Second Amendment to the Amended Joint Powers Authority Agreement is presently the subject of a validation action. See "Financial and Economic Information – Major Revenues - Structural Fire Fund Revenues" herein. The members of the Authority are the Cities of Aliso Viejo, Buena Park, Cypress, Dana Point, Irvine, Laguna Hills, Laguna Niguel, Laguna Woods, Lake Forest, La Palma, Los Alamitos, Mission Viejo, Placentia, Rancho Santa Margarita, San Clemente, San Juan Capistrano, Santa Ana, Seal Beach, Stanton, Tustin, Villa Park, Westminster and Yorba Linda and the County. The member jurisdictions are characterized as either Structural Fire Fund Jurisdictions or Cash Contract Members. Structural Fire Fund Jurisdictions allocate a portion of their *ad valorem* property taxes to the Authority and Cash Contract Members pay fees to the Authority. See "Financial and Economic Information – Major Revenues - Structural Fire Fund Revenues" and " – Cash Contract Members" herein.

The Authority operates a full service emergency response agency. The Authority's chief officers manage the Authority's role as Area Coordinator in both the Statewide mutual aid plan and the federally supported Urban Search and Rescue California Task Force 5. The Authority operates nine battalions within seven divisions and manages 71 fire stations, including a fire station at the John Wayne Airport in the City of Santa Ana. The Authority expects to open an additional fire station in the Ortega Valley portion of the unincorporated County area in July 2015. Aircraft rescue fire-fighting services are provided under contract with John Wayne Airport. The Authority also provides a full range of fire and accident prevention programs including both regulation enforcement and education. The Authority serves a population of approximately 1.7 million residents within a land area of approximately 571 square miles including more than 172 acres of federal and State responsibility areas. In Fiscal Year 2013-14, the Authority's personnel responded to 113,025 incidents.

Governance and Senior Management

The Authority is governed by a 25 member Board of Directors. The Board of Directors is comprised of one voting member from each member City and two voting members from the County. Each Director is a current, elected member of the governing board of his or her representative City or the County. In February 2015, Assembly Bill 1217 ("AB 1217") was introduced in the State Assembly. If approved by the State Legislature and signed by the Governor, AB 1217 will amend the Government Code to reduce the Board of Directors to 13 members from 25 members. In the event AB 1217 is implemented, beginning January 1, 2018, the Board of Directors would consist of three members of the Orange County Board of Supervisors and two members from each of the five districts of the Orange County Board of Supervisors who would be chosen by a selection committee of the Authority. The Authority cannot predict whether AB 1217 will be approved and implemented or whether any legislative proposals will be introduced with respect to the Board of Directors.

The Board of Directors appoints the fire chief (the "Fire Chief"), establishes policies for the Authority and adopts the annual budget. The Fire Chief is the Authority's chief executive officer and is responsible for implementing policies of the Board of Directors, managing the Authority's fire protection and life safety services and overseeing administration of the Authority. In addition to the Fire Chief, five Assistant Chiefs, and one Deputy Fire Marshal oversee and manage operations for the Authority.

FINANCIAL AND ECONOMIC INFORMATION

Budgetary Process

General. The Joint Powers Agreement requires that the Board of Directors adopt a budget for its General Fund (the "General Fund") at or prior to the last meeting of the Board of Directors for each fiscal year for the ensuing fiscal year. In May of each of year, a budget workshop is scheduled for the entire Board of Directors to review and discuss the Proposed Budget. The budget sets forth final expenditures, revenues, and fund balances available so that appropriations during that fiscal year will not exceed revenues and other funds. The Board of Directors may only adopt the recommended budget for a fiscal year with the approval of at least a majority of the members of the Board of Directors in attendance. The Board of Directors approved the Authority's budget for Fiscal Year 2014-15 on May 22, 2014 (the "Fiscal Year 2014-15 Adopted Budget") and is scheduled to adopt the Authority's budget for Fiscal Year 2015-16 on May 28, 2015 (the "Fiscal Year 2015-16 Adopted Budget").

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 budget for the General Fund and capital expenditures, assignment or commitment of fund balances, budget balancing measures, evaluation and development of plans to meet long-term financing needs, investment oversight and purchasing policies. Proposed budgets are reviewed by executive management ("Executive Management") the Capital Improvement Program ad hoc Committee composed of four members of the Board of Directors, the City Manager's Budget and Finance Committee, the Budget and Finance Committee of the Board, comprised of seven members of the Board, and the Board of Directors.

Revenues for the General Fund are derived from such sources as *ad valorem* property taxes, cash contract charges, fire prevention fees, contracts with CAL FIRE, federal disaster relief reimbursements, ambulance reimbursements and other sources. Structural Fire Fund Revenues (defined herein) and Cash Contract Payments (defined herein) constitute the two principal components of General Fund revenues. See "Financial and Economic Information – Major Revenues – Structural Fire Fund Revenues" and " – Cash Contract Payments" herein. General Fund expenditures and encumbrances are classified by the functions of salaries and employee benefits, services and supplies, capital outlay, debt service, and appropriations for contingencies. Increases in the aggregate appropriations based on actual or anticipated increases in available financing can be made after the annual budget has been adopted upon approval by the Board of Directors.

The Authority receives a portion of its revenues from the State through payments made or appropriated by the State to the Authority for various programs and services. See "State of California Budget and Supplemental Financial Information" herein for a description of the Fiscal Year 2014-15 State Budget (defined herein), the Fiscal Year 2015-16 Proposed State Budget (defined herein) and the May Revision to the Fiscal Year 2015-16 Proposed State Budget Act (defined herein). No assessment can be made by the Authority regarding any budgetary problems that may affect the State in Fiscal Years 2014-15 or 2015-16, including any measures that may be taken by the State to balance its budget. There can be no assurances that the State Budget Act for Fiscal Year 2015-16 or any future budget or budget amendment will not place additional burdens on local governments, including the Authority, or will not significantly reduce revenues to such local governments, and the Authority cannot predict the ultimate impact of the Fiscal Year 2015-16 State Budget Act or any future budget or budget amendment, if any, on the Authority's financial situation.

To ensure that expenditures do not exceed authorized levels or available financing sources, periodic reviews are conducted covering actual and projected receipts and expenditures. In the event of any shortfall in projected revenue, immediate steps are taken to mitigate the shortfall through the identification of alternative funding sources or reducing appropriations. Similarly, if expenditures are projected to exceed appropriations, steps are taken to reduce expenditures in other accounts within the affected department or to transfer available resources to offset the added expenditure requirement. In general, expenditures which have been authorized by the Board of Directors within the Authority's budget may be made without the need for further approvals. However, contracts and purchase orders which exceed certain values require approval of the Executive Committee of the Board. Expenditures in excess of those budgeted may not be made without the approval of a majority of the Board of the Directors.

Financial Policies and Practices

Fiscal Health Plan and Financial Stability Budget Policy. In May 2002, the Board of Directors approved the Fiscal Health Contingency Plan and the Financial Stability Budget Policy. In November 2013, the Board of Directors adopted several amendments to the Fiscal Health Contingency Plan (as amended, the "Fiscal Health Plan") and the Financial Stability Budget Policy (the "Budget Policy").

The Fiscal Health Plan establishes the fiscal policies and the comprehensive system for monitoring the Authority's fiscal performance and directs the Authority to take certain actions upon the occurrence of adverse fiscal circumstances. Pursuant to the Fiscal Health Plan and the Budget Policy, the Authority must maintain an operating fund contingency in an amount at least equal to 10% of operating expenditures (the "Contingency Reserve Set Aside Requirement"). The Authority Contingency Reserve Set Aside was 8.8% of operating expenditures in Fiscal Year 2013-14. The Authority satisfied the Contingency Reserve Set Aside Requirement each other year since 2002 when the Fiscal Health Plan was adopted.

In addition, the Fiscal Health Plan establishes several fiscal policies for the Authority including, among others, maintaining a balanced budget, funding ongoing operating expenditures with ongoing revenues, investing conservatively with monthly oversight by the Budget and Finance Committee, limiting the use of debt financing, implementing user fee cost recovery and performing fee studies every two years, and pursuing productivity improvements. The Authority must timely report fiscal conditions and apply short-term and long-term strategies to address fiscal concerns as appropriate. Short-term strategies may include suspending hiring of new personnel instead of filling vacant positions, deferring capital improvement projects, and using the contingency fund balance only when necessary with approval by the Board of Directors. Long-term strategies may include, among others, proposing benefit assessments or other voter-approved measures to increase revenues, reducing expenditures and related service levels, identifying and prioritizing capital improvement projects, and seeking legislative solutions. The Fiscal Health Plan also directs the Fire Chief with advice from Executive Management, the City Managers' Technical Advisory Committee and the Budget and Finance Committee to prepare a Fiscal Health Action Plan for consideration by the Board of Directors.

The Authority developed the Budget Policy in order to maintain long-term financial stability, establish contingency fund levels and fund balance targets for the General Fund and Capital Improvement Fund (the "Capital Improvement Fund") on an annual basis. In addition, the Budget Policy is used to establish Capital Improvement Fund balances to ensure that such amounts are in accord with the needs and timing of capital projects identified in the five-year capital improvement plan.

Pursuant to the Budget Policy, the Authority updates the Five-Year Forecast on an annual basis in conjunction with its annual budget. See "Budgetary Process – Five Year Forecast" herein. The Budget Policy directs the Authority to adopt a balanced General Fund operating budget each year and to strive to achieve a balanced operating budget for all years included in the Five-Year Forecast. In addition, the Budget Policy directs the Authority to analyze the feasibility of paying its annual retirement contributions to the Orange County Employees Retirement System (the "System") early each year in order to pay a discounted amount. See "Financial and Economic Information - Defined Benefit Retirement Program - The System's Historical Funding Progress" herein.

Pursuant to the Budget Policy, the Authority is to transfer all available funds in excess of the Contingency Reserve Set-Aside Requirement to the Capital Improvement Funds. The Capital Improvements Funds comprise funds for facilities maintenance and improvements, capital projects, communications and information system replacement and vehicle replacement. The Authority requires that each of these Capital Improvement Funds maintain a reserve which it regularly monitors. Funds are allocated to the Capital Improvement Funds to finance capital projects and to fund the respective reserves. The projects are identified in the five-year Capital Improvement Plan. The Authority's goal is to achieve a fully funded five-year capital improvement program.

Five-Year Forecast. The Authority prepares a five-year forecast (the "Five-Year Forecast") as a long-range planning tool that is updated annually, in conjunction with the mid-year budget review and the subsequent fiscal year's proposed budget. The Five-Year Forecast projects revenues and expenditures for the current year and following four years. The Five-Year Forecast is based on, among other things, the one-year operating budget, the five-year capital improvement plan and assumptions regarding future revenue and expenditure growth. The Five-Year Forecast combines all of the Authority's budgetary funds into one financial summary and includes projected new fire station requirements and the impact on the operating budget of related staffing needs. The Five-Year Forecast may include multiple scenarios to provide the Authority with budgetary flexibility. The Authority updates the Five-Year Forecast whenever a significant financial event occurs or is anticipated to occur during the fiscal year.

Fiscal Year 2014-15 Authority Budget. The Board of Directors of the Authority approved the Authority's Fiscal Year 2014-15 General Fund Adopted Budget (the "Fiscal Year 2014-15 General Fund Adopted Budget") on May 22, 2014. The Fiscal Year 2014-15 General Fund Adopted Budget projected Fiscal Year 2014-15 total available resources of approximately $355.7 million, inclusive of a beginning balance of $47.1 million, total expenditures and other uses of $324.6 million and a year-end ending balance of $27.4 million. The Fiscal Year 2014-15 General Fund Adopted Budget, among other things, continues the Authority's policy to leave vacant positions unfilled and directs each department to maintain services and supplies at their respective Fiscal Year 2013-14 levels. The Fiscal Year 2014-15 General Fund Adopted Budget did not include salary adjustments or cost of living adjustments based on the former "trigger formula" calculation.

The Fiscal Year 2014-15 General Fund Adopted Budget projected that General Fund revenues in Fiscal Year 2014-15 will be approximately $2.5 million greater than the projected revenues for Fiscal Year 2013-14, which is an increase of 0.82%. The projected increase to General Fund revenues is attributable to, among other things, a $5.3 million increase in property tax revenues and a $4.3 million increase to cash contract charges. Projected decreases in revenues included, among other things, $2.8 million from State reimbursements, $3.2 million from federal reimbursements, $750,000 from community redevelopment agency transfers, $564,000 from community risk reduction fees and $572,000 from miscellaneous revenues. The Authority projected a decrease in intergovernmental revenues of approximately $6.7 million in Fiscal Year 2014-15 from Fiscal Year 2013-14, which amount included the aforementioned projected reductions to local, State and federal reimbursements related to assistance for hire.

The Fiscal Year 2014-15 General Fund Adopted Budget projected that General Fund expenditures in Fiscal Year 2014-15 will be approximately $18.6 million greater than the projected expenditures for Fiscal Year 2013-14, an increase of 6.08%. The projected increase to General Fund expenditures is primarily attributable to, among other things, additional personnel for a new fire station and a one-time $18.3 million prepayment of the pension UAAL pursuant to the MOUs and is not attributable to salary increases. See "Financial and Economic Information – Defined Benefit Retirement Program – The System's Historical Funding Progress" herein. The $18.3 million prepayment of the pension UAAL and other budgeted expenditures are expected to reduce the Authority's ending balance in Fiscal Year 2014-15 in comparison to Fiscal Year 2013-14. See "– Fiscal Year 2013-14 Mid-Year Budget Update" herein. The Authority has allocated a portion of the General Fund savings relating to PEPRA (defined herein) and increased retirement rates to the prepayment of the pension UAAL. However, the Authority expects to satisfy the Contingency Reserve Set-Aside Requirement set forth in the Fiscal Health Plan and the Budget Policy. See " – Fiscal Health Plan and Financial Stability Budget Policy" herein.

In accordance with the Budget Policy, the Board of Directors approved the Five Year Forecast which reflected projections for Fiscal Year 2013-14, the proposed Fiscal Year 2014-15 General Fund Adopted Budget and projections for Fiscal Year 2015-16 through 2018-19. See " – Five Year Forecast" herein. The Five Year Forecast projects that General Fund revenues will increase each year during such period beginning with revenues of approximately $306.0 million in Fiscal Year 2013-14 to approximately $346.6 million in Fiscal Year 2018-19. The Authority also projects that General Fund expenditures will increase each year during such period beginning with expenditures of $306.0 million in Fiscal Year 2013-14 to approximately $343.1 million in Fiscal Year 2018-19. The Five Year Forecast projects that the General Fund will end Fiscal Years 2013-14, 2014-15, 2015-16, and 2016-17 with a surplus, but the General Fund will end Fiscal Year 2017-18 with a deficit of approximately $62,000. In accordance with the Fiscal Health Plan and the Budget Policy, the Authority will continue to review budget proposals and revenues and expenditures to address these projected deficits.

Fiscal Year 2014-15 Mid-Year Budget Update. The Board of Directors received an update on the Fiscal Year 2014-15 Adjusted Budget on January 22, 2015 (the "2014-15 Mid-Year Budget Update"). The Board of Directors approved technical adjustments to the Fiscal Year 2014-15 Adjusted Budget in March 2015. The 2014-15 Mid-Year Budget Update stated that projected General Fund revenues for Fiscal Year 2014-15 are expected to increase by approximately $13.3 million due to, among other things, increased property taxes in the amount of $8.5 million, assistance by hire fee in the amount of $4.7 million, community redevelopment agency pass-through payments in the amount of $717,000 and other miscellaneous revenues in the amount of $324,000. The 2014-15 Mid-Year Budget Update estimates that General Fund expenditures are expected to increase by approximately $12.7 million due to, among other things, Jurisdictional Equity Adjustment Payments (defined herein) in the amount of $5 million to the City of Irvine, overtime expenditures in the amount of $3.2 million, expenditures related to the memorandum of understanding with the firefighter bargaining unit in the amount of $1.4 million and other miscellaneous expenditures. The Board of Directors reviewed service demands and directed Authority staff to evaluate staffing levels and frozen positions.

Fiscal Year 2015-16 Adopted Authority Budget. The Authority's proposed budget for Fiscal Year 2015-16 (the "Fiscal Year 2015-16 Proposed Authority Budget") projects Fiscal Year 2015-16 total available resources of approximately $369.4 million, inclusive of a beginning balance of $36.4 million, total expenditures and other uses of $369.2 million, inclusive of a year-end ending balance of $33.9 million. The

Fiscal Year 2015-16 General Fund Adopted Budget, among other things, recommends that the Authority fill several vacant positions at the beginning of the fiscal year in contrast to previous fiscal years.

The Fiscal Year 2015-16 Adopted Authority Budget projects that General Fund revenues in Fiscal Year 2015-16 will be approximately $14.8 million greater than the projected revenues for Fiscal Year 2014-15, which is an increase of 4.65%. The projected increase to General Fund revenues is attributable to, among other things, a $9.6 million increase of property tax revenues, a $463,000 increase from State reimbursements, a $1.8 million from pass-throughs relating to the dissolved community redevelopment agency, and a $2.9 million increase from cash contract charge revenues.

The Fiscal Year 2015-16 Adopted Authority Budget projects that General Fund expenditures in Fiscal Year 2015-16 will be approximately $5.8 million greater than the projected expenditures for Fiscal Year 2014-15, an increase of 1.88%. The projected increase to General Fund expenditures is primarily attributable to, among other things, a $4.5 million increase to salaries and additional positions, $268,000 relating to increased retirement rates and contributions, $1.3 million relating to benefits, workers' compensation and medical, dental and vision insurance. The projected increase to salaries reflects an increase based on the memorandum of understanding for the Orange County Professional Firefighters Association and the estimated impact of the memorandum of understanding for the Orange County Employees Association. The project does not incorporate estimated increases based on the Authority's former "trigger formula. In addition, the Authority expects that there will be a reduction in expenditures in the amount of $23.8 million relating to extraordinary and grant expenditures from Fiscal Year 2014-15. The Authority expected to satisfy the Contingency Reserve Set-Aside Requirement of $3 million pursuant to the Fiscal Health Plan and the Budget Policy. See " – Fiscal Health Plan and Financial Stability Budget Policy" herein.

In accordance with the Budget Policy, the Board of Directors approved the Five Year Forecast which reflected projections for Fiscal Year 2014-15, the proposed Fiscal Year 2015-16 General Fund Adopted Budget and projections for Fiscal Year 2016-17 through 2019-20. See " – Five Year Forecast" herein. The Five Year Forecast projects that General Fund revenues will increase during the Five-Year Forecast period beginning with revenues of approximately $345.00 million in Fiscal Year 2014-15 to approximately $386.10 million in Fiscal Year 2019-20. The Authority also projects that General Fund expenditures will increase during the Five Year Forecast period beginning with expenditures of $343.08 million in Fiscal Year 2014-15 to approximately $361.451 million in Fiscal Year 2019-20. The Five Year Forecast projects that the General Fund will end Fiscal Years 2014-15 through 2019-20 with a surplus.

The following Table A-1 sets forth the Authority's adopted and adjusted budgets for its General Fund for Fiscal Years 2011-12 through 2014-15 and the Fiscal Year 2015-16 Adopted Authority Budget.

TABLE A-1
ORANGE COUNTY FIRE AUTHORITY
GENERAL FUND ANNUAL BUDGETS[1]
Fiscal Years Ended June 30, 2012 through 2016

	Adopted 2011-12 Budget	Adopted 2012-13 Budget[1]	Adjusted 2013-14 Budget	Adopted 2014-15 Budget	Adopted 2015-16 Budget
FUNDING SOURCES:					
Property Taxes	$ 178,620,900	$ 180,025,636	$ 190,156,251	$ 195,471,965	$214,445,545
Intergovernmental	8,555,396	8,453,724	17,872,333	11,137,559	14,942,177
Charges for Current Services	59,160,564	94,314,465	96,288,619	100,016,486	101,969,304
Use of Money & Property	329,425	217,023	128,487	886,749	658,828
Other	1,519,243	2,569,243	1,572,631	1,000,700	1,058,733
TOTAL REVENUE AND OTHER FINANCING SOURCES	$ 248,185,528	$ 285,580,091	$ 306,018,321	$ 308,513,459	$333,074,587
BEGINNING FUND BALANCE	$ 47,336,136	$ 44,316,887	$ 52,525,839	$ 47,141,481	$ 36,361,470
TOTAL AVAILABLE RESOURCES	$ 295,521,664	$329,896,978	$ 358,544,160	$ 355,654,940	$369,436,057
EXPENDITURES					
Salaries and Employee Benefits[2]	$ 228,151,732	$ 260,416,467	$ 273,532,282	$ 298,156,224	$287,352,080
Services and Supplies	19,555,593	21,700,120	32,164,422	25,585,580	34,578,778
Capital Outlay	--	--	335,600	--	154,095
Debt Service	--	--	--	895,000	318,050
Subtotal Expenditures	$ 247,707,325	$ 282,116,587	$ 306,032,304	$ 324,636,804	$ 322,403,003
UAAL Paydown	$ --	$	$	$	$ 2,802,122
TOTAL EXPENDITURE AND OTHER USES	$ 247,707,325	$ 282,116,587	$ 306,032,304	$ 324,636,804	$ 325,205,125
APPROPRIATION FOR CONTINGENCIES[3]	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000
OPERATING TRANSFER OUT	$ --	$ --	$ 5,370,375	$ 584,592	$ 7,361,821
ENDING FUND BALANCE	$ 44,814,339	$ 44,780,391	$ 44,141,481	$ 27,433,544	$ 33,869,111
TOTAL FUND COMMITMENTS & FUND BALANCE	$ 295,521,664	$ 329,896,978	$ 358,544,160	$ 355,654,940	$369,436,057

Source: Orange County Fire Authority.

(1) The City of Santa Ana joined the Authority as a Cash Contract Member in April 2012. Accordingly, the revenues and expenditures of the Authority increased commencing in Fiscal Year 2012-13.

(2) Projected expenditures for salaries and benefits include a payment to reduce the Authority's UAAL in the amount of $18,290,238 in accordance with the MOU with the Orange County Professional Firefighters Association.

(3) Any proposed expenditure of the appropriation for contingencies requires approval by the Board of Directors prior to such expenditure.

Financial Statements

The following Table A-2 sets forth the Authority's Statement of General Fund Revenues, Expenditures and Changes in Fund Balances for Fiscal Years 2010-11 through 2013-14.

TABLE A-2
ORANGE COUNTY FIRE AUTHORITY
STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES(1)
AND CHANGES IN FUND BALANCES
Fiscal Years Ended June 30, 2011 through 2014

	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014
REVENUES				
Taxes	$ 177,181,086	$ 177,728,290	$ 181,720,253	$ 190,873,689
Intergovernmental	10,756,345	12,856,953	28,004,583	19,094,591
Charges for Services(1)	55,651,846	64,332,052	94,292,648	96,104,840
Use of Money and Property	426,990	344,630	25,305	540,980
Miscellaneous	893,511	2,326,680	4,785,472	1,352,043
TOTAL REVENUES	$ 244,909,778	$ 257,588,605	$ 308,828,261	$ 307,966,143
EXPENDITURES				
Current – Public Safety:				
Salaries and Benefits(1)	$ 211,799,421	$ 228,452,010	$ 255,301,913	$ 257,134,030
Services and Supplies(1)	24,387,661	27,761,638	29,849,819	37,415,703
Capital Outlay	274,901	418,655	250,572	455,496
Debt Service:				
Principal Retirement	--	--	--	--
Interest and Fiscal Charges	210,594	136,019	115,937	109,274
TOTAL EXPENDITURES	$ 236,672,577	$ 256,768,322	$ 285,518,241	$ 295,114,503
EXCESS (DEFICIT) OF REVENUES OVER/(UNDER) EXPENDITURES	$ 8,237,201	$ 820,283	$ 23,310,020	$ 12,851,640
OTHER FINANCING SOURCES (USES)				
Transfers In	$ (4,137,811)	--	--	--
Transfers Out	434,914	--	$ (381,222)	$ (5,370,375)
Sale of Capital and Other Assets	--	$ 146,317	58,051	77,077
Insurance Recoveries	8,405	89,095	53,539	360,803
TOTAL OTHER FINANCING SOURCES (USES)	$ (3,694,492)	$ 235,412	$ (269,642)	$ (4,932,495)
NET CHANGE IN FUND BALANCES	$ 4,542,709	$ 1,055,695	$ 23,040,378	$ 7,919,145
FUND BALANCE				
BEGINNING OF YEAR	$ 80,697,406(2)	$ 85,240,115	$ 84,544,766(3)	$ 107,585,144
END OF YEAR	$ 85,240,115	$ 86,295,810	$ 107,585,144	$ 115,504,289

(1) The City of Santa Ana joined the Authority as a Cash Contract Member in April 2012. Accordingly, the revenues and expenditures of the Authority increased commencing in Fiscal Year 2012-13.

(2) The Authority restated its beginning fund balance due to the implementation of GASB Statement No. 54 – "Fund Balance Reporting and Governmental Fund Type Definitions".

(3) The Authority restated its beginning net position of governmental activities by $256,951, in order to eliminate deferred issuance costs from the Statement of Net Position, in conjunction with the implementation of GASB Statement No. 65 – "Items Previously Reported as Assets and Liabilities". The restatement also included an adjustment of $1.75 million due to the Authority's hazardous materials program. See "Financial and Economic Information – Major Revenues - Hazardous Material Inspection Program Revenue" herein.

Source: Comprehensive Annual Financial Reports of the Authority for the Fiscal Years ended June 30, 2011 through June 30, 2014.

The following Table A-3 sets forth the Authority's General Fund Balance Sheets for Fiscal Years 2010-11 through 2013-14.

TABLE A-3
ORANGE COUNTY FIRE AUTHORITY
GENERAL FUND BALANCE SHEETS
Fiscal Years Ended June 30, 2011 through 2014

	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014
ASSETS				
Cash and Investments	$63,031,566	$ 68,277,255	$ 87,493,792	$ 31,645,070
Receivables:				
Accounts, net	1,914,898	1,803,896	2,944,138	2,117,990
Accrued Interest	74,898	76,707	32,796	54,196
Prepaid Costs	23,186,680	22,756,709	26,727,849	30,565,638
Due from Other Governments	7,279,150	8,529,530	9,674,957	9,946,907
TOTAL ASSETS	$ 95,487,192	$101,444,097	$126,873,532	$ 74,329,801
LIABILITIES				
Accounts Payable	$ 1,727,631	$ 2,590,413	$ 2,471,418	$ 4,911,061
Accrued Liabilities	8,507,382	10,915,134	12,853,555	11,540,122
Unearned Revenue	--	--	2,905,626	3,012,482
Deferred Revenues	12,064	1,642,740	--	--
Due to Other Governments	--	--	23,368	67,854
TOTAL LIABILITIES	$ 10,247,077	$ 15,148,287	$ 18,253,967	$ 19,531,519
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	$ --	$ --	$ 1,034,421	$ 1,000,139
TOTAL DEFERRED INFLOWS OF RESOURCES	$ --	$ --	$ 1,034,421	$ 1,000,139
FUND BALANCES:				
Reserved:				
Reserved for Encumbrances	--	--	--	--
Reserved for Prepaid Costs	--	--	--	--
Unreserved				
Designated for Workers' Compensation	--	--	--	--
Designated for Operating Contingency	--	--	--	--
Designated for Future Cash Flow Needs	--	--	--	--
Designated for Training and Education	--	--	--	--
Undesignated	--	--	--	--
Nonspendable – Prepaid Costs	$ 23,186,680	$ 22,756,709	$ 26,727,849	$ 30,560,638
Restricted for:				
Executive Management	79,125	60,391	7,865	--
Operations Department	29,655	113,056	127,193	32,015
Fire Prevention Department	3,200	24,628	2,618	--
Business Services Department	--	1,501,712	--	--
Community Risk Reduction Department	--	--	--	267
Committed to – SFF Cities Enhancements	797,935	1,372,789	1,268,160	784,617

(continued)

Assigned To:				
Capital Improvement Program	--	--	--	--
Workers' Compensation	35,134,351	34,146,268	53,230,384	60,921,529
Executive Management	34,031	45,140	24,832	90,529
Operations Department	83,553	134,227	62,583	75,416
Fire Prevention Department	68,180	49,224	55,138	--
Business Services Department	139,647	232,335	161,126	58,254
Support Services Department	91,227	94,138	134,545	90,364
Facilities Projects	--	14,065	--	--
Communications and IT Projects	--	--	--	--
Fire Apparatus and Other Vehicles	--	--	--	--
Fire Station Construction	--	--	--	--
Unassigned	25,592,531	25,751,128	25,782,851	22,890,660
TOTAL FUND BALANCES	$ 85,240,115	$ 86,295,810	$107,782,851	$115,504,289
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 95,487,192	$101,444,097	$126,873,532	$74,329,801

Sources: Comprehensive Annual Financial Reports of the Authority for the Fiscal Years ended June 30, 2011 through June 30, 2014.

The Authority's fund balances for the Fiscal Years beginning 2010-11 follow Governmental Accounting Standards Board Statement No. 54 – "Fund Balance Reporting and Governmental Fund Type Definitions" ("GASB 54"). Pursuant to GASB 54, the fund balances will be designated as one of the following five categories: (i) nonspendable fund balance which includes amounts that are not in a spendable form or are required to be maintained intact; (ii) restricted fund balance which includes amounts constrained to specific purposes by their providers, through constitutional provisions, or by enabling legislation; (iii) committed fund balance which includes amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint; (iv) assigned fund balance which includes amounts a government intends to use for a specific purpose whereby the intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority; and (v) unassigned fund balance which includes amounts that are available for any purpose; these amounts are reported only in the general fund.

Major Revenues

General. The Authority derives its revenues from a variety of sources including *ad valorem* property taxes, charges for services provided by the Authority, intergovernmental sources, licenses, use of Authority money and property, and other miscellaneous sources. Property tax revenue is budgeted to be approximately 54.96% and 64.4% of revenue to the General Fund for Fiscal Years 2014-15 and 2015-16, respectively. Such revenues are specifically allocated to fire suppression, protection, prevention, and related services. The following Table A-4 sets forth the Authority's General Fund revenues for the Fiscal Year ended June 30, 2014.

TABLE A-4
ORANGE COUNTY FIRE AUTHORITY
ALLOCATION OF COUNTY GENERAL FUND REVENUES[1]
Fiscal Year Ended June 30, 2014

Taxes	61.98%
Intergovernmental	6.20
Charges for Services	31.21
Use of Money and Property	0.18
Miscellaneous	0.44
Total	100.00%

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2014.

Structural Fire Fund Revenues. The Authority receives Structural Fire Fund Revenues (the "Structural Fire Fund Revenues") primarily from *ad valorem* property taxes levied on property located in the unincorporated area of the County and in the cities of Aliso Viejo, Cypress, Dana Point, Irvine, Laguna Hills, Laguna Niguel, Laguna Woods, Lake Forest, La Palma, Los Alamitos, Mission Viejo, Rancho Santa Margarita, San Juan Capistrano, Villa Park, and Yorba Linda (collectively, the "Structural Fire Fund Jurisdictions"). Pursuant to the Joint Powers Agreement, the County is required to pay all of the Structural Fire Fund Revenues that it receives to the Authority in accordance with the County's normal tax apportionment procedures pursuant to the California Revenue & Taxation Code and the County's tax apportionment schedule.

The Structural Fire Fund Revenues represent a portion of the basic 1% *ad valorem* property levied on property located in the unincorporated area of the County and the Structural Fire Fund Jurisdictions. The amount of Structural Fire Fund Revenues available to the Authority in the future will depend upon a number of factors, including the manner in which *ad valorem* taxes are distributed to the various jurisdictions on whose behalf they are levied and the rates of taxes and the assessed valuation of the property within the unincorporated territory of the County and the Structural Fire Fund Jurisdictions. See "*Ad valorem* Property Taxes" herein.

The following Table A-5 sets forth the amount of the Structural Fire Fund Revenues for each of the Structural Fire Fund Jurisdictions for Fiscal Years 2013-14 and 2014-15. The aggregate amount of the Structural Fire Fund Revenues for Fiscal Year 2013-14 was $186,395,536. The estimated amount of the Structural Fire Fund Revenues for Fiscal Year 2014-15 is $200,309,490.

TABLE A-5
ORANGE COUNTY FIRE AUTHORITY
STRUCTURAL FIRE FUND REVENUES[1]
Fiscal Years ended June 30, 2014 and June 30, 2015

Structural Fire Fund Jurisdiction	Fiscal Year 2013-14	Fiscal Year 2014-15
Aliso Viejo	$ 9,078,539	$ 9,724,276
Cypress	4,302,153	4,454,860
Dana Point	10,324,890	11,082,066
Irvine	62,818,290	68,300,059
La Palma	1,365,622	1,428,958
Laguna Hills	5,819,188	6,147,936
Laguna Niguel	12,988,031	13,896,437
Laguna Woods	2,614,707	2,834,724
Lake Forest	11,764,437	12,472,117
Los Alamitos	1,619,355	1,716,485
Mission Viejo	14,051,316	15,017,493
Rancho Santa Margarita	8,305,384	8,888,108
San Juan Capistrano	6,089,775	6,557,877
Villa Park	1,493,780	1,555,844
Yorba Linda	9,091,605	9,789,479
County Unincorporated	24,668,464	26,442,771
Total Structural Fire Fund Revenue	$ 186,395,536	$ 200,309,490

(1) Revenues based on information from the Auditor's accumulation of combined prior year levy and current year annual tax increment.

Source: Orange County Fire Authority.

Certain Structural Fire Fund Jurisdictions claimed that the revenue which the Authority received from Structural Fire Fund Jurisdictions did not bear a reasonable relationship to the cost of service provided to that member. These Structural Fire Fund Jurisdictions requested adjustments to their Structural Fire Fund Revenues to address the claimed disparity. Pursuant to the Second Amendment to the Amended Joint Powers Agreement, Structural Fire Fund Jurisdictions that contribute more than the average share of the 1% *ad valorem* property tax to the Authority will be eligible for Jurisdictional Equity Adjustment Payments. Beginning in Fiscal Year 2013-14, the Authority agreed to provide to the City of Irvine its full Jurisdictional Equity Adjustment Payments subject to the Authority's General Fund budget. The Authority has agreed to provide to the other Structural Fire Fund Jurisdictions an escalating portion of their respective Jurisdictional Equity Adjustment Payment in Fiscal Years 2013-14 through Fiscal Year 2016-17 and to provide the full Jurisdictional Equity Adjustment Payment beginning in Fiscal Year 2017-18, subject to the Authority's General Fund budget. Pursuant to the Second Amendment to the Joint Powers Agreement, the Authority is to use unrestricted revenues such as the Cash Contract Payments to make the Jurisdictional Equity Adjustment Payments. Pursuant to the Second Amendment to the Amendment Joint Powers Agreement, the Authority may not require Structural Fire Fund Jurisdictions and Cash Contract Members who are not eligible for Jurisdictional Equity Adjustment Payments to pay additional contributions to the Authority. See "Financial and Economic Information – Budgetary Process – Fiscal Year 2014-15 Mid-Year Budget Update" herein.

In December 2013, the Authority and the City of Irvine filed a motion with the Orange County Superior Court seeking a judicial determination that the Second Amendment to the Joint Powers Agreement is valid and enforceable (the "Validation Action"). In February 2014, the County filed an answer opposing the Validation Action and challenging the validity of the Second Amendment to the Joint Powers Agreement and the revenues proposed to make the Jurisdictional Equity Adjustment Payments. In August 2014, the Superior Court ruled that the Second Amendment to the Joint Powers Agreement was invalid.

The Authority and the City of Irvine have submitted appeals to the ruling of the Superior Court. In February 2015, both parties filed briefs in the Court of Appeal. The Authority cannot predict the outcome of the appeal proceedings nor has it determined what action it will take if the Second Amendment to the Joint Powers Agreement and the Jurisdictional Equity Adjustment Payments to be made in accordance therewith are not validated on appeal. The Authority heretofore funded 50% of the City of Irvine's Jurisdictional Equity Adjustment Payment for Fiscal Year 2013-14 as shown in the forepart of this Official Statement, but the Authority has reserved the remaining 50% of the Jurisdictional Equity Adjustment Payment pending the outcome of litigation. The Fiscal Year 2014-15 Mid-Year Budget Update estimates that in Fiscal Year 2014-15 Jurisdictional Equity Adjustment Payments in the aggregate amount of $6,989,875 are payable to Structural Fire Fund Jurisdictions, including $6,513,240 to the City of Irvine.

Cash Contract Payments. The Cities of Buena Park, Placentia, San Clemente, Santa Ana, Seal Beach, Stanton, Tustin and Westminster and the John Wayne Airport (collectively, the "Cash Contract Members") have each entered into a contract with the Authority pursuant to which each of them is obligated to make payments to the Authority. The City of Santa Ana makes monthly payments to the Authority. The other Cash Contract Members make quarterly payments to the Authority. The amounts so payable are determined by the Authority each year as part of its annual budget process. Revenues from cash contracts are currently increasing due to cost increases. Pursuant to the Second Amendment to the Amended Joint Powers Authority Agreement, no annual cost adjustment may exceed 4.5% in a given fiscal year. The Board of Directors approved a base service charge increase of 4.5% in its Fiscal Year 2014-15 Final Adopted Budget. However, the Authority estimates that the base service charge increase for Fiscal Year 2014-15 is 4.54%. The proposed Fiscal Year 2015-16 base service charge increased by 2.35%. The Fiscal Year 2014-15 Budget Update states that annual increases for Cash Contract Members for Fiscal Year 2016-17 will be approximately 2.5%.

The following Table A-6 sets forth the amount of the Cash Contract Payment for each of the Cash Contract Members and for John Wayne Airport (which are paid by the County) for Fiscal Year 2014-15 and Fiscal Year 2015-16. The aggregate amount of the Cash Contract Payments for Fiscal Year 2013-14 was $83.3 million, which amount was approximately 27.1% of total General Fund revenues. The estimated aggregate amount of the Cash Contract Payments for Fiscal Year 2014-15 is $87.6 million, which amount is approximately 27.4% of the projected total General Fund revenues. In Fiscal-Year 2015-16 the aggregate amount of Cash Contract Payments is approximately $90.5 million which is approximately 27.2% of the projected total General Fund revenues.

TABLE A-6
ORANGE COUNTY FIRE AUTHORITY
CASH CONTRACT PAYMENTS[(1)]
Fiscal Years ended June 30, 2014 and June 30, 2015

Cash Contract Member	Fiscal Year 2014-15	Fiscal Year 2015-16
Buena Park	$ 9,307,967	$ 9,651,490
John Wayne Airport	4,301,824	4,425,479
Placentia	5,449,278	5,659,590
San Clemente[(1)]	7,831,474	8,103,028
Santa Ana[(2)]	36,196,560	37,214,682
Seal Beach	4,498,827	4,627,456
Stanton	3,654,206	3,800,518
Tustin	6,462,533	6,778,478
Westminster	9,861,998	10,222,871
Total	$87,564,667	$90,483,592

(1) In addition to the base charge, such amount includes a charge in the amount of $527,298 in Fiscal Year 2014-15 and $553,173 in Fiscal Year 2015-16 to the City of San Clemente relating to emergency transportation technicians in the City of San Clemente. The additional amount charged to the City of San Clemente is subject to change based on activity.

(2) In addition to the base charge, such amount includes a charge in the amount of $35,000 in Fiscal Year 2014-15 and $200,000 in Fiscal Year 2015-16 to the City of Santa Ana relating to workers' compensation claims and vacation leave that originated in the City of Santa Ana that current employees of the Authority had with the City of Santa Ana prior to their transition to the Authority. The additional amount charged to the City of Santa Ana is subject to change based on activity.

Source: Orange County Fire Authority.

Hazardous Material Inspection Program Revenues. The Authority receives a small portion of its revenues from hazardous material inspections conducted by Authority personnel on businesses within the Authority's service area. The Authority determined that certain businesses in the County received bills for hazardous material inspections that the Authority could not verify with existing documentation. Accordingly, the Authority provided refunds to such businesses in the amount of approximately $1.3 million during Fiscal Year 2013-14 and transferred approximately $400,000 to the Orange County Environmental Health Agency in June 2014. Commencing July 1, 2013, the Orange County Environmental Health Agency began management of the hazardous materials disclosure, business emergency plan, and the State's accidental release prevention programs which were previously managed by the Authority. In addition, the Orange County Environmental Health Agency is responsible for billing qualifying businesses for the inspections. The Orange County District Attorney's office is conducting an investigation of the inspection practices by the Authority and other related matters. The Authority cannot predict the outcome of this investigation.

Limitations on the Ability of the Authority to Increase Revenues. The Authority cannot unilaterally increase Structural Fire Fund Revenues or Cash Contract Payments, which amounts are the two principal sources of General Fund revenues. Structural Fire Fund Revenues are *ad valorem* property taxes and, as such, are subject to a variety of constitutional and statutory restrictions and limitations. See "Constitutional and Statutory Limitations on Taxes, Revenues and Appropriations" in the forepart of this Official Statement. The Cash Contract Payments are limited by the provisions of the Joint Powers Agreement and the various contracts between the Authority and the respective Cash Contract Members. Each of those contracts contains a limitation on the amount of the annual increase in the applicable Cash Contract Payment. See " – Cash Contract Payments" herein.

Intergovernmental Revenues

Intergovernmental Revenues is the Authority's third largest revenue source. A large amount of this revenue source comes from the State in the form of payments for services provided by the Authority, including, among other things, the contract by and between the Authority and CAL FIRE to protect the State responsibility area. See "State of California Budget and Supplemental Financial Information – State Budget for Fiscal Year 2014-15" and " – State Budget for Fiscal Year 2015-16" herein.

Expenditures

The Authority's major expenditures are employee salaries and benefits. See Appendix B – "Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2014" attached to this Official Statement.

Capital Projects

The Authority finances capital improvements from a variety of sources including, among other things, State and federal funds and proceeds of debt issuances. In addition, the Authority maintains reserves in each of its Capital Improvement Funds. On February 26, 2015, the Board of Directors approved the Capital Projects Fund Policy. In connection therewith, the Authority closed the Capital Improvement Fund, which was known as Fund 122, and reallocated the budgeted revenues and expenditures to the General Fund. See Appendix A – "Financial, Economic and Demographic Information regarding the Orange County Fire Authority – Authority Financial Information – Fiscal Year 2015-16 Proposed Budget" attached hereto and "The Notes – Intrafund Borrowing" in the forepart of this Official Statement. See "Financial and Economic Information – Fiscal Health Plan and Financial Stability Budget Policy – Financial Policies and Practices" herein. As of June 30, 2014, the Authority had on deposit approximately $29.5 million in the vehicle replacement fund, $18.1 million in the communication and information systems fund, $15.4 million in its facilities replacement fund, and $2.7 million in the facilities maintenance and improvement fund. See Appendix B – "Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2014" attached to this Official Statement.

Significant capital improvement projects under construction in Fiscal Year 2014-15 include the construction of Fire Station 56 ("Fire Station 56") located in the Ortega Valley portion of the unincorporated County area. This project is expected to be completed in July 2015. Upon completion, Fire Station 56 will be an approximately 10,000 square foot station with three apparatus bays. The Authority expects the station to house up to two fire companies. The Authority expects planning, design and construction costs for Fire Station 56 to cost approximately $4.8 million in Fiscal Year 2014-15. In addition, the Authority estimates that Fire Station 56 will increase the operating budget for staffing, equipment, normal operations and maintenance costs in the amount of $2.2 million for each fiscal year beginning in Fiscal Year 2015-16.

In addition, the Authority is replacing its existing 911 Computer Aided Dispatch System (the "CAD System"), which project includes upgrades to and the integration of several elements of the Authority's public safety system. The replacement of the existing CAD System includes the implementation of a map-based CAD System. Upon completion of the replacement project, the Authority will be able to improve its response recommendations through an automatic vehicle location program. In addition, the Authority is replacing its records management system, which includes the Orange County Fire Incident Reporting system and the Integrated Fire Protection system. In connection with the new CAD System, the Authority will install new control systems at Regional Fire Operations & Training Center and each of the Authority's fire stations. The Authority expects the costs related to the replacement of the CAD System and the related improvements to the public safety system to be approximately $174,028 in Fiscal Year 2014-15 and that there will be an annual increase for these costs in the operating budget of approximately $480,000 for each fiscal year beginning in Fiscal Year 2015-16.

***Ad Valorem* Property Taxes**

Ad valorem property taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a "floating lien date"). For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

One type of *ad valorem* property tax is the 1 percent *ad valorem* property tax levied by the County on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Another type of *ad valorem* property tax is the *ad valorem* property levied by the County solely to pay debt service on voter-approved general obligation bonds. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax defaulted property is subject to sale by the Office of the County Treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A ten percent penalty plus a $23.00 charge attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer.

The Fiscal Year 2014-15 Adopted Budget projects that the Authority will receive approximately $195.5 million in property taxes during Fiscal Year 2014-15. The aggregate assessed valuation of taxable properties within the Authority for Fiscal Year 2014-15 of $258.2 billion reflects an increase of approximately $16.7 billion from Fiscal Year 2013-14 which is an increase of 6.9%. Based on data reflecting current market conditions, the Authority estimates that assessed valuation of property will increase at a rate of 5.11% for Fiscal Year 2015-16.

Supplemental property taxes are assessed when there is a change in the assessed valuation of property after the property tax bill for that year has been issued. As a result, when property values are increasing and sales activity is high, there will be an increase in supplemental property tax revenues. The Authority received supplemental property tax revenues of approximately $4.3 million in Fiscal Year 2013-14. The Fiscal Year 2014-15 Adopted Budget projects that the Authority will receive supplemental property tax revenues of approximately $3.0 million in Fiscal Year 2014-15.

The following Table A-7 sets forth certain information regarding Authority property tax levies and collections, including taxes levied and collected on behalf of all taxing agencies in the Authority from Fiscal Years 2009-10 through 2013-14.

TABLE A-7
ORANGE COUNTY FIRE AUTHORITY
SUMMARY OF TAX LEVIES AND COLLECTIONS[1]
Fiscal Years 2009-10 through 2013-14

Fiscal Year	Secured Tax Charge	Total Tax Collection through June 30	Outstanding Delinquent Taxes	Ratio of Delinquency to Tax Levy
2009-10	$171,591,359.63	$167,562,214.59	$4,029,145.04	2.35%
2010-11	170,663,662.29	167,847,829.98	2,815,832.31	1.65
2011-12	171,737,008.52	169,203,205.59	2,533,802.93	1.48
2012-13	176,266,049.66	174,246,519.71	2,019,529.95	1.15
2013-14	182,352,567.24	180,465,393.67	1,887,173.57	1.03

Source: California Municipal Statistics.

(1) Unaudited.

The following Table A-8 sets forth the Authority's assessed valuation for Fiscal Years 2010-11 through 2014-15.

TABLE A-8
ORANGE COUNTY FIRE AUTHORITY
ASSESSED VALUATION
Fiscal Years 2010-11 through 2014-15

Fiscal Year	Secured	Utility	Unsecured	Total Assessed Value
2010-11	$199,547,897,497	$22,101,833	$9,016,181,274	$208,586,180,604
2011-12	201,342,069,541	20,293,875	8,700,459,874	210,062,823,290
2012-13	204,509,322,121	9,502,913	8,627,214,041	213,146,039,075
2013-14	211,564,453,879	9,424,005	8,456,108,413	220,029,986,297
2014-15	226,538,621,375	9,292,154	9,249,750,427	235,797,663,956

Source: California Municipal Statistics.

Teeter Plan

In 1949, the California Legislature enacted an alternative method for the distribution of secured property taxes to local agencies. This method, known as the Teeter Plan, is now set forth in Section 4701 et. seq. of the California Revenue and Taxation Code (the "Revenue and Taxation Code"). Upon adoption and implementation of this method by a county board of supervisors, local agencies for which such county acts as "bank" and certain other public agencies located in the county receive annually the full amount of their share of *ad valorem* property taxes on the secured roll, including delinquent *ad valorem* property taxes which have yet to be collected. While the county bears the risk of loss on delinquent *ad valorem* property taxes which go unpaid, it also benefits from the penalties associated with these delinquent *ad valorem* property taxes when they are paid. In turn, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk.

The Board of Supervisors adopted the Teeter Plan with Resolution No. 93-745 on June 29, 1993. Generally, the Teeter Plan provides for a tax distribution procedure by which secured roll taxes and assessments are distributed to taxing agencies within the County, including the Authority, included in the Teeter Plan based on the tax levy, rather than based on actual tax collections, in advance of the date on which the County receives such tax collections. The County then receives all future delinquent tax payments, penalties and interest, and a complex tax redemption distribution system for all participating taxing agencies is avoided.

The County's Teeter Plan will remain in effect unless the Board of Supervisors orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two thirds of the participating districts in the County's Teeter Plan. The County may discontinue the Teeter Plan with respect to any levying agency in the County if the Board of Supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies for such agency in any year exceeds 3 percent of the total of all taxes and assessments levied on the secured roll by that agency.

Largest Taxpayers. The following Table A-9 is a list of the twenty largest property taxpayers in the Authority's boundaries by total taxes assessed for Fiscal Year ending June 30, 2015.

TABLE A-9
ORANGE COUNTY FIRE AUTHORITY
TWENTY LARGEST PROPERTY TAXPAYERS BY TOTAL TAXES ASSESSED
Fiscal Year 2014-15

Taxpayer	Type of Business	Amount of Tax	% of Total[1]
The Irvine Company	Various Land Holdings	$5,423,757,104	2.39%
United Laguna Hills Mutual	Retirement Community	785,092,300	0.35
Irvine Apartment Communities	Apartments	747,154,672	0.33
Heritage Fields El Toro LLC	Mixed Use	448,506,550	0.20
Linn Western Operating, Inc.	Oil & Gas	440,904,795	0.19
B Braun Medical Inc.	Industrial	384,705,197	0.17
OC/SD Holdings LLC	Apartments	343,572,840	0.15
Knotts Berry Farm	Theme Park	298,156,113	0.13
John Hancock Life Insurance Company USA	Commercial	281,712,009	0.12
Warland Investment Co.	Industrial	255,050,686	0.11
SHC Laguna Niguel 1 LLC	Commercial	239,548,022	0.11
Allergan Pharmaceuticals	Industrial	218,147,578	0.10
WH MBR LLC	Commercial	198,825,472	0.09
Park I Spectrum LLC	Apartments	175,874,749	0.08
Regency Laguna LP	Commercial	174,922,883	0.08
Walton CWCA	Industrial	173,231,528	0.08
ASN Long Beach LLC	Apartments	166,753,640	0.07
Capital Research Co.	Commercial	163,807,418	0.07
Oxy Long Beach Inc.	Oil & Gas	152,315,621	0.07
Park II Spectrum LLC	Apartments	150,495,405	0.07
		$11,222,534,582	4.95%

Source: California Municipal Statistics.

(1) Percentage based on the Fiscal Year 2014-15 secured assessed valuation: $226,538,621,375.

Employees and Labor Relations

Employment.. The following Table A-10 sets forth information regarding the Authority's employment for Fiscal Years 2010-11 through 2014-15. Of the total authorized positions, the Authority has 1,056 authorized positions for front-line emergency response and 260 reserve (volunteer) firefighters as of May 1, 2015.

TABLE A-10
ORANGE COUNTY FIRE AUTHORITY
EMPLOYMENT
Fiscal Years 2010-11 through 2014-15

Fiscal Year	Firefighter Unit	Fire Management Unit	General Unit	Supervisory Management Unit	Supported Employment Unit	Personnel and Salary Resolution	Unfunded Positions	Total Authorized
2010-11	863	41	196	28	4	49	95	1,181
2011-12	1,010	45	203	28	4	49	94	1,339
2012-13	1,011	45	205	28	4	50	105	1,343
2013-14	1,011	45	205	27	4	50	106	1,342
2014-15	1,011	45	207	27	4	50	103	1,344

Source: Orange County Fire Authority.

(1) Figures represent number of authorized positions as of the adoption of the Authority's budget for each fiscal year.

The Authority's Fiscal Year 2014-15 Adopted Budget did not fund 103 authorized positions, which included 18 firefighters, 24 fire apparatus engineers, 27 fire captains, 1 heavy fire equipment operator, 1 fire pilot, 2 battalion chiefs, and 27 non-safety positions. The Authority does not expect to reduce the level of service that it provides due to the use of overtime for funded firefighter positions. The Authority's Fiscal Year 2015-16 Adopted Budget proposes that the Authority unfreeze certain vacant positions. However, the Authority's Fiscal Year 2015-16 Adopted Budget proposes that the Authority continue not to fund 90 vacant positions. See "Financial and Economic Information – Fiscal Year 2015-16 Adopted Authority Budget" herein. Any positions that become vacant during a fiscal year will be reviewed by Executive Management to determine whether there is a need to reassign, eliminate or fill the position.

Labor Relations. Approximately 96% of the Authority's employees are represented by employee organizations covering four bargaining units. Approximately 79% of Authority employees are support and operations personnel who are prohibited under State law from engaging in work stoppage actions that endanger public safety. The following Table A-11 sets forth the expiration dates for the respective MOUs of each of the Authority's employee organizations with the Authority. Negotiations to establish the initial MOU with the Orange County Fire Authority Managers' Association bargaining unit, which was formed in 2015, are currently in progress. In addition, negotiations with respect to a successor MOU with the Orange County Professional Firefighters Association are currently in progress. The Authority has approximately 260 reserve (volunteer) firefighters who do not work under the terms of an MOU.

TABLE A-11
ORANGE COUNTY FIRE AUTHORITY
BARGAINING UNITS

Bargaining Unit	Employees	MOU Expiration Date
Orange County Chief Officers Association	45	December 11, 2015
Orange County Employees Association	234	December 15, 2017
Orange County Professional Firefighters Association	1,011	October 31, 2015
Orange County Fire Authority Managers' Association	37	--

Source: Orange County Fire Authority.

Defined Benefit Retirement Program

General. The following information concerning the Orange County Employees Retirement System (the "System") has been excerpted from publicly available sources, which the Authority believes to be accurate, or otherwise obtained from the System. The System's assets will not secure or be available to pay principal of or interest on the Notes or on any obligations of the Authority or any other member agency. Further, the assets of the Authority's pension plan are not available for such payments. The System issues publicly available reports, including its financial statements, required supplementary information and actuarial valuations for the herein described defined benefit retirement program. The reports are available on the System's website: www.ocers.org. Information on such site is not incorporated herein by reference.

The System was established in 1944 under provisions of the County Employees Retirement Law of 1937 (the "Retirement Law") to provide for defined benefit pension benefits, including retirement, disability, death and survivor benefits, for substantially all full-time employees of the County and other member agencies. As used in this section, " – Defined Benefit Retirement Program," the term "employees" refers to the portion of employees of the Authority and other member agencies who are members of the System.

In addition to the Authority, the participating member agencies are the City of San Juan Capistrano, County of Orange, Orange County Cemetery District, Orange County Children and Families, Commission, Orange County Department of Education, Orange County Employees Retirement System, 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, and the University of California, Irvine Medical Center and Campus (collectively, the "Member Agencies"). The System is considered an independent district from the County and is a legally separate entity with a separate governing board (the "Board of Retirement"). The System is governed by a ten member Board of Retirement. The Board of Retirement consist of four members appointed by the County Board of Supervisors, five members elected by the members of the System, including an alternate, two by the General members, one by the Safety members, and one by the retired members. The County of Orange Treasurer-Tax-Collector serves an *ex-officio* member of the Board of Retirement. Pursuant to the State Constitution, the members of the Board of Retirement are to discharge their duties with respect to the System solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the System. The Board of Retirement's duty to its participants and their beneficiaries shall take precedence over any other duty, including any duty to the Authority.

Information regarding the System was obtained from the System's Actuarial Experience Study Analysis of Actuarial Experience during the Period January 1, 2011 through December 31, 2013, adopted by the Board of Retirement on July 21, 2014 (the "2014 Analysis of Actuarial Experience"), the System's Actuarial Valuation and Review as of December 31, 2013, adopted by the Board of Retirement on June 16, 2014 (the "2013 Actuarial Valuation"), the System's Actuarial Valuation and Review as of December 31, 2012, adopted by the Board of Retirement on May 31, 2013 (the "2012 Actuarial Valuation"), the System's Review of Economic Actuarial Assumptions for the December 31, 2014 Actuarial Valuation, adopted by the Board of Retirement on July 21, 2014 (the "2014 Review of Assumptions"), the System's Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2013, dated as of July 11, 2014 (the "2013 Association CAFR") and the Authority's 2014 Liability Study dated as of October 2014, which reports are the most recent analysis of plan experience, actuarial valuation and comprehensive annual financial report, respectively, available to the County as of the date of this Official Statement. Such reports have not been updated since their respective dates. The System's current actuary, The Segal Company (the "Association's Actuarial Consultant") prepared the 2014 Analysis of Actuarial Experience, the 2012 Actuarial Valuation, 2013 Actuarial Valuation and the 2014 Review of Assumptions. The results of the 2013 Actuarial Valuation and the 2012 Actuarial Valuation were prepared using the actuarial assumptions and methods developed in the System's Actuarial Experience Study Analysis of Actuarial Experience during the Period January 1, 2008 through December 31, 2010 and the System's Review of Economic Actuarial Assumptions for the December 31, 2012 Actuarial Valuation.

The information contained in this section " – Defined Benefit Retirement Program," relies on information produced by the pension plans described herein, independent accountants, and the System's Actuarial Consultant. The actuarial assessments contain "forward looking" information that reflects the judgment of the System and the pension plans and their independent accountants and actuaries. The actuarial assessments are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future, and will change with the future experience of the pension plans.

System Membership. The projected total compensation for employees covered by the System for the year ended December 31, 2013, the date of the most recent actuarial valuation on behalf of the System, was approximately $1,604,496,000. The following Table A-12 sets forth the System's total membership as of December 31, 2013.

TABLE A-12
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
Total System Membership as of December 31, 2013

	Authority	Other Member Agencies	Total
Active Members	1,185	20,183	21,368
Retired Participants	456	10,772	11,228
Beneficiaries	72	1,871	1,943
Disabled	132	1,202	1,334
Terminated Participants	127	4,486	4,613
Total	1,972	38,514	40,486

Sources: Orange County Employees Retirement System – 2013 Actuarial Valuation.

Significant Accounting Policies.

Basis of Accounting. The System's financial statements are prepared using the accrual basis and in accordance with accounting principles generally accepted in the United States. Member and employer contributions are recognized in the period in which contributions are due, and benefits and refunds are recognized when due and payable in accordance with plan terms. Unearned contributions represent pre-paid employer contributions that will be recognized as an addition to plan net position in future periods. Investment income is recognized as revenue when earned. The net appreciation or depreciation in the fair value of investments is recorded as an increase or decrease to investment income based upon investment valuations, which includes both realized and unrealized gains and losses on investments.

Deposits and Investments. State Street Bank and Trust maintains custody of the majority of the System's investments held as of December 31, 2013. Investments are authorized by State statute and the System's investment policy and consist of domestic and international fixed income, domestic, international, global (includes both domestic and international investments) and emerging market equities, private equity, real return strategies, absolute return strategies, opportunistic strategies and real estate. Investments are reported at fair value and the overall valuation process and information sources by major asset classification are as follows: cash and short term investments, equities, debt securities, real estate and alternative investments.

Cash and short-term investments represent funds held in operating accounts with State Street, Wells Fargo Bank and include deposits held in a pooled account with the County Treasurer at fair value. Deposits held in the Orange County Investment Pool (the "County Investment Pool") are invested in the Orange County Money Market Fund and the Extended Fund. The County Investment Pool is an external investment pool and is not registered with the Securities and Exchange Commission. At February 28, 2015, the County Investment Pool had a weighted average maturity of 409 days. The Orange County Money Market Fund is rated "AAAm" by S&P. The Extended Fund is not rated. The deposits in the OCIP are reported at amortized cost which approximates fair value. The County's comprehensive annual report for the Fiscal Year ended June 30, 2013 contains additional information with respect to the County Investment Pool. However, such information is not incorporated herein by reference thereto .

The majority of the System's domestic, international and global securities, including those traded in emerging markets, are actively traded on major security exchanges, or over-the-counter. Fair value for exchange traded securities is determined as of the close of the trading date in the primary market or agreed upon exchange. The last known price is used for listed securities that did not trade on a particular date. Fair value is obtained from third party pricing sources for securities traded over-the-counter.

Actively traded debt instruments such as those securities issued by the United States Treasury, federal agencies and corporate issuers are reported at fair value as of the close of the trading date. Fair values of irregularly traded debt securities are obtained from pricing vendors who employ modeling techniques in determining security values. Inputs typically employed by pricing vendors include cash flows, maturity and credit rating.

The System holds real estate assets directly and in commingled real estate funds. Real estate investments which are owned directly by the System are appraised annually by independent third party appraisers in accordance with the Uniform Standards of Professional Appraisal Practice. Properties which are held in commingled pools are subject to regular internal appraisals by investment management firms or general partners with independent third party appraisals accomplished at regular intervals. The primary determinants of fair value include market and property type specific information.

The System engages real estate management firms to assist in the day to day operations of the real estate portfolio. In addition, the System's Investment Committee has approved maximum leverage limits with respect to the real estate portfolio.

The System invests in a variety of alternative strategies including private equity, real return, absolute return and opportunistic strategies. The fair value of the System's alternative investments depend upon the nature of the investment and the underlying business. Typically, alternative investments are illiquid and subject to redemption restrictions. Fair value is determined on a quarterly or semi-annual basis with valuations conducted by general partners, management and valuation specialists. The System's real return strategy includes dedicated allocations to inflation linked debt, commodities and timber resources.

Capital Assets. Capital assets consist of furniture, equipment, intangible assets, including computer software, and building and improvements. Capital assets are defined by the System as assets with an initial, individual cost of more than $25,000 and an estimated useful life in excess of one year. Such assets are recorded at cost. Depreciation of capital assets is calculated using the straight-line method over the estimated useful lives of five to fifteen years for furniture, equipment and building improvements, three years for computer software, and sixty years for buildings.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of net position. Actual results could differ from those estimates.

Authority's Retirement Plans

Safety Member Category. Employees under the Safety Member category ("Safety Members") include employees in the Firefighter Unit (represented by the Orange County Professional Firefighters Association, 1AFF-Local 3631), the Fire Management Unit (represented by the Orange County Fire Authority Chief Officers Association); and unrepresented members of Executive Management occupying fire suppression positions. The following Table A-13 sets forth the four retirement plans for Safety Members as of May 1, 2015.

TABLE A-13
ORANGE COUNTY FIRE AUTHORITY
RETIREMENT PLANS FOR SAFETY MEMBERS

				Employee Hire Date	
Plan	**Tier**	**Benefit Formula**	**Fire Fighter Unit**	**Fire Management Unit**	**Executive Management in Fire Suppression Positions**
E	I	3.0% at 50	Prior to July 1, 2012	Prior to July 1, 2012	Prior to July 1, 2011
F	II	3.0% at 50	Prior to July 1.2012	Prior to July 1, 2012	Prior to July 1, 2011
R	II	3.0% at 55	July 1, 2012 - December 31, 2012	July 1, 2012 — December 31, 2012	July 1, 2011 — December 31, 2012
			OR	OR	OR
			On or after January 1, 2013 (with reciprocity)	On or after January 1, 2013 (with reciprocity)	On or after January 1, 2013 (with reciprocity)
V	II	2.7% at 57	On or after January 1, 2013 (without reciprocity)	On or after January 1, 2013 (without reciprocity)	On or after January 1, 2013 (without reciprocity)

Source: Orange County Fire Authority Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2014.

Pursuant to the respective MOUs and Personnel and Salary Resolution with respect to each personnel group and unrepresented employees, as applicable, the Authority assumes the contribution cost for both the employer and Safety Member employees. However, Safety Member employees reimburse the Authority for a portion of their retirement costs. The retirement reimbursement is deducted from each Safety Member employee's compensation earnable and continues throughout the employee's employment with the Authority. Each Safety Member employee's reimbursement rate reflects such employee's date of hire and the bargaining group of which such employee is a member. Employees in the Firefighter and Fire Management Units hired on or after January 1, 2011 reimburse the Authority at a rate of 9% of compensable earnings beginning at the commencement of their employment. Upon expiration of their respective MOUs, all employees may reimburse 50% of normal retirement costs regardless of their date of hire. The MOU with the Firefighter Unit expires on

June 30, 2014 and the MOU with the Fire Management Unit expires on December 11, 2015, for the Fire Management Unit. See "Financial Information – Employment and Labor Relations" herein.

Employees in Executive Management that occupy fire suppression positions who were hired on or after January 1, 2013, with no reciprocal retirement benefits, contribute 50% of normal retirement costs beginning at the commencement of their employment. The Authority is implementing a reimbursement rate of 9% for employees that the Authority hired prior to January 1, 2011 in the Firefighter Unit and Fire Management Unit or prior to July 1, 2011 for employees in Executive Management. The following Table A-14 sets forth the reimbursement rates for Safety Members of the Firefighter Unit, Fire Management Unit and Executive Management in fire suppression positions.

TABLE A-14
ORANGE COUNTY FIRE AUTHORITY
REIMBURSEMENT RATES FOR SAFETY MEMBERS

Firefighter Unit (Hired Prior to January 1, 2011)		**Fire Management Unit (Hired Prior to January 1, 2011)**		**Executive Management in Fire Suppression Positions (Hired Prior to July 1, 2011)**	
Effective	Reimbursement Rate	Effective	Reimbursement Rate	Effective	Reimbursement Rate
October 2010	2.50%	January 2011	2.75%	January 2011	2.75%
October 2011	5.00	January 2012	5.50	January 2012	5.50
October 2012	7.00(1)	January 2013	8.25	January 2013	9.00
October 2013	9.00(2)	February 2014	9.00		
November 2014	11.00				

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

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

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2014.

General Member Category. Employees under the General Member category ("General Members") include employees in the Authority's General and Supervisory Management Unit that are represented by the Orange County Employees Association, unrepresented employees identified as Administrative Management, and unrepresented members of Executive Management occupying non-fire suppression positions. The following Table A-15 sets forth the four retirement plans for General Members.

TABLE A-15
ORANGE COUNTY FIRE AUTHORITY
RETIREMENT PLANS FOR GENERAL MEMBERS

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

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2014.

Pursuant to the respective MOUs and Personnel and Salary Resolution with respect to each personnel group and unrepresented employees, as applicable, the Authority assumes the contribution cost for both the employer and General Member employees. However, General Member employees reimburse the Authority for a portion of their retirement costs. The retirement reimbursement is deducted from each General Member employee's compensation earnable and continues throughout the employee's employment with the Authority.

General Members have reimbursed the Authority at a rate of 6% of compensation earnable to the Authority since July 2004. Currently, employee reimbursement rates vary depending on the date on which such employee was hired the bargaining group in which such employee is a member. Employees in the General and Supervisory Management Unit that were hired on or after July 1, 2011, reimburse the Authority at a rate of 9% of compensation earnable. All employees may reimburse 50% of normal retirement costs regardless of their respective date of hire.

Administrative Management and non-fire suppression Executive Management employees hired December 1, 2012 through December 31, 2012 and Administrative Management and non-fire suppression Executive Management employees hired on or after January 1, 2013 with reciprocal retirement benefits contribute 9% upon commencement of employment. Those hired on or after January 1, 2013, with no reciprocal retirement benefits, contribute 50% of normal retirement costs upon commencement of employment.

In October 2014, the Board of Directors approved an amendment to the memoranda of understanding with its Safety Member employees. Accordingly, effective November 14, 2014, the employee retirement contributions of Safety Member employees hired prior to January 1, 2013 increased to 11% from 9%. In addition, Safety Member employees hired on or January 1, 2013 will continue to be subject to the PEPRA requirements of 50% of normal cost for employee retirement contributions which vary based on age of entry. See "Defined Benefit Retirement Program – California Public Employees' Pension Reform Act of 2013" herein.

In January 2015, the Board of Directors approved an amendment to the memoranda of understanding with its General Member employees. Accordingly, the retirement contributions of General Members hired prior to January 1, 2013 will be increased by 2% effective March 2015, 2.5% effective March 2016 and 3%

effective March 2017. Accordingly, the employee retirement contribution rate for General Members will increase from 9% to 16.5%. Subsequent to March 2017, General Member employees will pay any subsequent increases in the 50% of normal cost for employee retirement contributions. In addition, General Member employees hired on or January 1, 2013 will continue to be subject to the PEPRA requirements of 50% of normal cost for employee retirement contributions which vary based on age of entry. See "Defined Benefit Retirement Program – California Public Employees' Pension Reform Act of 2013" herein.

The following Table A-16 sets forth the effective dates of the various increases to the reimbursement rate for General Members.

TABLE A-16
ORANGE COUNTY FIRE AUTHORITY
SCHEDULE OF REIMBURSEMENT RATE INCREASES - GENERAL MEMBERS

General and Supervisory Management (Hired Prior to July 1, 2011)		Administrative Management (Hired Prior to December 1, 2012)		Executive Management in Non-Fire Suppression Positions (Hired Prior to December 1.2012)	
Effective	**Reimbursement Rate**	**Effective**	**Reimbursement Rate**	**Effective**	**Reimbursement Rate**
January 2011	7.25%	January 2013	8.25%	January 2013	9.00%
July 2011	8.50	February 2014	9.00[(1)]		
February 2012	9.00	February 2015	9.00[(1)]		
March 2015	11.00	December 2015	9.00[(2)]		

(1) Percentage assumes a salary adjustment is implemented.
(2) If not already at 9.00%.

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2014.

California Public Employees' Pension Reform Act of 2013. In September 2012, the Governor approved Assembly Bill 340, the California Public Employees' Pension Reform Act of 2013 ("PEPRA"). As of January 1, 2013, PEPRA applies to all State and local public retirement systems and their participating employers, including the System and the Authority, respectively, except the University of California and those charter cities and counties whose retirement systems are not governed by State statute.

Among other things, PEPRA establishes new retirement formulas for new members of the System on or after January 1, 2013 ("PEPRA Members") and prohibits public employers from offering defined benefit formulas to PEPRA Members that exceed the benefits authorized under PEPRA. See " – Retirement Plans" herein. In addition, PEPRA amends existing laws to redefine final compensation for purposes of pension benefits for PEPRA Members. PEPRA increases the retirement age for PEPRA General Members and limits the annual pension benefit payouts for all PEPRA members. PEPRA generally mandates equal sharing of normal costs between the Authority and PEPRA Members employed thereby and that PEPRA Members pay at least 50% of normal costs and that employers not pay any of the required employee contribution for PEPRA Members.

Authority and System Retirement Contributions. The System's Actuarial Consultant determines the Unfunded Actuarial Accrued Liability (the "UAAL") for the entire System. The actuarial accrued liability is a standard disclosure measure of the present value of pension benefits to a certain date (i.e., the "as of date" of the valuation), based on actuarial assumptions. See " – Actuarial Assumptions" herein. The actuarial accrued liability is a measure of the value of the projected benefits and is intended to help the System's Actuarial Consultant determine the annual required contributions from employers and employees, and to help the System, the Authority, other member agencies, employees and others assess the System's funding status, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons with other public employee retirement systems.

The Retirement Law requires the System to apply the Authority's contributions to its obligations under the System first, to satisfy the Authority's current fiscal year liabilities, as determined by the System's Actuarial Consultant, because of members' service during such fiscal year, which is commonly known as the "normal cost" and service disability pensions, second, to pay for Authority contributions for death benefits, and third, to satisfy the UAAL.

The Member Agencies currently fund, at a minimum, the annual required contributions recommended by the System's Actuarial Consultant (the "ARC"). See Table A-20 – "Orange County Employees Retirement System Schedule of Funding Progress" herein for the System's schedule of funding progress, which schedule sets forth the measure of System Assets against the System's liabilities resulting in part from the contributions made by the Authority and other member agencies to the System.

During Fiscal Years 2013-14 and 2014-15, the Authority made additional contributions of $5.5 million and $21.3 million, respectively, to reduce its UAAL. In September 2011, the Authority and the Orange County Professional Firefighters Association amended their existing MOU so that as of June 30, 2014 any funds that remain in the Authority's cash flow reserve within the General Fund will be used to reduce the Authority's UAAL. This prepayment amount was $18.3 million. Beginning in Fiscal Year 2016-17, the Authority expects to budget an additional $1.0 million per year each year to the prepayment of the Authority's UAAL. As of December 31, 2013, the Authority's UAAL was estimated to be approximately $379.7 million for Safety Members and approximately $70.1 million for General Members.

The following Table A-17 sets forth the Authority's payroll, annual required contribution and actual contributions related thereto for Fiscal Years 2011-12 through 2013-14 and Authority's actual contributions as a percentage of total governmental funds expenditures for such fiscal years. The Authority's actual contributions were at least equal to 100% of the required contributions for Fiscal Years 2011-12 through 2013-14.

TABLE A-17
ORANGE COUNTY FIRE AUTHORITY
CONTRIBUTION STATUS
Fiscal Years 2011-12 through 2013-14

	Authority Payroll		Authority Required Contributions		Authority Actual Contributions		Actual Authority Contribution as Percentage of Total Governmental Funds
Fiscal Year	**Total**	**Covered by the System**	**Amount**	**Percent of Covered Payroll**	**Amount**	**Percent of Required Contributions**	**Expenditures[(1)]**
2011-12	$152,675,870	$111,444,130	$55,756,764	50.1%	55,756,764	100.0%	21.2%
2012-13	171,749,319	128,121,447	61,206,670	47.8	61,206,670	100.0	20.7
2013-14	171,194,140	125,869,628	57,795,043	46.0	63,030,796	109.1	20.5

Sources: Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2014 and the Authority for Total Governmental Funds Expenditures for Fiscal Years 2011-12 through 2013-14.

The following Table A-18 sets forth the aggregate ARC of all of the Member Agencies participating in the System and the percentage contributed for calendar years ended December 31, 2009 through December 31, 2014.

TABLE A-18
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
ANNUAL REQUIRED EMPLOYER CONTRIBUTIONS
AND PERCENTAGE CONTRIBUTED[(1)]
December 31, 2009 through December 31, 2013
($ in thousands)

Year Ended December 31	Annual Required Contributions[(1)]	Actual Contributions[(2)]	Percentage Contributed
2009	$337,496	$338,387[(3)]	100.3%
2010	372,437	372,437	100.0
2011	387,585	387,585	100.0
2012	406,521	406,521	100.0
2013	426,020	427,095[(4)]	100.3

Source: Orange County Employees Retirement System – 2013 Actuarial Valuation.

(1) ARC reflects the aggregate ARC amount of all employers participating in the System. See Table A-15 – Orange County Fire Contribution Status" herein for the Authority's ARC.
(2) Excludes transfers from County Investment Account (funded by pension obligation bond proceeds held by the System).
(3) Includes $891,000 in additional contributions made by the Authority towards the reduction of their UAAL
(4) Includes $1,075,000 in additional contributions made by the Authority towards the reduction of their UAAL.

The amounts set forth above are determined by the System's Actuarial Consultant using the "entry age normal cost" method. This method currently produces an employer contribution rate consisting of amounts for (a) normal cost and (b) amortization of all existing UAAL over a 22-year closed (declining amortization) of the December 31, 2004 balance. The Board of Retirement's current actuarial funding policy (the "Actuarial Funding Policy") which became effective December 31, 2013, amortizes the outstanding balance of the UAAL as of December 31, 2012 over a 20 year a declining period. Any increases or decreases in the UAAL that arise in future years due to actuarial gains or losses are amortized over separate 20-year periods. Any increases or decreases in UAAL due to plan amendments are amortized over separate 15-year periods and any changes in the UAAL due to early retirement incentive programs will be amortized over a separate period of up to 5 years. As of December 31, 2013, the AAL was approximately $1.579 billion and the UAAL (calculated using the valuation value of System Assets) was approximately $5.37 billion. See " – Proposed Changes to the Systems' Actuarial Assumptions and Projected Impact upon the Authority" herein.

Authority's and System's Unfunded Actuarial Accrued Liability and Unrecognized Gains/Losses as of December 31, 2012, December 31, 2013 and December 31, 2014. In its 2014 Actuarial Valuation, the System's Actuarial Consultant determined that the employers' funded ratio (i.e., the ratio of valuation value of assets of the System over the actuarial accrued liability) was 69.8% as of December 31, 2014, which reflects an increase from the funded ratio of 66.0% as of December 31, 2013 and the funded ratio of 62.5% as of December 31, 2012.

The 2014 Actuarial Valuation reflects a UAAL of $4.96 billion as December 31, 2014, $5.37 billion as of December 31, 2013, and $5.68 billion as of December 31, 2012. As of December 31, 2013, approximately $379.8 million of the System's UAAL was attributable to the Authority's Safety Plan and $70.1 million of the System's UAAL was attributable to the Authority's General Plan. Accordingly, as of December 31, 2013, the Authority's portion of the System's UAAL was approximately 8.4%. As of December 31, 2012, approximately $400.9 million of the System's UAAL was attributable to the Authority's Safety Plan and $72.8 million of the

System's UAAL was attributable to the Authority's General Plan. Accordingly, as of December 31, 2012, the Authority's portion of the System's UAAL was approximately 8.0%. The 2013 Actuarial Valuation reflects a net unrecognized gain from investments in the System's investment portfolio of approximately $262,167,000 as of December 31, 2013 which amount is recognized by the System on a smoothed, five-year basis and the actuarial value of assets will be further adjusted, if necessary, in accordance with current policies of the Board of Retirement.. The unrecognized gain will be recognized along with any future gains and losses if the System does not earn the assumed net rate of investment return of 7.25% per year (net of expenses) on a market value basis and all other actuarial assumptions as set forth in the 2010 Analysis of Plan Experience are met.

The failure to achieve the assumed rate of return or changes to any actuarial assumptions could result in investment losses on the actuarial value of assets and contribution requirements may be increased. The Actuarial Consultant states that, if the deferred gains as of December 31, 2013 were recognized immediately in the valuation value of assets, the funded percentage would increase from 66.0% to 67.7% of assets, the aggregate employer rate would decrease from 39.05% to approximately 37.8% of payroll. In addition, the System's Actuarial Consultant stated in its 2013 Actuarial Valuation that the aggregate employer rate has increased to 39.05% of payroll as of December 31, 2013 from 39.21% of payroll as of December 31, 2012. The employer rate of 39.21% of payroll rate was calculated after applying the two-year phase-in of the impact of the change in the economic assumptions on the employer's rates in the 2012 Actuarial Valuation. The contribution rate without the phase-in was 41.51% of payroll. The 2013 Actuarial Valuation states that the decrease in the aggregate employer rate relates to, among other things, combining and re-amortizing the outstanding balance of the December 31, 2012 UAAL over a single 20-year period, favorable investment return (after smoothing) and lower than expected individual salary increases. A portion of the actuarial losses were partially offset by salary increases that were less than expected and other experience losses. The 2013 Actuarial Valuation states that, if the deferred gains were recognized immediately in the actuarial value of assets, the aggregate employer contribution rate would increase. The System's investment policy and annualized rates of return are summarized in " – Investment Policy" herein.

The Authority's Fiscal Year 2014-15 Adopted Budget includes retirement costs reflecting employer contribution rates for Fiscal Year 2014-15 of 49.66% for Safety Members and 36.35% for General Members. The System's Actuarial Consultant recommends employer contribution rates of 49.53% for Safety Members and 36.92% for General Members for Fiscal Year 2015-16.

Actuarial Assumptions. The System's Actuarial Consultant considers various factors in determining the assumptions to be used in calculating funding ratios. Demographic assumptions are based on a study of the actual history of retirement, rates of termination/separation of employment, years of life expectancy after retirement, disability and other factors. This experience study is done once every three years. The most recent experience study was the 2009 Analysis of Plan Experience completed for the June 30, 2010 actuarial study. In addition, the System's Actuarial Consultant considers certain economic factors assumptions in determining the assumptions to be used in calculating funding ratios. The actuarial assumptions have a significant impact on the determination of the ratio of assets of the System that are set aside to pay plan benefits by the System. Significant actuarial assumptions of the System's Actuarial Consultant for the 2013 Actuarial Valuation include: (a) a rate of return on the investment of present and future assets of 7.25% (net of investment and administrative expenses) per year; (b) an inflation assumption of 3.25%; (c) real across-the-board salary increase of 0.50%; (d) projected across-the-board salary increases of 4.75% to 17.75% for Safety members based on service and projected across-the-board salary increases of 4.75% to 13.75% for General Members; (e) projected cost of living adjustments of 3.00%; and (f) employee contribution crediting rate of 5.00%, compounded, semi-annually. In addition, assumptions for post-retirement mortality, termination rates, retirement rates, marriage, age, and disability are determined based on actuarial tables.

The following Table A-19 sets forth certain economic actuarial assumptions for calendar years ended December 31, 2010 through December 31, 2013 and the actuarial assumptions adopted by the Board of Retirement for the Actuarial Valuation dated as of December 31, 2014.

TABLE A-19
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
ACTUARIAL ASSUMPTIONS
Fiscal Years ended December 31, 2010 through 2014

Actuarial Assumption	2010	2011	2012	2013	2014
Interest	7.75%	7.75%	7.25%	7.25%	7.25%
Inflation	3.50	3.50	3.25	3.25	3.00
Cost of Living Adjustment	3.00	3.00	3.00	3.00	3.00

Source: Orange County Employees Retirement System.

Recent Changes to the Systems' Actuarial Assumptions and Projected Impact upon the Authority. Previously, the System's UAAL was combined and amortized as a level percentage of payroll over a declining period of 30 years commencing December 31, 2004. In November 2013, the Board of Retirement approved a new Actuarial Funding Policy. Accordingly, the System will reamortize all of the current UAAL, including the UAAL from the December 31, 2012 change in assumptions, over a new closed and declining 20 year period. In addition, the System will amortize future UAAL over periods of 20 years for actuarial gains and losses, 20 years for assumption or method changes, 15 years for amendments to the Plan, 5 years for early-retirement incentive programs, and 30 years for actuarial surpluses.

The Actuarial Consultant stated that the System could continue to use declining amortization periods or adopt a shorter period with immediate cost impact. In addition, the Actuarial Consultant noted that the Board of Retirement should consider various policy objectives including whether future contributions plus current assets are sufficient to fund all benefits for current members, allocating cost to years of service, implementing changes to management and control of future employer contribution volatility and supporting public policy goals of accountability and transparency. The Authority projects that any changes to the amortization of future UAAL will increase the Authority's retirement costs and will impact annual increases to charges pass on to Cash Contract Members and the John Wayne Airport. The Authority cannot predict what further actions the Board of Retirement will take with respect to the Actuarial Funding Policy nor has it determined what action it will take if further changes to the Actuarial Funding Policy are approved.

The System's Historical Funding Progress. In September 2013, the Authority's Board of Directors adopted a resolution pursuant to which the Authority expects to provide funds to reduce its UAAL earlier than the scheduled amortization thereof. The Board of Directors has directed staff to include additional payment towards the UAAL in the annual budget. The funds for such additional payments will come from, among other sources, savings that result from the PEPRA provisions and other reductions in retirement contribution rates. Upon the completion of the audited financial statements for each fiscal year, the Authority determines the available amount of its fund balances which can be transferred to the System for payment towards the pension UAAL. See "Financial and Economic Information – Fiscal Health Plan and Financial Stability Budget Policy – Financial Policies and Practices – Fiscal Health Plan and Financial Stability Budget Policy", " – Financial Policies and Practices – Fiscal Year 2014-15 Authority Budget" and " – Fiscal Year 14-15 Mid-Year Budget Update" herein. In addition, the Board of Directors has directed that an additional $1 million be included in the Authority's annual budgets for Fiscal Years 2016-17 through and including Fiscal Year 2021-22 for retirement contributions to the System as a source for additional payments toward the UAAL. The Board of Directors has also directed staff to provide updates to the Board as part of each annual budget presentation that include the proposed additional amount to be paid on the UAAL.

The following Table A-20 sets forth the schedule of funding progress for the System as of the ten most recent actuarial valuation dates. See " – Retirement Contributions" above. Funding progress is measured by a comparison of System Assets which have been set aside by the System to pay plan benefits with plan liabilities. The 2014 Actuarial Valuation states that, as of December 31, 2014, the actuarial value of plan assets for the System ("System Assets") was approximately $11,450,001,000, the valuation value of System Assets (*i.e.*, the actuarial value excluding any non-valuation reserves) was approximately $11,449,911,000 and the net market value of System Assets was approximately $11,428,223,000. The rate of return based on the actuarial value of System Assets was 7.34%. the rate of return based on the valuation value of the System Assets was 7.34%, and the rate of return based on the market value of System Assets was 4.52% for the Fiscal Year ended December 31, 2014.

The actuarial value of the System Assets and the AAL reflect amounts received by the System from the County in connection with the prior issuance of the County's pension obligation bonds. The County has applied a portion of the proceeds of each issuance of pension obligation bonds to offset a portion of the annual actuarially-determined contribution rate for the County. See Table A-18 – "Annual Required Employer Contributions and Percentage Contributed" herein, which sets forth the aggregate ARC to be contributed by the Authority and other member agencies, as determined by the System's Actuarial Consultant, and the percentage actually contributed.

TABLE A-20
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
December 31, 2007 through December 31, 2014
($ in thousands)

Actuarial Valuation Date (December 31)	(1) Valuation Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded (Overfunded) AAL (2) – (1)	(4) Funded Ratio (Valuation Value) (1)/(2)	Funded Ratio (Market Value)	(5) Covered Payroll	(6) Unfunded (Overfunded) AAL Percentage of Covered Payroll (3)/(5)
2007	$ 7,288,900	$ 9,838,686	$2,549,786	74.08%	78.43%	$1,457,159	174.98%
2008	7,748,380	10,860,715	3,112,335	71.34	57.51	1,569,764	198.27
2009	8,154,687	11,858,578	3,703,891	68.77	62.94	1,618,491	228.85
2010	8,672,592	12,425,873	3,753,281	69.79	67.25	1,579,239	237.66
2011	9,064,355	13,522,978	4,458,623	67.03	62.60	1,619,474	275.31
2012	9,469,208	15,144,888	5,675,680	62.52	63.17	1,609,600	352.55
2013	10,417,125	15,785,042	5,367,917	65.99	67.65	1,604,496	334.55
2014	11,449,911	16,413,124	4,963,213	69.76	69.63	N/A	N/A

Sources: Orange County Employees Retirement System – 2012 Actuarial Valuation for year ended December 31, 2007 and 2013 Actuarial Valuation for years ended December 31, 2008 through December 31, 2014.

The actuarial value of assets is based on a five-year smoothed market method. This method spreads the difference between the market investment return achieved by the investment portfolio of the System and the assumed investment return over a five-year period. The following Table A-21 sets forth the value of the System's assets as of the years ended December 31, 2005 through December 31, 2014 based on the valuation value, actuarial value and market value.

TABLE A-21
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
ASSET VALUE COMPARISON
December 31, 2005 through December 31, 2014
($ in thousands)

Valuation Date (December 31)	Valuation Value of Assets[(1)]	Actuarial Value of Assets[(1)]	Market Value of Assets[(1)]
2005	$ 5,786,617	$ 5,798,536	$ 5,923,112
2006	6,466,085	6,474,074	6,817,726
2007	7,288,900	7,292,205	7,719,690
2008	7,748,380	7,750,751	6,248,558
2009	8,154,687	8,155,654	7,464,761
2010	8,672,592	8,673,473	8,357,835
2011	9,064,355	9,064,580	8,465,368
2012	9,469,208	9,469,423	9,566,659
2013	10,417,125	10,417,340	10,679,507
2014	11,449,911	11,450,001	$11,428,223

(1) The market value of assets excludes funds in the County Investment Account (funded by pension obligation bond proceeds held by the System) and funds in the in the prepaid employer contribution account.

Sources: Orange County Employees Retirement System – Actuarial Valuations for calendar years ended December 31, 2005 through December 31, 2014.

The System's Reserves. The System's reserves are established from contributions and the accumulation of investment income, after satisfying investment and administrative expenses. Currently, the System maintains a Pension Reserve comprised of funding set aside for retirement payments derived from employer contributions, an Employee Contribution Reserve representing the balance of member contributions, an Employer Contribution Reserve representing the balance of employer contributions for future active member retirement benefits and an Annuity Reserve comprised of funding set aside for retirement payments derived from contributions made by members.

In addition, the System maintains Health Care Plan Reserves for assets held to pay medical benefits for eligible retirees of the 401(h) health care plans, a County Investment Account Reserve which holds the remaining proceeds from the County's 1994 Pension Obligation Bond issuance, an Unclaimed Fund Reserve representing contributions from terminated non-vested members who left employment prior to December 31, 2002 and whose funds remain on deposit with the System, an Employee Paid Annuity Reserve representing additional employee contributions made by members pursuant to Government Code section 31627 for the purpose of providing additional benefits and a Contra Account representing the amount of interest credited to the reserve accounts that has not been paid for out of current or excess earnings. A balance in this account is the result of applying the full interest crediting policy of the Board of Retirement and will be replenished in subsequent periods as sufficient earnings allow. The following Table A-22 sets for the amounts on deposit in each of the System's reserves as of December 31, 2010 through December 31, 2013.

TABLE A-22
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
SYSTEM RESERVES
December 31, 2010 through December 31, 2013
($ in thousands)

	December 31			
	2010	**2011**	**2012**	**2013**
Pension Reserve	$4,895,681	$5,219,243	$5,859,498	$6,770,671
Employee Contribution Reserve	1,803,940	1,968,927	2,109,609	2,295,362
Employer Contribution Reserve	178,676	648,425	1,569,821	1,243,438
Annuity Reserve	567,384	650,853	769,197	872,927
Health Care Plan Reserve	93,792	107,593	120,725	189,943
County Investment Account Reserve	108,531	97,768	103,260	109,254
Unclaimed Fund Reserve	778	130	123	123
Employee Paid Annuity Reserve	109	62	16	--
Contra Account	--	--	(781,260)	(470,457)
Supplemental Targeted Adjustment for Retirees Cost of Living Adjustment Reserve	--	--	--	--
Retired Member Benefit Reserve	6	--	--	--
Market Stabilization Reserve	915,019	--	--	--
Net Position - Total Fund	$8,563,916	$8,693,001	$9,750,989	$11,011,261

Sources: Comprehensive Annual Financial Reports of the Orange County Employees Retirement System as of December31, 2010, December 31, 2011, December 31, 2012 and December 31, 2013

The System's Investment Policy. The Board of Retirement has exclusive control of the investment of the System's assets. Pursuant to the State Constitution, the members of the Board of Retirement are required to diversify the investments of the System so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so. Except as otherwise expressly restricted by the State Constitution and by law, the Board of Retirement may, in its discretion, invest, or delegate the authority to invest the assets of the fund through the purchase, holding, or sale of any form or type of investment financial instrument, or financial transaction when prudent in the informed opinion of the Board of Retirement. The System has established a series of procedures and guidelines (the "System Investment Policy) was most recently amended in June 2012 to guide the System's investment program. The Board of Retirement has directed the investment consultant to report on the investment returns and market conditions on a quarterly basis and make recommendations on investment policy revisions for the Board of Retirement's consideration as necessary.

The following Table A-23 sets forth the target asset allocations for the System's investment portfolio and the actual asset allocations as of March 31, 2015.

TABLE A-23
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
INVESTMENT ASSET ALLOCATION

Association's Portfolio	Target Allocations	Actual Allocations
Domestic Equity Securities	12 – 18%	16.26%
Global Equity Securities	3 – 7	4.94
International Equity Securities	6 -12	10.33
Emerging Markets Equity	4 – 8	6.74
Private Equity	4 – 8	4.40
Domestic Fixed Income	7 – 13	11.84
Diversified Credit	5 – 13	7.54
Real Return	7 – 13	8.23
Global Fixed Income	0 – 4	0.38
Emerging Market Debt	1 – 5	2.74
Absolute Return	12 – 16	13.97
Real Estate	8 – 12	8.27
Cash and Cash Equivalents	0	4.36

Source: Orange County Employees Retirement System – Investment Portfolio Report for March 31, 2015.

The System's assets are exclusively managed by external professional investment management firms. The Board of Retirement monitors the performance of the managers with the assistance of an external investment consultant. The following Table A-24 sets forth the annualized rate of return on investments in the portfolio for calendar years ended December 31, 2005 through December 31, 2014 based upon the valuation value, actuarial value and market value of the investments.

TABLE A-24
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
INVESTMENT RESULTS
December 31, 2005 through December 31, 2014

Year Ended December 31	Annualized Rates of Return (Valuation Value)	Annualized Rates of Return (Actuarial Value)	Annualized Rates of Return (Market Value)
2005	8.50%	8.72%	8.11%
2006	9.68	9.71	13.17
2007	10.45	10.49	11.18
2008	4.25	4.23	(20.76)
2009	3.62	3.60	17.32
2010	5.02	5.02	10.47
2011	3.29	3.28	0.04
2012	3.49	3.49	11.92
2013	9.11	9.11	10.73
2014	7.34	7.34	4.52

Sources: Orange County Employees Retirement System – 2014 Actuarial Valuation for calendar years ended December 31, 2004 through December 31, 2014.

The Authority's Other Postemployment Benefits. The Authority's postemployment defined benefit plan ("OPEB Plan") is a single-employer plan for full-time employees hired prior to January 1, 2007. Information regarding the Authority's other postemployment benefits was obtained from the Authority's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2014 and the Authority's Actuarial Valuation with a measurement date as of July 1, 2012 (the "2012 OPEB Actuarial Valuation"). The next biennial Actuarial Valuation will be for the measurement date as of July 1, 2014.

The OPEB Plan provides a monthly grant toward the cost of retirees' health insurance coverage. The Authority's OPEB Plan assets are held in a trust account established pursuant to Section 401(h) of the Internal Revenue Code of 1986, as amended, and held separate from the assets of the System except for investment purposes. The Authority current funding policy is to partially prefund for retiree medical benefits through a required employee contribution of 4% of their pay through payroll deductions to the trust accounts. During Fiscal Year 2013-14, there were 569 eligible retirees who received monthly benefits of approximately $3.5 million in the aggregate.

The 2012 OPEB Valuation used the entry age normal actuarial cost method. The primary actuarial assumptions included in the 2012 OPEB Valuation included a 5.5% rate of return on investments, inflation at a rate of 3.5%, a rate of increase of 5.0% for retiree medical grants, termination rates determined based on actuarial tables from the System, pre-retirement and post-retirement mortality determined based on actuarial tables from the System, 100% of eligible active employees assumed to elect medical coverage at retirement, 65% of future male retirees and 25% of female employees are assumed to be married at retirement or pre-retirement death and male spouses assumed to be 4 years older than female spouses. The UAAL is amortized over 30 years as a level dollar on a closed basis, of which 24 years remained as of 2012 OPEB Actuarial

Valuation. The actuarial assessments of set forth in the 2012 OPEB Actuarial Valuation are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed from the date of the valuation or in the future, and will change with the future experience of the OPEB Plan.

The following Table A-25 sets forth the UAAL of the Authority's OPEB Plan as of June 30, 2013 using a 5.5% discount rate.

TABLE A-25
ORANGE COUNTY FIRE AUTHORITY
UNFUNDED ACTUARIAL ACCRUED LIABILITY OF OPEB PLAN
Fiscal Year ended June 30, 2013

Actuarial Accrued Liability	$156,623,184
Actuarial Value of Assets	(28,910,090)
Unfunded Actuarial Accrued Liability	$127,713,094

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2014.

The following Table A-26 sets forth the schedule of funding progress of the Authority's OPEB Plan as of the most recent actuarial valuation measurement dates of July 1, 2006, July 1, 2008, July 1, 2010, and July 1, 2012.

TABLE A-26
ORANGE COUNTY FIRE AUTHORITY
OPEB PLAN SCHEDULE OF FUNDING PROGRESS
Fiscal Years ended June 30, 2006, June 30, 2008, June 30, 2010, and June 30, 2012

Actuarial Valuation Date (July 1)	Actuarial Valuation of Assets (A)	AAL Entry Age Normal (B)	UAAL (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage% of Covered Payroll (B-A)/C
2006	$ 7,435,632	$ 60,807,597	$ 53,371,965	12.23%	$95,608,358	55.82%
2008	21,525,051	94,124,900	72,599,849	22.87	80,624,028	90.05
2010	21,549,574	147,709,326	126,159,752	14.59	81,391,495	155.00
2012	28,910,090	156,623,184	127,713,094	18.46	75,432,000	169.31

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2014.

The Authority's Annual OPEB Cost for Fiscal Year 2013-14 was $14,461,381. The following Table A-27 sets forth the Authority's annual OPEB Cost, the net OPEB obligation subsequent to such contributions and the Authority's OPEB contribution as a percentage of total governmental expenditures for the Fiscal Years ended June 30, 2010 through June 30, 2014.

TABLE A-27
ORANGE COUNTY FIRE AUTHORITY
ANNUAL OPEB COST
Fiscal Years ended June 30, 2010 through June 30, 2014

Fiscal Year Ended (June 30)	Annual OPEB Cost	Contributions	Percentage of Annual OPEB Cost Contributed	Net Increase to Net OPEB Obligation	Cumulative Net OPEB Obligation	Contribution as a Percentage of Total Governmental Expenditures
2010	$ 8,794,983	$4,475,727	50.9%	$4,319,256	$11,886,320	1.72%
2011	13,303,800	4,387,025	33.0	8,916,775	20,803,095	1.74
2012	13,141,576	4,557,554	34.7	8,584,022	29,387,117	1.73
2013	13,689,125	4,759,104	34.8	8,930,021	38,317,138	1.61
2014	14,461,381	4,693,202	32.5	9,768,179	48,085,317	1.59

Sources: Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2013 with respect to the Fiscal Years ended June 30, 2010 and June 30, 2011 and Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2014 with respect to the Fiscal Years ended June 30, 2012 through June 30, 2014.

The Authority's Annual OPEB Cost includes an implicit subsidy for Safety members under the age of 65. Accordingly, actual contributions include implicit insurance premiums paid on behalf of these retirees. The following Table A-28 sets forth the components of the Authority's actual contributions for Fiscal Years ended June 30, 2012 through June 30, 2014.

TABLE A-28
ORANGE COUNTY FIRE AUTHORITY
CONTRIBUTIONS TO OPEB PLAN
Fiscal Years ended June 30, 2012 through June 30, 2014

	Fiscal Year ended June 30, 2012	Fiscal Year ended June 30, 2013	Fiscal Year ended June 30, 2014
Amounts irrevocable transferred to Trust held by the System	$3,670,501	$3,526,937	$3,482,518
Implicit Insurance Premiums Paid on Behalf of Retirees	882,372	1,227,387	1,205,520
Amounts Paid Directly to Retirees	4,681	4,780	5,164
Total Actual Contributions	$4,557,554	$4,759,104	$4,693,202

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year Ended June 30, 2014.

The Authority's Retiree Defined Contribution Healthcare Expense Reimbursement Plan. In September 2006, the Authority created the Orange County Fire Authority Retiree Defined Contribution Healthcare Expense Reimbursement Plan, an employer sponsored defined contribution benefit plan. The Reimbursement Plan provides for the reimbursement of medical dental and other health care expenses of retirees. The Board of Directors establishes and amends all Reimbursement Plan provisions in conjunction with its negotiated labor contracts and is subject to all applicable requirements of the Myers-Milias-Brown Act and 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.

All active, full-time employees who became employed by the Authority on and after January 1, 2007, are required to contribute 4% of their gross pay through payroll deductions to the Authority defined contribution plan. 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 Authority. Participants are eligible to receive Plan benefits upon reaching retirement age, including those who terminate with the Authority for other reasons. Required and actual Authority contributions totaled $1,496,155 for the year ended June 30, 2014.

Insurance

The Authority carries commercial insurance coverage for general liability, property and auto, pollution liability, aviation, public official and auto verifier bonds. In addition, the Authority carries excess coverage for the self-insured workers' compensation. Coverage limits include $1,000,000 for each occurrence or wrongful act under its general liability coverage up to an aggregate amount of $2,000,000, management liability up to $1,000,000 for each wrongful act, auto liability (combined single limit) up to $1 million and umbrella liability of $10 million for each occurrence. Coverage limits for property insurance include the scheduled replacement cost for building and contents, $500,000 for each claim for crimes of employee dishonesty, forgery or alteration or the performance of duty and $100,000 for the crime of computer fraud. In addition, the Authority carries aircraft hull and liability coverage up to $50 million, public official bonds up to $1 million each, auto verifier bonds up to $5,000 each 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.

The Authority's self-insurance program covers worker's compensation claims up to $50 million subject to a self-insured retention of $2 million per incident. Workers' compensation claims in excess of the self-insured level are insured by the California State Association of Counties Excess Insurance Authority ("CSAC-EIA") at statutory limits. Workers' compensation claims are administered by a third-party administrator. As of June 30, 2014, accrued claims and judgments for workers' compensation were $56,789,859. The amount required to be on deposit in the Authority's self-insured workers' compensation fund is established based on information from an independent actuary which reviews total estimated liabilities to determine the fund's confidence level. The confidence level is, generally, a measure of the probability that the workers' compensation fund will have enough money to cover claims that have been incurred. The Authority's funding policy with respect to workers' compensation requires a confidence level of 60%. In connection with the adoption of the Fiscal Year 2015-16 Authority Adopted Budget, the Authority will implement a funding policy which will require a confidence level of 50%.

The following Table A-29 sets forth the Risk Management Fund's claims liability amount for self-insurance in Fiscal Years 2009-10 through 2013-14.

TABLE A-29
ORANGE COUNTY FIRE AUTHORITY
RISK MANAGEMENT FUND CLAIMS LIABILITY – SELF INSURANCE
Fiscal Years 2009-10 through 2013-14
($ in thousands)

	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14
Unpaid claims, Beginning of Fiscal Year	$17,649,074	$27,224,600	$29,753,616	$35,798,565	$49,064,929
Prior Period Adjustment	14,007,264	--	--	--	--
Incurred Claims	630,421	8,011,264	12,288,305	19,277,576	13,172,346
Claim Payments	(5,062,159)	(5,482,248)	(6,243,356)	(6,011,212)	(5,447,416)
Unpaid Claims, End of Fiscal Year	$27,224,600	$29,753,616	$35,798,565	$49,064,929	$56,789,859
Current Portion	$ 4,353,481	$ 5,991,519	$ 7,511,799	$ 8,238,869	$ 6,305,074
Long-Term Portion	22,871,119	23,762,097	28,286,766	40,064,929	50,484,785
Unpaid Claims, End of Fiscal Year	$27,224,600	$29,753,616	$35,798,565	$48,826,060	$56,789,859

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Years ended June 30, 2010 through June 30, 2014.

Indebtedness

Long-Term Indebtedness. The Authority's 2001 Revenue Bonds (Regional Fire Operations and Training Center) (the "2001 Revenue Bonds") were the only long term bonded indebtedness that has been issued to date by the Authority; the 2001 Revenue Bonds are no longer outstanding. As of the date hereof, the Authority does not presently expect to issue any long-term bonded indebtedness. The Authority never failed to pay any long term indebtedness when due.

Short-Term Indebtedness. The Authority's General Fund expenditures occur in level amounts throughout the fiscal year although revenues are received at various times and amounts throughout the fiscal year, primarily because secured property tax revenues are received around property tax payment dates in December and April and cash contract receipts are received at the end of each quarter. As a result, the General Fund cash balance is negative for a portion of each fiscal year. The Authority adopted a short-term debt policy (the "Short-Term Debt Policy") in March 2007. Pursuant to the Short-Term Debt Policy, the Authority may use tax and revenue anticipation notes which mature no later than one year after its issuance, use short-term borrowing for temporary funding of operational cash flow deficits, and temporarily use of capital reserves that are funded in excess of planned capital expenditures. See "The Notes - Intrafund Borrowing and Cash Flow" and " – Cash Flow Projections" in the forepart of this Official Statement.

During Fiscal Years 1997-98 through 2008-09, the Authority annually issued tax and revenue anticipation notes, all of which were timely paid when due, and used the proceeds thereof to reduce or eliminate cash flow deficits in its General Fund during each such fiscal year. The Authority has undertaken intrafund borrowing to address cash flow deficits in fiscal years when it has not issued tax and revenue anticipation notes. There is currently outstanding $44,000,000 aggregate principal amount of the Authority's 2014-15 tax and revenue anticipation notes (the "2014-15 TRAN") which mature on June 30, 2015. The Authority has set aside and deposited in the repayment account established for the 2014-15 TRAN an amount sufficient to fully and timely pay principal of and interest on the 2014-15 TRAN on the maturity date therefor.

Lease Obligations. As of June 30, 2014, the Authority was the lessee under certain capital leases in effect with respect to real property and equipment used by the Authority, including a Master Aircraft Lease Agreement by and between the Authority and SunTrust Equipment Financing & Leasing Group dated

December 2008, as amended in November 2011 (the "Aircraft Lease"). The Authority has never failed to pay any lease obligations when due. The following Table A-30 sets forth the minimum lease payments in Fiscal Years 2014-15 through 2018-19 required to be paid by the Authority under Aircraft Lease as of June 30, 2014.

TABLE A-30
ORANGE COUNTY FIRE AUTHORITY
CAPITAL LEASE PAYMENTS – AIRCRAFT LEASE
As of June 30, 2014

Fiscal Year	Principal	Interest	Total
2014-15	$ 2,276,963	$ 254,760	$ 2,531,723
2015-16	2,336,279	195,444	2,531,723
2016-17	2,397,140	134,583	2,531,723
2017-18	2,459,589	72,134	2,531,723
2018-19	1,253,718	12,144	1,265,862
Total	$10,723,689	$669,065	$11,392,754

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year Ended June 30, 2014.

Direct and Overlapping Debt

Set forth in the following Table A-31 on the following page is a direct and overlapping bonded indebtedness report as of May 1, 2015 (the "Debt Report") which was compiled by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. The Authority has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith. The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the Authority. Such long-term obligations generally are not payable from revenues of the Authority nor are they necessarily obligations secured by land within the Authority. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

TABLE A-31
ORANGE COUNTY FIRE AUTHORITY
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
As of May 1, 2015

2014-15 Assessed Valuation: $235,797,663,956

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 5/1/15
Metropolitan Water District of Southern California	10.175%	$ 11,235,235
Coast Community College District	10.914	66,531,602
North Orange County Joint Community College District	39.543	73,960,832
Rancho Santiago Community College District and School Facilities District No. 1	17.655 & 23.516	65,554,397
Capistrano Unified School District School Facilities Improvement District No. 1	99.989	32,513,241
Garden Grove Unified School District	18.640	45,480,698
Los Alamitos Unified School District School Facilities Improvement District No. 1	99.860	99,413,739
Placentia-Yorba Linda Unified School District	73.001	183,690,323
Saddleback Valley Unified School District	100.000	122,240,000
Santa Ana Unified School District	28.869	81,423,152
Tustin Unified School District School Facilities Improvement District Nos. 2002-1, 2008-1 and 2012-1	Various	133,834,079
Anaheim Union High School District	31.254	29,758,169
Other School Districts	Various	196,057,566
City of San Juan Capistrano	100.000	28,985,000
Irvine Ranch Water District Improvement Districts	Various	429,743,550
Moulton-Niguel Water District Improvement Districts	100.000	15,850,000
Santa Margarita Water District Improvement Districts	100.000	119,270,000
South Coast Water District	62.790	863,363
County Community Facilities Districts	100.000	296,728,468
School Community Facilities Districts	100.000	1,121,220,256
City and Special District Community Facilities Districts	100.000	343,189,000
1915 Act Special Assessment Tax Bonds	100.000	821,609,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$4,319,151,670
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Orange County Fire Authority	**100.000%**	--[(1)]
Orange County General Fund Obligations	50.046	$ 62,405,360
Orange County Pension Obligation Bonds	50.046	213,826,351
Orange County Board of Education Certificates of Participation	50.046	7,757,130
Municipal Water District of Orange County Water Facilities Corporation	59.831	3,206,942
Unified School District Certificates of Participation	Various	177,408,007
Union High School Districts Certificates of Participation	Various	23,476,964
Elementary School District General Fund Obligations	Various	23,277,905
City General Fund Obligations	100.000	92,517,192
Moulton-Niguel Water District Certificates of Participation	100.000	80,080,000
Other Special District General Fund Obligations	Various	225,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$684,180,851
Less: MWDOC Water Facilities Corporation Certificates of Participation		3,206,942
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$680,973,909
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):	0.002-100.000%	$480,740,242
GROSS COMBINED TOTAL DEBT		$5,484,072,763[(1)]
NET COMBINED TOTAL DEBT		$5,480,865,821

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2014-15 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.83%
Total Direct Debt	**0.00%**
Gross Combined Total Debt	2.33%
Net Combined Total Debt	2.32%

Ratios to Redevelopment Incremental Valuation ($20,650,321,376):

Total Overlapping Tax Increment Debt	2.33%

Source: California Municipal Statistics, Inc.

General Fund Financial Statements

Except as noted below, the Authority's accounting policies and audited financial statements conform to generally accepted accounting principles and standards for public financial reporting established by the Governmental Accounting Standards Board ("GASB").

The Authority's basis of accounting for its governmental type funds is the modified accrual basis with revenues being recorded when available and measurable and expenditures being recorded when services or goods are received and with all unpaid liabilities being accrued at year end. The accrual basis of accounting is utilized in the Fiduciary Funds. All of the financial statements contained in this Official Statement, other than the General Fund Cash Flow Schedules, have been prepared as described above.

Funds are accounted for by the Authority are categorized as follows:

Governmental Funds	Fiduciary Funds
General Fund	Trust Funds
Capital Projects Funds	

OCFA Portfolio

The Board of Directors, acting under Section 53607 of the California Government Code (the "California Government Code"), has delegated to the Treasurer responsibility to invest all surplus moneys of the Authority. Subject to the review of the Board of Directors, the delegation is made for a period of one-year. Amounts held in the treasury are invested in the Authority's investment portfolio (the "OCFA Portfolio"). The Treasurer invests funds in the OCFA Portfolio in accordance with the Authority's Investment Policy (the "Investment Policy") and California Government Code Section 53600 et. seq., Section 53620 et. seq. and Section 5922(d). From time to time bills are proposed in the State Legislature that would modify the currently authorized investments and place restrictions on the ability of local agencies to invest in various securities. Therefore, there can be no assurances that the current investments in the OCFA Portfolio will not vary from the investments described herein or as may be authorized in the future by the California Government Code.

The Treasurer only invests in securities legally allowed by California Government Code and authorized by the Investment Policy. The objectives of the Investment Policy, listed in priority order, are safety, liquidity, and return on investment. The Investment Policy provides that at least 50% of the portfolio is limited to a maturity of 1 year or less and no single investment may have a maturity exceeding 5 years. The Treasurer provides the Board of Directors with a monthly and an annual investment report. The Authority believes that the OCFA Portfolio is prudently invested and that investments therein are scheduled to mature at the times and in the amounts that are necessary to meet the Authority's expenditures and other scheduled withdrawals.

The Investment Policy allows for purchase of a variety of securities with limitations as to exposure, maturity and rating, varying with each security type. The composition of the OCFA Portfolio will change over time as old investments mature and as new investments are made. Since July 1, 1997, the Authority, in accordance with GASB Statement No. 31, has reported market value for the investments in the OCFA Portfolio annually on its financial statements. Although the market value of certain of the securities in the OCFA Portfolio are less than the Authority's net book value for those securities, the Authority does not anticipate that it will realize any losses with respect to such investments since the Authority intends to hold such investments until their maturity. However, unexpected withdrawals from the OCFA Portfolio could force the sale of some investments prior to maturity and lead to realization of losses with respect to those investments. Such unexpected withdrawals have not occurred and thus are considered unlikely by the

Authority, based on historical withdrawal patterns relating to the OCFA Portfolio. The OCFA Portfolio represents monies entrusted to the Treasurer by the Authority for all of its funds.

As of March 31, 2015, OCFA Portfolio market-to-book value analysis indicated an unrealized gain of 0.002% because of fluctuations in interest rates. The Authority determines the market value of the OCFA Portfolio monthly but does not mark-to-market. Liquidity in the OCFA Portfolio, consisting of cash, investments in mutual funds and investments in cash equivalents, is approximately 79% as of March 31, 2015. The Authority calculates and apportions interest monthly. The weighted average maturity of the OCFA Portfolio for the month ended March 31, 2015 was about 141 days.

The Investment Policy expressly prohibits derivatives, except for indirect investment through the State's Local Agency Fund, reverse repurchase agreements (indirect investment through a pool is allowable up to a maximum of ten percent (10%) of the pool's portfolio), financial futures or financial options and common stocks or corporate bonds.

As of March 31, 2015, approximately 40% of the OCFA Portfolio's portfolio was comprised of securities with a maturity of less than one month, 39% was invested in securities with maturities ranging from one to three months, 0.5% was invested in securities with maturities ranging from three months to one year, and20.5% was invested in securities with maturities over one year.

The value of the various investments in the OCFA Portfolio will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Therefore, there can be no assurance that the values of the various investments in the OCFA Portfolio will not vary from the values described herein.

The following Table A-32 reflects various information with respect to the OCFA Portfolio as of the close of business on March 31, 2015. As described above, a wide range of investments are authorized under California Government Code, but they are further limited by the current Investment Policy. For additional information concerning Authority investments, see Appendix B – "Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2014" attached to this Official Statement.

TABLE A-32
ORANGE COUNTY FIRE AUTHORITY
Pooled Investment Fund of the Authority
As of March 31, 2015

	Net Market Value	Percentage of Portfolio
INVESTMENTS		
Money Market Mutual Funds/Cash	$ 6,443,168.48	3.94%
Federal Agency Coupon Securities	34,879,365.45	21.37
Federal Agency Disc. – Amortizing	71,992,800.00	44.08
Local Agency Investment Funds	50,019,186.40	30.61
TOTAL INVESTMENTS	$163,334,520.33	100.00%
CASH		
Passbook/Checking	$ 523,086.09	
TOTAL CASH	$ 523,086.09	
TOTAL CASH AND INVESTMENTS	$163,857,606.42	

Source: Orange County Fire Authority Treasurer.

STATE OF CALIFORNIA BUDGET AND SUPPLEMENTAL FINANCIAL INFORMATION

The following information concerning the State's budgets has been obtained from publicly available information which the Authority believes to be reliable; however, the Authority takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information. Information about the State Budget is regularly available at various State-maintained websites. Text of the State budget may be found at the Department of Finance website, www.dof ca.gov, under the heading "California Budget." An impartial analysis of the State's budget is posted by the Legislative Analyst's Office (the "LAO") at www.lao.ca.gov. In addition, certain State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov and the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System, emma.msrb.org. The information referred to on the website of the State Treasurer is prepared by the State and not by the Authority, and the Authority takes no responsibility for the continued accuracy of the internet address of the State Treasurer or for the accuracy, if any, or timeliness of information posted there, and such information is not incorporated herein by these references.

State Budget for Fiscal Year 2014-15

On June 20, 2014, the Governor approved the State Budget Act for Fiscal Year 2014-15 (the "Fiscal Year 2014-15 State Budget Act"), which projects Fiscal Year 2013-14 general fund revenues and transfers of $102.2 billion, total expenditures of $100.7 billion and a year-end surplus of $3.90 billion (inclusive of the $2.4 billion fund balance in the General Fund from fiscal year 2012-13), of which $955 million would be reserved for the liquidation of encumbrances and $2.95 billion would be deposited in a reserve for economic uncertainties. The Fiscal Year 2014-15 State Budget Act projects Fiscal Year 2014-15 General Fund revenues and transfers of $105.5 billion, total expenditures of $108.0 billion and a year-end surplus of $1.40 billion (inclusive of the projected $3.90 million State General Fund balance as of June 30, 2014 which would be available for Fiscal Year 2014-15), of which $955 million would be reserved for the liquidation of encumbrances and $449 million would be deposited in a reserve for economic uncertainties. The Fiscal Year 2014-15 State Budget Act projects that the State's multi-year budget will be balanced for the foreseeable future, but cautions that the unprecedented level of debts, deferrals, and budgetary obligations accumulated over the prior decade contribute to the State's fiscal challenges.

The Fiscal Year 2014-15 State Budget includes the constitutional amendment placed by the State Legislature on the November 2014 ballot proposing to change the formula by which the Rainy Day Fund is funded and to establish certain accounts therein. The Governor expects that the amendment, if approved by voters, will help the State minimize the volatility of future budgetary surplus and deficit cycles.

Features of the Fiscal Year 2014-15 State Budget Act which could impact the Authority include, but are not limited to, the following:

1. In connection with the State's water shortage, the Fiscal Year 2014-15 State Budget Act notes that the State Legislature enacted emergency legislation in February 2014 to assist communities impact by the drought and improve management of water supplies. In addition, the Governor issued an emergency proclamation which directed CAL FIRE, an agency with whom the Authority provides mutual aid pursuant to the Master Mutual Aid Agreement by and among all fire agencies, to hire additional seasonal firefighters to suppress wildfires and take other needed actions to address elevated fire risk as a result of drought conditions. In addition, CAL FIRE provides funds to the Authority for certain fire protection services including, among other things, wages of suppression crews, lookouts, maintenance of fire-fighting facilities, fire prevention assistants, and dispatch.

2. The Fiscal Year 2014-15 State Budget Act includes an increase of $53.8 million from the State General Fund and $12.2 million of other funds to the Department of Forestry and Fire Protection in comparison to the Governor's proposed budget. Pursuant to the Fiscal Year 2014-15 State Budget Act such amounts will be allocated to firefighter surge capacity, retention of seasonal firefighters beyond the budgeted fire season, additional defensible space inspectors and air attack capabilities to suppress wildfires. The State will allocate approximately $10 million of these additional resources to support local grants for fire prevention projects and public education efforts.

Fiscal Year 2015-16 Proposed State Budget

On January 9, 2015, the Governor released the 2015-16 Proposed State Budget (the "Fiscal Year 2015-16 Proposed State Budget"), which projects Fiscal Year 2014-15 State General Fund revenues and transfers of $108.0 billion, total expenditures of $111.7 billion and a year-end surplus of $1.4 billion (inclusive of the $5.1 billion fund balance in the State's General Fund from Fiscal Year 2013-14), of which $971 million would be reserved for the liquidation of encumbrances and $452 million would be deposited in a reserve for economic uncertainties. In addition, the Fiscal Year 2015-16 Proposed State Budget projects a deposit to the Budget Stabilization Account in the amount of $1.6 billion during Fiscal Year 2014-15. The Fiscal Year 2015-16 Proposed State Budget projects Fiscal Year 2015-16 State General Fund revenues and transfers of $114.8 billion, total expenditures of $113.3 billion and a year-end surplus of $1.5 billion (inclusive of the projected $1.4 billion State General Fund balance as of June 30, 2015 which would be available for Fiscal Year 2015-16), of which $971 million would be reserved for the liquidation of encumbrances and $534 million would be deposited in a reserve for economic uncertainties. In addition, the Fiscal Year 2015-16 Proposed State Budget projects a deposit to the Budget Stabilization Account in the amount of $2.8 billion during Fiscal Year 2015-16. The Fiscal Year 2015-16 Proposed State Budget projects that the State's multi-year budget will be balanced for the foreseeable future, but cautions that the State continues to significant existing liability including deferred maintenance on roads and other infrastructure and the unfunded liability for future retiree health care benefits for state employees and various pension benefits which need to be addressed.

Features of the Fiscal Year 2015-16 Proposed State Budget which could impact the Authority include, but are not limited to, the following:

1. The Fiscal Year 2015-16 Proposed State Budget proposes to allocate approximately $42 million to the Department of Forestry and Fire Protection from revenues received through the State's cap and trade auctions with respect to climate change.

2. The Fiscal Year 2015-16 Proposed State Budget proposes an increase of approximately $59.4 million from the State's General Fund and $2.4 million from other funds to be allocated to CAL FIRE. If approved, such funds would be used to continue firefighter surge capacity, retain seasonal firefighters beyond the budgeted fire season, provide additional defensible space inspectors and enhance air attack capabilities to suppress wildfires during the 2015 fire season.

LAO Analysis of the Fiscal Year 2015-16 Proposed State Budget

On January 13, 2015, the LAO released a report entitled "The 2015-16 Budget: Overview of the Governor's Budget" (the "2015 LAO Budget Overview"), which provides an analysis by the LAO of the Fiscal Year 2015-16 Proposed State Budget. The 2015-16 LAO Budget Overview is available on the LAO website at www.lao.ca.gov. Information on the website is not incorporated herein by reference. The 2015-16 LAO Budget Overview states that the Governor's budgeting philosophy is largely prudent and projects that the presence of few significant new program commitments outside of Proposition 98 may help the State avoid returning to the boom and bust budgeting used in prior years. Although a recession does not appear imminent, the LAO cautions that an economic downturn could cause budgetary deficits. Further, the LAO cautions that the array of complex budget formulas adopted into State law may complicate budget planning and could exacerbate the State's vulnerabilities in the event an economic downturn occurs.

Based on the LAO's estimates, the State's revenues for Fiscal Year 2014-15 may exceed the Governor's projections. However, the LAO cautions that revenue collections may be peaking. Accordingly, the State may be susceptible to weaker revenue growth in Fiscal Year 2015-16 compared to Fiscal Year 2014-15, and the State's budgets may have to address difficulties with respect to spending levels. The 2015 LAO Overview notes that the State has an opportunity to address its debts including, among other things, the State's non-retirement liabilities, deferred payments to schools, special fund loans, and prior-year Proposition 98 settle-up obligations. Further, the LAO recommends that the State's unfunded retirement liabilities and the development of a system to fund retiree health benefits should remain a high priority for the State Legislature. The 2015 LAO Budget Overview projects that the Governor's proposals to address the State's retiree health liabilities, if implemented, may provide the State with budgeting flexibility in future years.

Additional Information; Future State Budgets

Information about the State budget and State spending for subdivisions of the State, such as the Authority, which receive a portion of their revenues through the State, is regularly available at various State-maintained websites. Text of the State budget may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget". Various analyses of the State budget may be found at the website of the LAO at www.lao.ca.gov. In addition, certain State official statements, many of which contain a summary of the current and past State budgets and the impact of those State budgets on counties in the State, may be found via the website of the State Treasurer, www.treasurer.ca.gov and through the website of the MSRB's EMMA System, emma.msrb.org. The information presented in these websites is not incorporated by reference in this Official Statement.

The Authority receives a portion of its funding from the State. Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the Authority and other public agencies in the State. The Authority cannot predict what actions will be taken in the current year or future years by voters in the State, the State Legislature, and the Governor to address future State budget deficits or surpluses. Future State budgets will be affected by national and State economic conditions and other factors over which the Authority has no control. To the extent that the State budget process results in reduced revenues to the Authority, the Authority will be required to make adjustments to its budgets.

DEMOGRAPHIC INFORMATION

The Authority is located in Orange County, California. The following is demographic information for Orange County and the member Cities and unincorporated areas of the Authority and is provided for general informational purposes only. The Notes are not obligations of the County or any member City.

Population

The following Table A-33 sets forth the estimates of the population of the County and the Member Cities as of January 1 for calendar years 2009 through 2013. The County's population was approximately 3,113,991 as of January 1, 2014, which is an approximate 0.9% increase from January 1, 2013.

TABLE A-33
ORANGE COUNTY FIRE AUTHORITY
POPULATION OF ORANGE COUNTY AND MEMBER CITIES AND UNINCORPORATED AREAS OF ORANGE COUNTY
(As of January 1)

Area	2010	2011	2012	2013	2014
Aliso Viejo	47,411	48,303	49,025	49,533	49,951
Buena Park	80,477	80,858	81,515	82,035	82,344
Cypress	47,750	47,901	48,305	48,602	48,886
Dana Point	33,403	33,424	33,690	33,902	34,037
Irvine	212,177	218,353	223,870	231,363	242,651
Laguna Hills	30,396	30,333	30,564	30,737	30,857
Laguna Niguel	63,005	63,221	63,734	64,138	64,460
Laguna Woods	16,242	16,303	16,427	16,519	16,581
Lake Forest	77,200	77,481	78,089	78,723	79,139
La Palma	15,561	15,594	15,711	15,836	15,896
Los Alamitos	11,454	11,473	11,565	11,639	11,729
Mission Viejo	93,394	93,472	94,262	94,799	95,334
Placentia	50,515	50,658	51,119	51,900	52,094
Rancho Santa Margarita	47,853	47,941	48,311	48,606	48,834
San Clemente	63,562	63,735	64,252	64,615	64,874
San Juan Capistrano	34,594	34,732	35,046	35,361	35,900
Santa Ana	325,036	325,422	327,988	330,407	331,953
Seal Beach	23,864	24,212	24,371	24,514	24,591
Stanton	38,166	38,313	38,524	38,808	38,963
Tustin	75,400	75,772	76,618	78,071	78,360
Villa Park	5,817	5,823	5,871	5,907	5,935
Westminster	89,694	89,926	90,738	91,272	91,652
Yorba Linda	64,118	64,847	65,821	66,512	67,069
Subtotal	1,547,089	1,558,097	1,575,416	1,593,799	1,612,090
Unincorporated County	120,840	121,475	119,779	120,533	121,473
County Total[1]	3,008,855	3,028,846	3,057,879	3,085,269	3,113,991

Source: California Department of Finance.

(1) County total includes members and non-members of the Authority.

Major Industries

The following Table A-34 sets forth the employment by industry in the County.

TABLE A-34
ORANGE COUNTY
EMPLOYMENT BY INDUSTRY
2013 Annual Averages

Industry	2013 Annual Average Employment	2013 Percentage of County Employment[1]	2013 Percentage of County Total Labor Force[1]
Professional and Business Services	264,500	16.4%	17.5%
Leisure and Hospitality	187,800	11.7	12.4%
Manufacturing	157,900	9.8	10.5%
Health Care Services	156,400	9.7	10.4%
Government	148,300	9.2	9.8%
Retail Trade	145,700	9.0	9.6%
Finance, Insurance & Real Estate	112,500	7.0	7.4%
Wholesale Trade	79,200	4.9	5.2%
Construction, Natural Resources and Mining	77,800	4.8	5.2%
Transportation, Warehousing and Utilities	27,900	1.7	1.8%
Agriculture	3,000	0.2	0.2%

Source: State of California Employment Development Department, 2013 Benchmark.

(1) Percentages based on data as of April 2015.

Major Employers

The following Table A-35 sets forth the major employers headquartered or located in the County and their estimated full-time equivalent ("FTE") employment levels.

TABLE A-35
ORANGE COUNTY
MAJOR EMPLOYERS
Fiscal Year 2013-14

Employer	Product or Service	Estimated FTE Employment
Walt Disney Co.	Entertainment	25,000
University of California, Irvine	Education	22,253
County of Orange	Government	18,035
St. Joseph Health System	Healthcare	12,062
Boeing Co.	Aerospace	6,890
Kaiser Permanente	Healthcare	6,040
Bank of America Corporation	Financial Services	6,000
Walmart	Retail	6,000
Memorial Care Health System	Healthcare	5,635
Target Corporation	Retail	5,400

Source: Orange County Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2014.

Labor Force

The following Table A-36 sets forth employment by industry group and labor force figures for the County and employment and the unemployment rate in the County from 2009 through 2013.

TABLE A-36
ORANGE COUNTY
INDUSTRY EMPLOYMENT, EMPLOYMENT AND UNEMPLOYMENT
ANNUAL AVERAGES
2009 through 2013
(in thousands)

Industry Employment	2009	2010	2011	2012	2013
Natural Resources and Mining	0.5	0.5	0.5	0.5	0.5
Total Farm	3.8	3.7	3.2	2.8	3.0
Construction	74.2	68.0	69.2	71.4	77.3
Manufacturing	154.8	150.4	154.2	158.2	157.9
Wholesale Trade	79.4	77.6	77.0	76.9	79.2
Retail Trade	143.0	141.3	142.5	143.9	145.7
Transportation, Warehousing and Utilities	27.8	26.7	27.5	28.0	27.9
Information	27.3	24.8	23.8	24.3	25.4
Finance and Insurance	70.6	69.4	71.1	73.7	76.6
Real Estate and Rental and Leasing	34.5	34.1	33.6	34.5	35.9
Professional and Business Services	240.9	244.7	247.3	259.9	264.5
Educational and Health Services	161.3	165.5	168.0	173.8	181.9
Leisure and Hospitality	169.1	168.6	174.0	180.6	187.8
Other Services	42.6	42.2	43.2	44.6	45.5
Government	156.6	152.3	149.3	147.9	148.3
Total Wage and Salary Employment[(1)(2)(3)]	1,386.5	1,369.7	1,384.4	1,420.9	1,457.2
Civilian Labor Force[(4)]	1,589.8	1,580.1	1,603.7	1,613.6	1,610.9
Civilian Employment	1,449.0	1,428.9	1,464.4	1,491.6	1,510.6
Unemployment	140.8	151.2	139.3	122.0	100.4
Unemployment Rate	8.9	9.6	8.7	7.6	6.2

Source: State of California Employment Development Department. 2013 Benchmark.

(1) Totals may not equal sum of component parts due to rounding. All information updated per 2013 Benchmark.
(2) The State Employment Development Department has reported a seasonally adjusted unemployment rate within the County of 4.6% for February 2015.
(3) Based on place of work.
(4) Based on place of residence.

Personal Income

The following Table A-37 sets forth the per capita personal income for the County, the State and the United States of America from 2009 through 2013.

TABLE A-37
PER CAPITA PERSONAL INCOME[1]
Calendar Years 2009 through 2013

Year	Orange County	State of California	United States of America
2009	$48,865	$41,587	$39,379
2010	48,826	42,282	40,144
2011	50,839	44,749	42,332
2012	54,008	47,505	44,200
2013	54,519	48,434	44,765

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

(1) Per capital personal income was computed using Census Bureau midyear population estimates. Estimates reflect County and State population estimates available as of November 2013.

Commercial Activity

The following Table A-38 sets forth taxable sales in the County for calendar years 2010 through 2013.

TABLE A-38
ORANGE COUNTY
TAXABLE SALES
Calendar Years 2010 through 2013
(in thousands)

Type of Business	2010 Annual	2011 Annual	2012 Annual	2013 Annual
Retail and Food Services				
Motor Vehicle and Parts Dealers	$ 5,244,266	$ 5,777,582	$ 6,551,466	$ 7,147,519
Furniture and Home Furnishings Stores	869,868	909,455	965,018	1,050,308
Electronics and Appliance Stores	2,058,383	2,319,992	2,536,415	2,488,963
Building Materials, Garden Equipment and Supplies	2,112,467	2,267,363	2,351,574	2,581,968
Food and Beverage Stores	1,911,192	1,990,893	2,056,803	2,111,209
Health and Personal Care Stores	824,719	894,003	948,220	983,067
Gasoline Stations	3,801,651	4,826,228	5,063,762	4,706,666
Clothing and Clothing Accessories Stores	2,923,680	3,164,857	3,510,757	3,764,088
Sporting Goods, Hobby, Book & Music Stores	1,075,996	1,101,159	1,133,702	1,176,097
General Merchandise Stores	4,527,201	4,771,143	5,026,911	5,169,057
Miscellaneous Store Retailers	1,611,739	1,656,162	1,738,855	1,766,848
Non-store Retailers	481,563	459,841	635,707	893,254
Food Services and Drinking Places	5,109,383	5,449,117	5,853,267	6,186,883
Total Retail and Food Services	$32,552,107	$35,587,795	$38,372,456	$40,025,929
All Other Outlets	$15,115,073	$16,143,344	$16,858,156	$17,565,288
Total All Outlets[1]	$47,667,179	$51,731,139	$55,230,612	$57,591,217

Source: California State Board of Equalization, Taxable Sales in California.
(1) Total may not equal sum of component parts due to rounding.

Construction Activity

The following Table A-39 sets forth a summary of building permit valuations for the County for calendar years 2011 through 2013 and calendar year 2014 through March 2014.

TABLE A-39
ORANGE COUNTY
BUILDING PERMIT VALUATIONS[1]
2010 through 2014
($ in thousands)

	2010	2011	2012	2013	2014[2]
Valuations:					
Residential	$1,025,808	$1,237,236	$1,545,903	$2,596,544	$568,109
Nonresidential	1,151,790	1,300,756	1,271,037	1,578,467	378,773
Total	$2,177,598	$2,537,992	$2,816,940	$4,175,011	$946,882
New Dwelling Units:					
Single Family	1,553	1,909	2,438	3,889	938
Multiple Family	1,538	2,897	3,725	6,564	1,491
Total	3,091	4,806	6,163	10,453	2,429

Sources: Construction Industry Research Board (2010), California Homebuilding Foundation (2011-2014).

(1) Amounts not adjusted for inflation. Amounts not seasonally adjusted.
(2) Building permits valuations from January 1, 2014 through March 31, 2014.

APPENDIX B

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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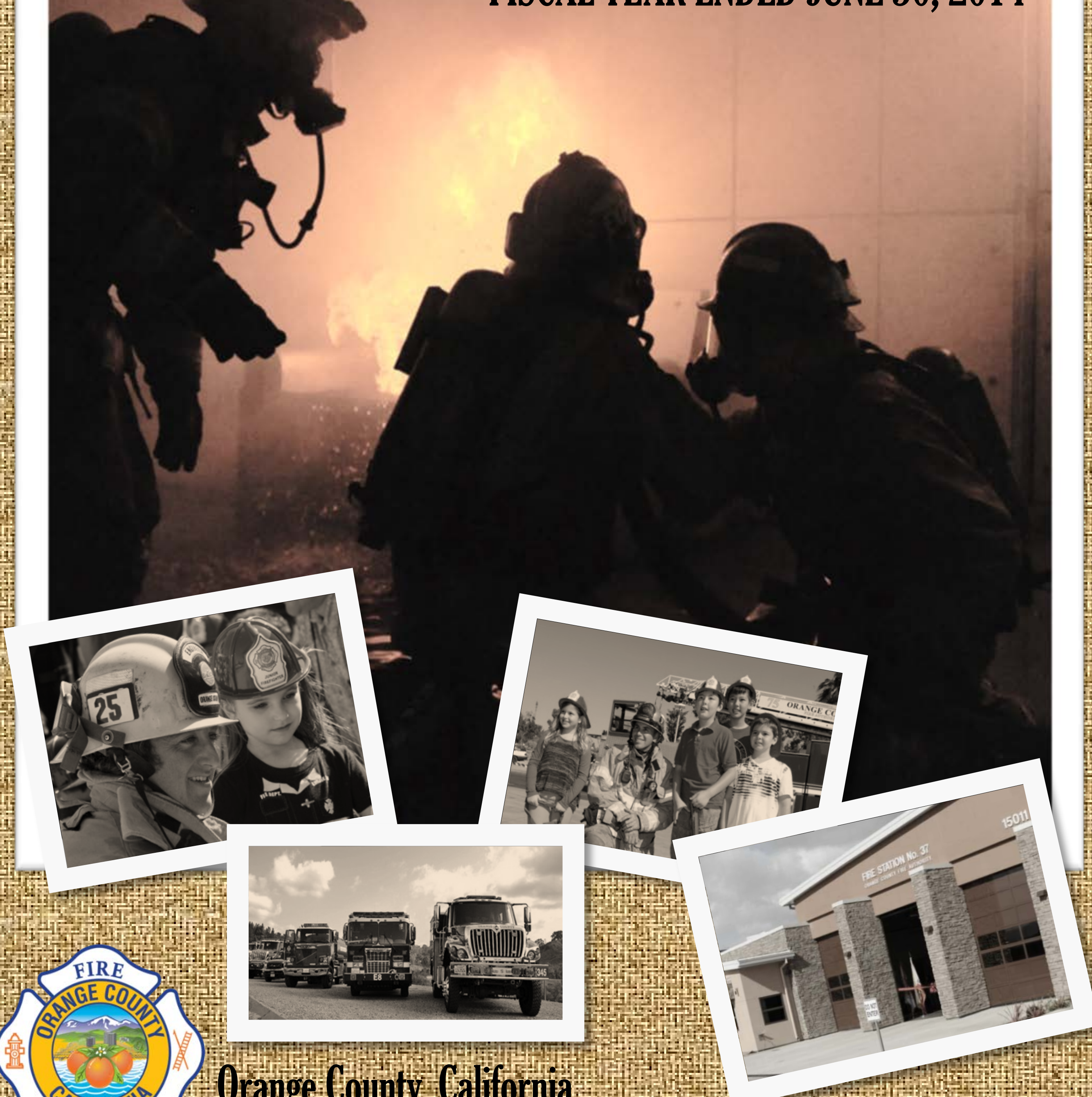
ORANGE COUNTY FIRE AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2014



Orange County, California

Business Services – Finance Division

Orange County Fire Authority
Comprehensive Annual Financial Report
Year ended June 30, 2014

Board of Directors
As of June 2014

Steven Weinberg, Chair
City of Dana Point

Al Murray, Vice Chair
City of Tustin

Phillip Tsunoda
City of Aliso Viejo

Elizabeth Swift
City of Buena Park

Robert Johnson
City of Cypress

Jeff Lalloway
City of Irvine

Kathryn McCullough
City of Lake Forest

Gerard Goedhart
City of La Palma

Randal Bressette
City of Laguna Hills

Jerry McCloskey
City of Laguna Niguel

Noel Hatch
City of Laguna Woods

Warren Kusumoto
City of Los Alamitos

Trish Kelley
City of Mission Viejo

Chad Wanke
City of Placentia

Carol Gamble
City of Rancho Santa Margarita

Bob Baker
City of San Clemente

Sam Allevato
City of San Juan Capistrano

Roman Reyna
City of Santa Ana

David Sloan
City of Seal Beach

David Shawver
City of Stanton

Rick Barnett
City of Villa Park

Tri Ta
City of Westminster

Eugene Hernandez
City of Yorba Linda

Pat Bates
County of Orange

Todd Spitzer
County of Orange

Keith Richter
Fire Chief

Prepared by Finance Division

Orange County Fire Authority

Mission

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

Vision

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

Guiding Principles

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

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

ORANGE COUNTY FIRE AUTHORITY
Comprehensive Annual Financial Report
Year ended June 30, 2014

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Introductory Section

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

October 13, 2014

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, 2014. This report consists of management's representations concerning the finances of the OCFA and is presented using the financial reporting model outlined in the Governmental Accounting Standards Board (GASB) Statement No. 34. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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

The OCFA's financial statements have been audited by Lance, Soll & Lunghard, LLP, a firm of certified public accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion ("clean") that the OCFA's financial statements for the fiscal year ended June 30, 2014, 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.

Background Information on 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, and is the largest regional service organization in Orange County and one of the largest in California. The service area includes twenty-three member cities and the unincorporated areas of Orange County, California. A twenty-five member Board of Directors governs the OCFA. This Board includes an elected official appointed to represent each of the twenty-three member cities and two representatives from the County Board of Supervisors. The OCFA is managed by an appointed Fire Chief who reports to the Board of Directors.

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

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

Information on the Local Economy

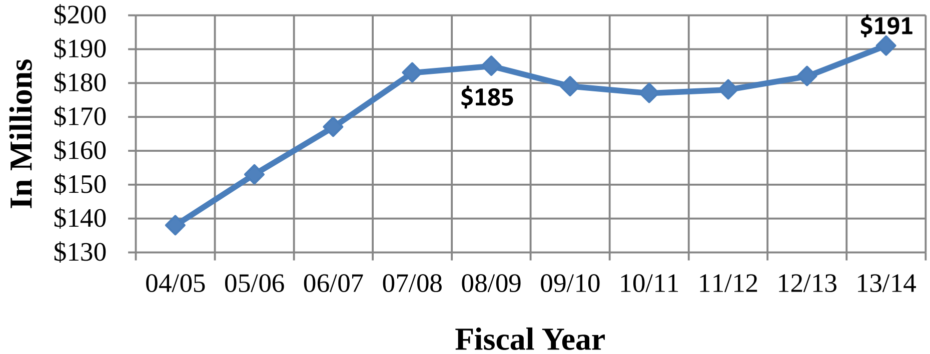
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the local economic environment within which the OCFA operates.

Orange County is located along the southern coast of California, with Los Angeles County to the north; San Diego County to the south; and Riverside and San Bernardino counties to the east. There are thirty-four cities in Orange County, along with various unincorporated areas. OCFA provides regional fire services to twenty-three of those cities, and to the unincorporated areas throughout the county. *Forbes* magazine ranked Orange County as 97th in its "2013 Best Places for Business" regional rankings, an improvement of two places from the previous year. The ranking evaluates areas such as job growth, business and living costs, income growth, projected economic growth, educational attainment, cultural opportunities, the number of highly ranked colleges, and net migration patterns. Even though the county ranked in the top 100, it still ranked poorly in the cost of doing business. *Forbes* calculated Orange County's cost of living at 42.8% above the national average.[1]

[1] *2014 Community Indicators Report – Orange County Ranking Inches Up,* O.C. Community Indicators Project – March 2014

The most significant local economic factor impacting the OCFA is Orange County's housing market, including fluctuations in housing prices and new construction activities. Property taxes derived from these activities comprised 61.2% of the OCFA's total governmental funds revenues in Fiscal Year 2013/14. As shown in the chart below, OCFA's property tax revenues in Fiscal Year 2013/14 showed a substantial increase for the first time in several years, surpassing the previous peak from Fiscal Year 2008/09 by over $6 million. This increase is attributed primarily to the significant appreciation in Orange County's housing prices over the past two years.

Property Tax Revenue
(Last Ten Fiscal Years)



Although Orange County's housing prices have risen substantially, they have not yet reached the same levels that existed prior to the housing downturn and U.S. "Great Recession" that began in December 2007. In December 2013, the median sales price on single family homes increased to $677,660, up 16% from the previous year. For comparison purposes, Orange County's price peak was $747,260 in April 2007, and the price low was $432,100 in January 2009. In 2013, the median home price was $240,000 higher than the overall median home price for the State of California, and Orange County continues to remain less affordable than its peers (with the exception of the San Francisco Bay Area). In 2013, the minimum household income needed for a first-time homebuyer to purchase a single-family home priced at 85% of the Orange County median was $82,180. Approximately 43% of Orange County households could afford to purchase at this price. [2]

As of January 2013, there were 1,056,195 housing units available to Orange County residents. Building permits are continuing to rebound since record low numbers in 2009, and are driven largely by increases in multi-family unit development. The county's total housing stock is expected to grow 12% between the years 2010 and 2035.[3]

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

Historically, OCFA's method of projecting its property tax revenue was to increase the value of existing structures by the 2% constitutional maximum, increase these values to account for re-sales, and add in the value

[2] *2014 Community Indicators Report – Home Prices Rise; Affordability Declines*, O.C. Community Indicators Project – March 2014
[3] *2014 Community Indicators Report – County Profile – Land Use and Housing*, O.C. Community Indicators Project – March 2014

of any new development. During the recession, those techniques were adjusted to incorporate the appreciation or depreciation rate set by the State Board of Equalization, the potential for the County Assessor to reassess existing structures, and the possibility that re-sales might actually decrease the assessed values. However, with the recession now ended and housing showing signs of modest recovery, OCFA has returned to its previous practice for estimating property tax growth.[4]

Relevant Financial Policies

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

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

Fiscal Health Plan – The purpose of this plan is to establish a framework for ensuring an ongoing focus on fiscal health and a general process to ensure timely and appropriate response to adverse fiscal circumstances. The cornerstones of this plan are a set of strong fiscal policies and a comprehensive system for monitoring OCFA's fiscal performance. Financial indicators are monitored through frequent updates of the OCFA's five-year financial forecast to evaluate stability, strength, or weaknesses of OCFA's finances.

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

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

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

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

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

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

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

[4] *Rosenow Spavacek Group, Inc. (RSG) Final Property Tax Revenue Projections,* Orange County Fire Authority Budget & Finance Committee Agenda Item No. 6 – May 14, 2014

Major Initiatives and Accomplishments for Fiscal Year 2013/14

Agreements, Studies and Strategic Initiatives:

- **Completion and Implementation of Equity Mitigation Measures –** In response to concerns from OCFA's member agencies about the relationship of financial contributions to level of service received, an Equity Working Group was established to identify methods for mitigating these equity concerns. In September 2013, the Board of Directors approved a solution presented by the Equity Working Group, which required the OCFA to issue equity payments from unrestricted revenue sources to qualifying Structural Fire Fund member agencies, based on a calculation of average Structural Fire Fund Tax rate. The solution also required that the City of Irvine, OCFA's largest Structural Fire Fund member in terms of property tax revenue, remain a member of the OCFA until the year 2030. By November 2013, two thirds of the OCFA member agencies had approved the 2nd Amendment to the Joint Powers Agreement (JPA), and OCFA began to implement the new required equity measures.

- **Pay-Down of OCFA's Unfunded Pension Liability with the Orange County Employees Retirement System –** OCFA's Unfunded Actuarial Accrued Liability (UAAL) with the Orange County Employees Retirement system was approximately $449.8 million as of the end of 2013, and its retirement rates include a portion to pay down that liability over approximately the next 20 years. In September 2013, the Board of Directors approved several additional strategies to accelerate funding the UAAL. Those strategies include (1) using unencumbered fund balance available at the close of each fiscal year to make annual lump sum payments; (2) including savings from reduced retirement rates resulting from the implementation of the Public Employees' Pension Reform Act in the annual budget to make bi-weekly additional payments; and (3) budgeting an additional $1 million of additional UAAL payments for five years beginning in Fiscal Year 2016/17. It is anticipated that these strategies will accelerate the pay-down of the unfunded pension liability, while still maintaining flexibility should the financial environment change. During Fiscal Year 2013/14, OCFA made its first lump-sum payment toward the UAAL in the amount of $3 million. In addition, over $2.2 million was contributed throughout the year by maintaining the higher Fiscal Year 2012/13 retirement rates even though actual required rates dropped in Fiscal Year 2013/14.

- **Determination of Business Eligible for Refunds of Hazardous Materials Disclosure Fees –** During Fiscal Year 2012/13, OCFA determined that many businesses were eligible for a refund of hazardous materials disclosure fees for inspections that were billed, but for which performance could not be verified. An internal review identified a maximum of $1.7 million in total potential refunds pertaining to prior fiscal years. During Fiscal Year 2013/14, approximately 2,200 eligible businesses were notified and mailed claim forms to initiate the refund process. After several rounds of outreach and follow-up, OCFA refunded approximately $1.3 million to over 1,500 of those business owners who demonstrated entitlement to the refund. In June 2014, most remaining funds were transferred to the County of Orange Health Care Agency (HCA) for use in the existing Hazardous Materials Disclosure program. All remaining funds will be transferred to the HCA by the end of 2014. With appropriate verifications, OCFA will continue to honor and refund any claims submitted.

Staffing and Personnel:

- **Academies –** Academies are completed as part of the OCFA's ongoing succession plan to replace retiring employees. In May 2014, 33 new Firefighters graduated as part of Career Firefighter Academy 39. Other internal promotional academies were completed during Fiscal Year 2013/14 for Battalion

Chief (July 2013), Fire Captain (August 2013), Reserve Firefighter (November 2013), and Fire Apparatus Engineer (June 2014). In addition, the OCFA Foundation sponsored a Fire Explorer Academy in July 2013, which is designed to provide teenagers and young adults the opportunity to further their education and skills in pursuit of a fire service career.

- **Hiring Freeze** – A hiring freeze for positions that do not provide front line service to the public has been in effect since Fiscal Year 2008/09. Each position that becomes vacant is reviewed by Executive Management to determine whether the workload can be reassigned or if it will be necessary to fill the position. A total of 100 authorized positions were frozen as of June 30, 2014, as summarized below.

	As of June 30		
Frozen Positions	2014	2013	+/-
o Recommendations from the 2008 Santiago After Action Report included the addition of a fourth firefighter on twelve wildland engines, to be phased in over multiple fiscal years. Phase one authorized the addition of 9 positions, which were subsequently frozen in Fiscal Year 2008/09 pending improved financial condition.	9	9	-
o The addition of a four-person truck company at Fire Station No. 20 (Irvine) was deferred in Fiscal Year 2008/09 until development activity and service demand increases (12 positions). In addition, the station's 3-person engine and 2-person paramedic van were transitioned to a single 4-person paramedic engine during Fiscal Year 2010/11, resulting in 3 frozen firefighter positions.	15	15	-
o Six staff captain positions (two training officers and Administrative Captains for Divisions 1, 3, 4 and 5) have been frozen since Fiscal Year 2010/11, with personnel transitioning to fill vacant suppression field positions.	6	6	-
o As a result of a service reduction request by the City of Stanton in July 2012, the four-person truck company at Fire Station No. 46 (Stanton) was reconfigured and replaced by a two-person paramedic van, resulting in 3 frozen fire apparatus engineer and 3 frozen fire captain positions since Fiscal Year 2012/13.	6	6	-
o In November 2012, the OCFA's agreement for Aircraft Rescue Firefighting services at John Wayne Airport was amended to reduce daily staffing from seven to six personnel, resulting in 3 frozen fire apparatus engineer positions since Fiscal Year 2012/13.	3	3	-
o Vacancies remain frozen for an additional thirty-four suppression positions: ✓ Fire Apparatus Engineers (15 positions, backfilled with overtime) ✓ Fire Captains (15 positions, backfilled with overtime) ✓ Staff Battalion Chiefs (2 positions) ✓ Heavy Fire Equipment Operator (1 position) ✓ Fire Pilot (1 position)	34	33	1
Subtotal – Suppression	73	72	1
o Vacancies remain frozen for twenty-seven non-suppression positions.			
✓ Executive Management/Human Resources	4	4	-
✓ Operations	1	2	(1)
✓ Community Risk Reduction	14	15	(1)
✓ Business Services	4	5	(1)
✓ Support Services	4	4	-
Subtotal – Non-Suppression	27	30	(3)
Total frozen positions	100	102	(2)

Facilities and Capital Improvements:

- **Continued Progress on the Public Safety Systems Project –** OCFA is in the process of a major, multi-year project to replace its Public Safety System. This system is comprised of the Computer Aided Dispatch (CAD) system application, Orange County Fire Incident Reporting System (OCFIRS), and the Integrated Fire Prevention (IFP) application, which have been in use since the 1980's. Implementation of the new CAD portion of the project began in November 2012, with a go-live milestone projected for early Fiscal Year 2014/15. The records management portion of the project, which includes both OCFIRS and IFP, is currently being re-evaluated and a contract is expected to be awarded in Fiscal Year 2014/15.

- **New OCFA-Built Fire Station –** Construction of Fire Station No. 56 (Village of Sendero) began during Fiscal Year 2013/14. This new station is being constructed by OCFA and funded by developer contributions from the Rancho Mission Viejo Company. This will be the first OCFA fire station built using the design/build concept, which allows a single contractor to bid for all aspects of the project in order to provide a single source of accountability, better budget management and communication between design and construction personnel, faster completion, and better quality control.

Additional Major Initiatives and Goals for the Future

Agreements, Studies and Strategic Initiatives:

- **Complete Validation of the 2nd Amendment to the Joint Powers Agreement –** Concurrent with the approval of the 2nd Amendment to the JPA in Fiscal Year 2013/14, the Board of Directors approved requesting a judicial review to seek court validation. The validation process would affirm the ability to use unrestricted revenue sources for purposes of issuing equity payments to qualifying agencies, and would preclude any future challenges to the legality of the Amendment. On August 7, 2014, a Superior Court judge ruled that the 2nd Amendment to the JPA is invalid. During Fiscal Year 2014/15, OCFA's Board of Directors will continue to review its legal options, including pursuing an appeal.

- **Standards of Cover and Deployment Plan –** The Standards of Cover and Deployment Plan (SOC) includes OCFA's written policies and procedures used to determine the distribution, concentration, and reliability of its response forces for fire, emergency medical, hazardous materials, and other technical responses. The plan assesses community risk, defines baseline emergency response performance standards, plans future station locations, determines fire apparatus and staffing patterns, evaluates workload and ideal unit utilization, measures service delivery system performance, and assists in the strategic planning and policy development process. A comprehensive review and update of the SOC was identified in OCFA's recently-adopted Strategic Plan, and in January 2012 the Board directed that the project be accelerated. OCFA entered into a professional service agreement with a consulting firm to oversee the development of an updated SOC, and in February 2014 a draft report was presented to the Board. Based on concerns raised by OCFA's labor groups and several Board members, no action was taken at that time to approve the report. Further action relating to the SOC is on hold, pending future strategic direction.

- **Progress Made Toward Implementation of Updated Strategic Plan –** With the adoption of OCFA's updated strategic plan in June 2010, efforts will continue to move forward with its implementation. The Strategic Plan is divided into three major goals (Service Delivery, Performance and Accountability, and

Technology), with various objectives being addressed within each goal. Multi-disciplinary project teams will continue to be assembled for each objective. OCFA's Executive Management will continue to discuss issues, priorities and needs, as well as conduct yearly planning sessions to review the plan's status and make any necessary revisions.

- **Complete Labor Negotiations for Expiring Contracts** – The Memorandum of Understanding (MOU) with Orange County Professional Firefighters Association (OCPFA) expired in June 2014, and the MOU with Orange County Employees Association (OCEA) expires in December 2014. The MOU with OCPFA has been extended through October 2014 to allow additional time for negotiations. Negotiation sessions are in progress and expected to continue in Fiscal Year 2014/15.

- **Continued Focus on Financial Health and Sustainability** – While there have been improvements in the overall economy, OCFA remains focused on the pursuit of fiscal health, seeking to ensure that the services delivered are sustainable into the future.

Staffing and Personnel:

- **Recruit and Appoint a New Fire Chief** – In August 2014, the Fire Chief retired after thirty-seven years in the fire service. An Interim Fire Chief joined OCFA in September 2014, and the Board of Directors has initiated a process to recruit a new Fire Chief.

- **Firefighter Recruit Academies** – In order to keep pace with anticipated retirements of frontline suppression personnel, OCFA is planning to have at least one firefighter academy consisting of approximately thirty trainees each fiscal year. Carrying too many vacancies can put undue strain on the existing work force by requiring extensive overtime to provide the necessary 24/7 coverage for emergency response.

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, 2013. This was the sixteenth 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.

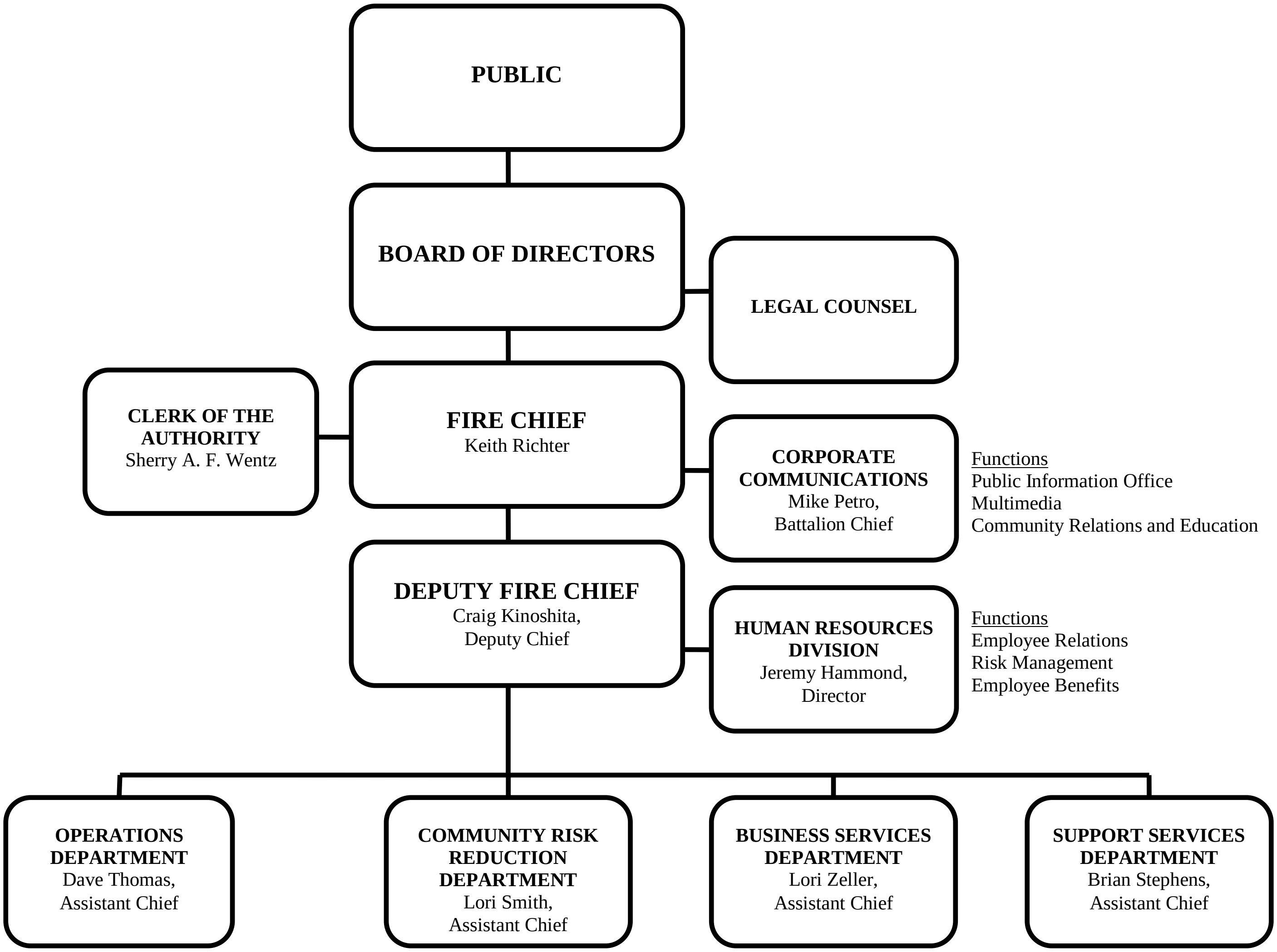
The timely preparation of the Comprehensive Annual Financial Report was made possible by the dedicated efforts of all departments of the OCFA, especially the staff of the Finance Division. We appreciate and acknowledge the support and direction provided to OCFA staff preparing the CAFR by the accounting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

Respectfully submitted,

J Bowman | Lori Zeller

Jeff Bowman, Fire Chief | Lori Zeller, Assistant Chief of Business Service

ORANGE COUNTY FIRE AUTHORITY
Organization Chart
As of June 30, 2014



Operations Department

Functions
Division I
~ Battalion 1
~ Air Operations
Division II
~ Battalion 5
~ John Wayne Airport, Hazmat, UCI
Division III
~ Battalions 6 & 7
Division IV
~ Battalions 2 & 3
~ Community Volunteer Services
~ Training & Safety Services
Division V
~ Battalion 4
~ Urban Search and Rescue
~ Swift Water Rescue
Division VI
~ Battalion 9
~ Emergency Medical Services
Division VII
~ Battalion 8
Emergency Planning & Coordination

Community Risk Reduction Department

Functions
Investigation Services
Planning and Development Services
Pre-Fire Management
~ Crews & Equipment
Safety & Environmental Services

Business Services Department

Functions
Finance
Purchasing & Materiel Management
Treasury & Financial Planning

Support Services Department

Functions
Emergency Command Center
Fleet Services
Information Technology
Legislative Services
Property Management
Strategic Services

ORANGE COUNTY FIRE AUTHORITY
Management Staff and Appointed Officials
As of June 30, 2014

Keith Richter	Fire Chief
Craig Kinoshita	Deputy Fire Chief
Dave Thomas	Assistant Chief Operations Department
Lori Smith	Assistant Chief Community Risk Reduction Department
Lori Zeller	Assistant Chief Business Services Department
Brian Stephens	Assistant Chief Support Services Department
Sherry A.F. Wentz	Appointed – Clerk of the Authority
Jim Ruane	Appointed – Auditor
Patricia Jakubiak	Appointed – Treasurer
Woodruff, Spradlin, & Smart	General Counsel

ORANGE COUNTY FIRE AUTHORITY
Organization of Board of Directors
As of June 30, 2014

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

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

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

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

The **Human Resources Committee** advises OCFA staff and makes recommendations to the Board of Directors on matters regarding human resources policies; job class specifications; compensation programs; benefit changes and renewals; staff training, development and recognition programs; succession planning; risk management and workers' compensation policies; and development of management/performance evaluation and information systems. The committee consists of five members of the Board of Directors, all of which are appointed by the Chair of the Board.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

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Orange County Fire Authority
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Financial Section

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Orange County Fire Authority (OCFA) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise OCFA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of OCFA, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 3 to the financial statements, in 2014 OCFA adopted new accounting guidance, GASB Statement No. 67, *Financial Reporting for Pension Plans.* Our opinion is not modified with respect to this matter.

Correction of an error

As discussed in Note 7 to the financial statements, in 2014 OCFA recorded a prior period adjustment in the government-wide statements to correct an error related to capital assets. Our opinion is not modified with respect to this matter.

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

Other Matters

Required Supplementary Information

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

Prior Year Comparative Information

The financial statements include (partial or summarized) prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2013, from which such partial information was derived.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2014 on our consideration of OCFA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OCFA's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Brea, California
October 13, 2014

Management's Discussion & Analysis

ORANGE COUNTY FIRE AUTHORITY

Management's Discussion and Analysis

Year ended June 30, 2014

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, 2014.

Financial Highlights

- **Governmental Activities:** The assets of the OCFA exceeded its liabilities by $243,754,615 at the end of the current fiscal year. Net position consisted of net investment in capital assets in the amount of $180,917,654 (74.3%); restricted for capital projects and other purposes in the amount of $1,076,322 (0.4%); and unrestricted net position in the amount of $61,760,639 (25.3%). The result of current fiscal year operations caused total net position to decrease by $13,005,208 from the prior fiscal year.

- **Governmental Funds:** As of the close of the current fiscal year, the OCFA's governmental funds showed combined ending fund balances totaling $181,173,511, an increase of $4,365,777 from the prior fiscal year. Of the total ending fund balance, $22,890,660 (12.6%) was available for funding future operational needs (unassigned fund balance).

- **General Fund:** At the end of the current fiscal year, total fund balance for the General Fund was $115,504,289, which included the following amounts:

❖ Prepaid costs in a nonspendable form	$ 30,560,638
❖ Restricted for federal grants, donations, and other restricted revenue programs	32,282
❖ Committed to service enhancement projects in over-funded structural fire fund cities	784,617
❖ Assigned to future obligations for self-insured workers' compensation claims	60,921,529
❖ Assigned to various unperformed contracts for goods or services	314,563
❖ Unassigned and available for future spending:	
Set aside for future economic uncertainties	22,890,660
Fund balance of the General Fund as of June 30, 2014	$115,504,289

Overview of the Financial Statements

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

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the OCFA's finances, in a manner similar to a private-sector business. All public safety activities of the OCFA are reported as governmental activities, since they are principally supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 25-26 of this report.

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

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

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

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

The OCFA maintains five individual governmental funds. Information is presented separately in the fund financial statements for all five governmental funds, since the OCFA has elected to classify all governmental funds as major funds. The OCFA adopts an annual appropriated budget for each governmental fund. Budgetary comparison statements and schedules have been provided for the governmental funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 28-36 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the OCFA's own programs. Combined basic fiduciary fund financial statements can be found on pages 37-38 of this report.

Notes to the Financial Statements and Required Supplementary Information (RSI): The notes and RSI 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 41-79 of this report, while RSI can be found on pages 82-85.

Supplementary Schedules: The budgetary schedules referred to earlier in connection with governmental funds are presented in the supplementary schedules section. Combining and individual fund statements and schedules can be found on pages 88-97 of this report.

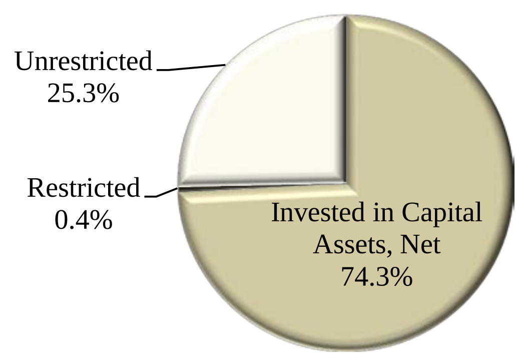
Government-wide Financial Analysis

Net Position: As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of OCFA, assets exceeded liabilities by $243,754,615 at the end of the most recent fiscal year, a 5.4% decrease from the prior fiscal year. Following is a summary of the OCFA's net position as of June 30, 2014 and 2013:

ORANGE COUNTY FIRE AUTHORITY's Net Position

			Increase (Decrease)	
Governmental Activities	June 30, 2014	June 30, 2013	Amount	%
Assets:				
Current and other assets	$ 205,053,294	$ 199,310,209	$ 5,743,085	2.9%
Capital assets	191,641,343	194,306,205	(2,664,862)	-1.4%
Total assets	396,694,637	393,616,414	3,078,223	0.8%
Liabilities:				
Long-term liabilities	131,771,369	116,564,191	15,207,178	13.0%
Other liabilities	21,168,653	19,487,519	1,681,134	8.6%
Total liabilities	152,940,022	136,051,710	16,888,312	12.4%
Net position:				
Net investment in capital assets	180,917,654	181,363,364	(445,710)	-0.2%
Restricted for:				
Capital projects	1,044,040	1,553,182	(509,142)	-32.8%
Other purposes	32,282	137,676	(105,394)	-76.6%
Unrestricted	61,760,639	74,510,482	(12,749,843)	-17.1%
Total net position	$ 243,754,615	$ 257,564,704	$ (13,810,089)	-5.4%

Net Position of Governmental Activities at June 30, 2014



- At the end of the current and prior fiscal years, the OCFA reported positive balances in all three categories of governmental activities net position:

  - At June 30, 2014, the largest portion of OCFA's net position (74.3%) reflects its investment in capital assets, less related outstanding debt used to acquire those assets. The OCFA uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the OCFA's investment in its capital assets is reported net of related debt, it should be noted that the repayment of any debt issued to acquire capital assets must be from other sources. The OCFA cannot sell the assets to obtain funding.

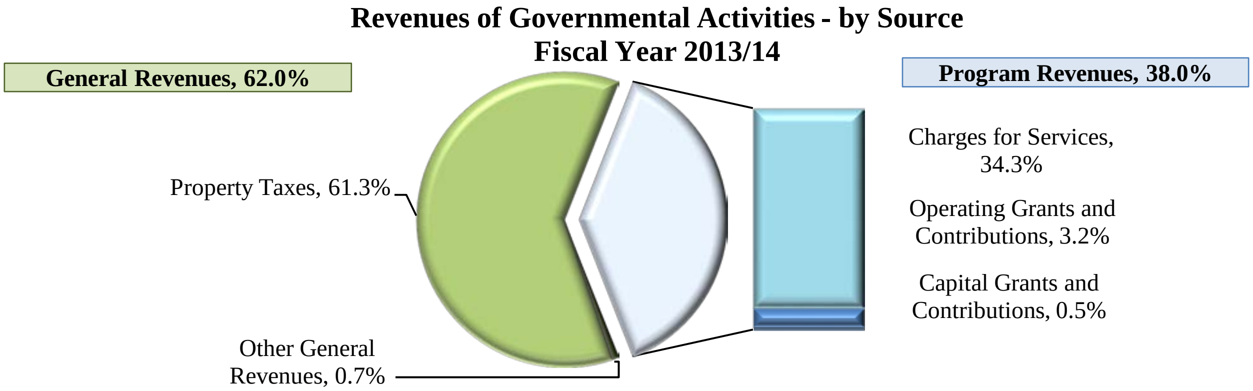
- An additional portion of OCFA's net position (0.4%) represents resources that are subject to external restrictions on how they may be used. Restricted net assets relate to developer contributions and CALFIRE contract revenues that are legally restricted for new fire station development or improvements to existing fire stations, as well as donations received for specific programs and unperformed purchase orders and contracts for grant-funded programs.

- The remaining balance of net position is considered unrestricted (25.3%) and may be used to meet the OCFA's ongoing obligations to citizens and creditors.

Changes in Net Position: Governmental activities decreased the OCFA's net position by $13,810,089 during the most recent fiscal year, an indication that the OCFA's financial position has deteriorated. Governmental activities are divided into two categories – program and general. Program revenues are those derived directly from a government program itself, or from parties outside the government's taxpayers, and thus reduce the net cost of providing that program. Any program expenses that are not offset by program revenues must essentially be financed by general revenues, such as taxes and investment earnings. Following is a summary of the OCFA's changes in net position for Fiscal Year 2013/14 and Fiscal Year 2012/13:

ORANGE COUNTY FIRE AUTHORITY's Changes in Net Position

			Increase (Decrease)	
Governmental Activities	FY 2013/14	FY 2012/13	Amount	%
Program revenues:				
Charges for services	$ 106,874,513	$ 102,875,410	$ 3,999,103	3.9%
Operating grants and contributions	10,339,966	19,523,853	(9,183,887)	-47.0%
Capital grants and contributions	1,462,540	2,811,180	(1,348,640)	-48.0%
General revenues:				
Property taxes	190,873,689	181,720,253	9,153,436	5.0%
Investment income	823,010	(136,493)	959,503	703.0%
Gain on sale of capital assets	21,834	11,924	9,910	83.1%
Miscellaneous	1,200,195	4,329,603	(3,129,408)	-72.3%
Total revenues	311,595,747	311,135,730	460,017	0.1%
Public safety expenses:				
Salaries and benefits	266,764,367	264,067,489	2,696,878	1.0%
Services and supplies	47,912,808	45,879,501	2,033,307	4.4%
Depreciation and amortization	9,612,453	9,793,491	(181,038)	-1.8%
Interest on long-term debt	311,327	367,701	(56,374)	-15.3%
Total expenses	324,600,955	320,108,182	4,492,773	1.4%
Change in net assets	(13,005,208)	(8,972,452)	(4,032,756)	-44.9%
Net position, beginning of year	257,564,704	268,288,200	(10,723,496)	
Prior period adjustment	(804,881)	(1,751,044)	946,163	
Net position, end of year	$ 243,754,615	$ 257,564,704	$ (13,810,089)	-5.4%



- Program revenues, which totaled $118,677,019 for Fiscal Year 2013/14 and accounted for 38.0% of total revenues, decreased by $6,533,424 (5.2%) from the prior fiscal year. Following is a description of each program revenue type, followed by an explanation of what contributed to the net increase or decrease from the prior fiscal year.

  - Charges for services include amounts received from those who purchase, use or directly benefit from or are affected by a program. These revenues increased by $3,999,103 (3.9%) over the prior fiscal year.

Amount	Reason for Increase / Decrease
+$2,565,000	Fee-based fire prevention revenues increased by over $2.5 million, primarily due to planning and development fees for increased development and fire sprinkler permit activity, as well as inspection fees for assembly permits. A significant number of inspections scheduled for Fiscal Year 2012/13 were delayed pending the completion of the Hazardous Materials Disclosure inspection verification project, resulting in an increase in inspection activity during the current fiscal year.
+$1,905,000	Fire service contracts increased by just over $1.9 million. Charges to cash contract cities increased by $1.33 million per terms of the Joint Powers Agreement. OCFA's contract with California Department of Forestry (CALFIRE) for the protection of State Responsibility Area (SRA) lands also increased by $970,000, primarily due to one-time drought funding received during Fiscal Year 2013/14. These increases were offset by a $395,000 decrease in the Airport Rescue Firefighting (ARFF) Services contract with John Wayne Airport, per terms of an amended contract that went into effect in December 2012.
+$805,000	Reimbursements for state and federal incidents increased by $805,000. State assistance by hire services performed for CALFIRE and the California Emergency Management Agency (CAL EMA) increased by $675,000. Reimbursements for state incidents were higher in the current fiscal year, primarily due to major Fiscal Year 2013/14 incidents such as the Mountain and Silver Fires in September 2013, and the Rim Fire in October 2013. Federal assistance by hire services performed for Cleveland National Forest increased by $130,000, primarily due to the Falls Fire in October 2013.
-$635,000	The Hazardous Materials Disclosure and CalARP programs were both returned to the County of Orange Health Care Agency effective July 2013, resulting in a $635,000 decrease in Fiscal Year 2013/14 revenues.
-$460,000	Revenues for ambulance transport and supplies reimbursement decreased by $460,000.
-$180,000	Road maintenance, fuel reduction, and other contract revenues generated by the hand crew decreased by $180,000, primarily due to a decrease in the amount of work performed for Southern California Edison.
+$4,000,000	**Charges for services – net increase**

- Operating grants and contributions include grants, contributions, donations and similar items that are restricted to one or more specific program. These revenues decreased by $9,183,887 (47.0%) from the prior fiscal year.

Amount	Reason for Increase / Decrease
-$9,300,000	Tax increment passed through from member cities increased by $1.2 million and one-time tax increment passed through from the County of Orange decreased by $10.5 million. In Fiscal Year 2011/12, the State of California dissolved its 60-year old redevelopment program, and city redevelopment agencies were replaced with successor agencies to manage the wind-down of the program. Property tax increment that was formerly passed through to OCFA by various member cities has now been deposited into the newly formed Redevelopment Property Tax Trust Fund, from which the County of Orange Auditor/Controller makes disbursements.
+$100,000	Federal operating grants increased by $100,000, primarily due to an increase in reimbursements passed through the Orange County Sherriff's Department for medical supplies funded by a Metropolitan Medical Response System (MMRS) grant.
-$9,200,000	**Operating grants and contributions – net decrease**

- Capital grants and contributions include grants, contributions, donations and similar items that are restricted to one or more specific capital-related programs. These revenues decreased by $1,348,640 (48.0%) from the prior fiscal year.

Amount	Reason for Increase / Decrease
-$2,110,000	Revenues from federal capital grants decreased by $2,110,000. In Fiscal Year 2012/13, OCFA received $1.39 million from the Assistance to Firefighters grant program for the purchase of 447 self-contained breathing apparatus; $810,000 from the Homeland Security grant program for the purchase of two command trailers and tow vehicles; and $70,000 from the Urban Search and Rescue program for the purchase of one pickup truck. Capital grants were lower in Fiscal Year 2013/14, with $140,000 from the Assistance to Firefighters grant program for the purchase of 22 thermal imaging cameras, and $20,000 of Community Development Block Grant funds passed through the City of Santa to commence improvements at six city fire stations.
+$725,000	Revenues from developer contributions increased by $725,000, per the terms of Secured Fire Protection Agreements with developers. In Fiscal Year 2012/13, OCFA received $450,000 from Heritage Fields El Toro LLC for development at the Great Park in the City of Irvine. In Fiscal Year 2013/14, OCFA received contributions from various developers for projects at Baker Ranch, Metropolis Gardens, and Avalon Bay in the City of Irvine ($825,000); Pacific Los Alisos in the City of Mission Viejo ($200,000); and Cal I Crown Valley in the City of Laguna Niguel ($150,000).
+$35,000	Capital assets contributed to the OCFA increased by $35,000 due to the acquisition of three Zoll monitors that were traded in under warranty during Fiscal Year 2013/14. There were no contributed capital assets received in Fiscal Year 2011/12.
-$1,350,000	**Capital grants and contributions – net decrease**

- General revenues, which totaled $192,918,728 for Fiscal Year 2013/14 and accounted for 62.0% of total revenues, increased by $6,993,441 (3.8%) over the prior fiscal year. Following is a description of each general revenue type and an explanation of what contributed to the net increase or decrease from the prior fiscal year.

<table>
<tr><th>Amount</th><th>Reason for Increase / Decrease</th></tr>
<tr><td>+$9,150,000</td><td>The largest general revenue, property taxes, increased by $9,153,436 (5.0%) over the prior fiscal year, primarily due to increases in secured and supplemental property taxes.</td></tr>
<tr><td>+$950,000</td><td>Investment income increased by $959,503 (703.0%). A relatively static rate of return on the investment portfolio attributed to approximately $8,000 of the increase. The OCFA’s year-to-date effective rate of return as of June 30, 2014 was 0.30%, as compared to 0.31% as of June 30, 2013. In addition, in accordance with GASB Statement No. 31, OCFA adjusts its investments to market value as of June 30 each year. This resulted in an overall investment gain in Fiscal Year 2013/14, and attributed to approximately $951,000 of the increase in total investment income as compared to the prior fiscal year. The market value adjustment is a “paper only” transaction, and no actual investment losses have been recognized since OCFA typically holds its investments to maturity. The components of investment income are summarized below:
<table>
<tr><th></th><th>FY 2013/14</th><th>FY 2012/13</th><th>Increase (Decrease)</th></tr>
<tr><td>Portfolio earnings</td><td>$436,477</td><td>$ 428,067</td><td>$ 8,410</td></tr>
<tr><td>Market value gain (loss)</td><td>386,533</td><td>(564,560)</td><td>951,093</td></tr>
<tr><td>Total fiscal year revenue</td><td>$823,010</td><td>$(136,493)</td><td>$959,503</td></tr>
</table>
</td></tr>
<tr><td>-$3,100,000</td><td>Miscellaneous revenues decreased by $3,129,408 (72.3%), primarily relating to amounts received in Fiscal Year 2012/13 from the Orange County Professional Firefighters Association IAFF Local 3631 in connection with the contract governing OCFA’s contributions to the firefighter medical trust.</td></tr>
<tr><td>+$7,000,000</td><td>General revenues – net increase</td></tr>
</table>

Expenses of Governmental Activities - by Type
Fiscal Year 2013/14

- Total expenses increased by $4,492,773 (1.4%) over the prior fiscal year. Following is an explanation of what contributed to the net increase or decrease of each expense type from the prior fiscal year.

    - Salaries and benefits increased by $2,696,878 (1.0%) over the prior fiscal year.

Amount	Reason for Increase / Decrease
+$1,850,000	The reasons for increases and decreases to the following categories of salaries and benefits are further explained in the ***Major Governmental Funds – General Fund*** portion of this Management's Discussion and Analysis: ➢ Regular pay: -$2,000,000 ➢ Retirement: +$1,800,000 ➢ Overtime: +$800,000 ➢ Employee group health insurance and other benefits: +$1,050,000 ➢ Other pay: +$350,000 ➢ Sick leave payouts: -$150,000
+$850,000	Other post-employment benefit (OPEB) cost for the defined benefit Retiree Medical Plan increased by $850,000. Annual OPEB cost is equal to an annual required contribution, as determined by an actuarial valuation, plus adjustments for cumulative interest and actual contributions to the plan. An updated actuarial study is completed every other year.
+$2,700,000	**Salaries and benefits – net increase**

- Services and supplies increased by $2,033,307 (4.4%) over the prior fiscal year.

Amount	Reason for Increase / Decrease
-$6,100,000	OCFA's long-term liability for workers' compensation reflects the present value of estimated outstanding losses, as determined by an actuarial valuation and the "confidence level" set by the Board of Directors. The change in the actuarial liability estimate, plus actual cash claims paid, is recognized as an expense. Workers' compensation expense decreased by $6.1 million as follows:

	FY 2013/14	FY 2012/13	Increase (Decrease)
Actual claims paid	$ 5,450,000	$ 6,000,000	$ (550,000)
Change in actuarial estimate	7,750,000	13,300,000	(5,550,000)
Total fiscal year expense	$13,200,000	$19,300,000	$(6,100,000)

Amount	Reason for Increase / Decrease
+$5,975,000	In September 2013, the Board of Directors approved the issuance of equity payments from unrestricted revenue sources to qualifying Structural Fire Fund member agencies, based on a calculation of average Structural Fire Fund Tax rate. The first two semi-annual equity payments totaling $5,975,000 were due to the City of Irvine during Fiscal Year 2013/14.
-$1,740,000	During Fiscal Year 2012/13, OCFA used the proceeds of an Assistance to Firefighters federal grant to partially fund the purchase of 447 self-contained breathing apparatus (SCBA).
+$935,000	Effective July 2013, the Hazardous Materials Disclosure and Cal ARP programs were transitioned back to the County of Orange Health Care Agency. Fee-funded amounts totaling $935,000 that had been budgeted for use in these programs were instead returned to the County during Fiscal Year 2013/14.
+$550,000	Equipment and computer maintenance increased by $550,000, primarily due to maintenance on OCFA's fleet of vehicles. During Fiscal Year 2013/14, $240,000 was incurred to repair Engine 61, which had been involved in a significant solo vehicle accident while responding to an emergency incident in March 2013. In addition, overall vehicle maintenance increased as more heavy-vehicle repair work was contracted to vendors while staff positions were frozen or temporarily vacant.

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Amount	Reason for Increase / Decrease
(Continued)	
+$450,000	Professional services for legal counsel increased by $450,000 in Fiscal Year 2013/14, primarily due to the validation of an amendment to the Joint Powers Agreement and several other ongoing legal matters.
+$390,000	OCFA's Board of Directors has authorized certain amounts to be set aside to fund OCFA-related service or resource enhancement projects in certain structural fire fund cities. Expenditures vary each year as projects are completed by the cities and submitted to OCFA for reimbursement. During Fiscal Year 2013/14, there was an increase in the number and magnitude of reimbursable projects, including the purchase of a bi-directional amplifier and the installation of a sprinkler system at the Theo Lacy Facility jail complex, which were reimbursed to the City of Irvine and the County of Orange, respectively.
+$350,000	Medical, dental and lab supplies increased by $350,000, primarily due to the purchase of additional medical supplies funded by the Metropolitan Medical Response System (MMRS) grant during Fiscal Year 2013/14. Other large purchases were made in the current fiscal year for needles, medical equipment supplies, and respirator masks.
+$325,000	Utilities and communications charges increased by $325,000, primarily due to rising electricity rates. In addition, as part of the implementation of the new Computer Aided Dispatch (CAD) system, modem accounts for the Automated Vehicle Location (AVL) system were upgraded to include full broadband communication.
+$300,000	OCFA utilizes contracted professional services to supplement day-to-day support and operations in the Information Technology Division. During Fiscal Year 2013/14, there was an increase in the number of contractors providing service, including two assigned to Geographic Information Systems, one assigned to Communications and Workplace Support, and one assigned to Communications and Information Technology Infrastructure.
+$200,000	Several new professional services contracts were entered into during Fiscal Year 2013/14, including two crisis management and public relations firms ($120,000), and a labor negotiations firm to assist with the negotiation of expiring labor contracts ($80,000). OCFA also engaged the services of Management Partners to conduct an external analysis of the structure and effectiveness of OCFA's management systems, and to provide recommendations on how oversight might be improved ($100,000). These increases for new contracts were offset by a decrease in ongoing costs for employee physicals ($100,000).
+$140,000	The cost of specialty items purchased by the Service Center increased by $140,000. Large purchases made during Fiscal Year 2013/14 included 175 carbon cylinders and valve assemblies, 50 SCBA's, and fire hose stock. During Fiscal Year 2012/13, the most significant purchases were for 70 valve assemblies, and mass casualty incident supplies funded by the Metropolitan Medical Response System (MMRS) grant.
+$130,000	Transportation, employee travel, training, and other meeting costs increased by $130,000. Fuel costs increased due to a rise in fuel card usage, which has a higher per-gallon cost than bulk fuel purchases. Travel, training, and other meeting costs increased due to several significant classes held in Fiscal Year 2013/14, including an Urban Search and Rescue national training event, a new Foxhole leadership training series, and the initial flight training costs for a new helicopter pilot. In addition, Board member stipend costs increased during the current fiscal year because of an increase in the number of special meetings and regularly-scheduled full Board meetings.

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Amount	Reason for Increase / Decrease
(Continued)	
+$130,000	Expenses increased by $130,000 in order to repair or replace items damaged during an accidental kitchen fire at Fire Station No. 62 (Buena Park). Costs included demolition, asbestos removal, a full kitchen replacement, and the replacement of various household items such as appliances, mattresses, kitchen supplies, and furniture.
-$130,000	Expenses for the purchase of portable communications and information technology equipment decreased by $130,000. In Fiscal Year 2012/13, the most significant purchases included 100 Airlink AVL modems, over 50 mobile data computers and monitors, and batteries and other accessories for Motion J3500 tablet computers. In Fiscal Year 2013/14, the most significant purchase was for 250 Airlink AVL modems.
+$105,000	Various expenses pertaining to the operation and maintenance of OCFA's 71 fire stations increased by $105,000, primarily due to the purchase of higher quality chairs and office furniture. In addition, expenses were incurred for an above-ground fuel storage maintenance project that was required in order to comply with new regulations set by the California Air Resources Board.
+$75,000	Clothing and personal supply costs increased by $75,000. During Fiscal Year 2013/14, OCFA purchased 500 ballistic vests for $150,000. The increase for this one-time purchase was offset by a decline in purchases of turnouts, helmets, and dress uniforms for Santa Ana firefighters who transitioned to OCFA during April 2012.
+$75,000	Food costs increased by $75,000, due primarily to the in-County Baker Fire in October 2013.
-$75,000	Office expenses decreased by $75,000 due to a replenishment of the bulk mail machine that occurred in Fiscal Year 2012/13.
-$75,000	During Fiscal Year 2012/13, OCFA purchased various non-capital equipment items needed to outfit two new command trailers and tow vehicles that were funded with a grant from the Homeland Security grant program.
-$50,000	New Fire Station No. 17 (Cypress) was placed into service in February 2011, with subsequent parking lot improvements placed into service in October 2011. During Fiscal Year 2012/13, various non-capital costs totaling $50,000 were incurred after both phases of station construction were completed and operational.
+$40,000	During Fiscal Year 2013/14, the City of Tustin completed construction of new Fire Station No. 37 (Tustin). OCFA purchased various items totaling $40,000 in order to outfit the station – such as kitchen items, furniture, and fitness equipment – and was subsequently reimbursed by the city for those costs.
+$2,000,000	**Services and supplies – net increase**

- Depreciation and amortization expense, which had no impact on the OCFA's cash balances, decreased by $181,038 (1.8%), and pertained primarily to depreciation on vehicles. Fiscal Year 2012/13 was the final year of service for two Type 1 engines and two sport utility vehicles that were transitioned to OCFA near the end of their useful lives.

- Interest on long-term debt decreased by $56,374 (15.3%) from the prior fiscal year. Interest expense on the 2008 helicopter lease purchase agreement decreased as principal was paid down per the debt-to-maturity schedule.

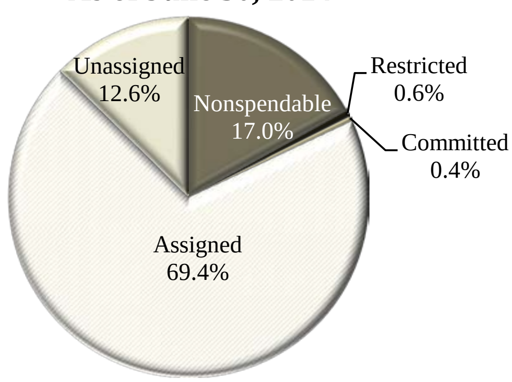
Financial Analysis of the OCFA's Funds

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

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

At the end of Fiscal Year 2013/14, OCFA's governmental funds reported combined ending fund balances of $181,173,511, an increase of $4,365,777 in comparison with the prior fiscal year. Approximately 12.6% constitutes unassigned fund balance, which is available for spending for any purpose. The remaining 87.4% of fund balance is not available for spending on any new purpose, because it has already been restricted, committed or assigned for specific purposes, or it is in a nonspendable form.

Fund Balances of Governmental Funds
As of June 30, 2014



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

- The ***General Fund*** is the chief operating fund of the OCFA. At the end of Fiscal Year 2013/14, the General Fund's fund balance totaled $115,504,289.
    - Unassigned fund balance totaling $22,890,660 (19.8%) is available for future spending. The remaining $92,613,629 (80.2%) of fund balance is not available for spending on any new purpose, because it has already been restricted, committed or assigned for specific purposes, or it is in a nonspendable form.

- Total fund balance of the OCFA's General Fund increased by $7,919,145 during the current fiscal year. The prior fiscal year's fund balance increased by $23,040,378, a difference of $15,121,233.

Impact on Fund Balance	Description
+$9,150,000	Revenue from property taxes increased by $9,150,000, primarily due to increases in secured and supplemental property taxes.
-$8,900,000	Intergovernmental revenue decreased by $8.9 million. The most significant decrease pertained to one-time tax increment passed through from the County of Orange ($10.5 million), net of increases for ongoing tax increment passed through from member cities ($850,000). In addition, there was a net decrease in federal grant reimbursements ($1,040,000) due primarily to a one-time SCBA grant that was received in Fiscal Year 2012/13. These decreases were offset by increases pertaining to the protection of State Responsibility Area (SRA) lands ($970,000); state and federal assistance by hire revenues due to increased emergency response activity ($730,000); federal reimbursements for responses to national incidents such as the Washington landslides ($60,000); and various state reimbursements for training and readiness drills ($30,000).
+$1,800,000	Charges for services increased by $1.8 million, primarily due to planning and development fees for increased development and fire sprinkler permit activity; inspection fees for assembly permits; and operating charges to cash contract cities per terms of the Joint Powers Agreement. Inspection activity increased during the current fiscal year as inspections that had been placed on hold were resumed upon completion of the Hazardous Materials Disclosures inspection verification project. These increases were offset by decreases relating to returning the Hazardous Materials Disclosure and Cal ARP programs to the County of Orange Health Care Agency; ambulance transport and supplies reimbursements; the Airport Rescue Firefighting (ARFF) Services contract with John Wayne Airport; and reimbursements for road maintenance, fuel reduction, and other contract work generated by the hand crew.
+$525,000	Use of money and property increased by $525,000, due primarily to a market value investment gain allocated to the fund.
-$3,450,000	Miscellaneous revenue decreased by $3,450,000, primarily due to amounts received in Fiscal Year 2012/13 from the Orange County Professional Firefighters Association IAFF Local 3631 in connection with OCFA's contract governing contributions to the firefighter medical trust.
-$1,850,000	Salaries and benefits expenditures increased by $1,850,000 over the prior fiscal year. +$2,000,000 ➢ The $2 million decrease in regular pay was due primarily to the retirement of several long-term personnel, with positions often left temporarily vacant while recruitments were completed. -$1,800,000 ➢ Retirement costs increased by $1.8 million. During Fiscal Year 2013/14, OCFA carried forward the higher safety member retirement rates from Fiscal Year 12/13 in order to pay down its unfunded pension liability. A one-time $3 million employer contribution was also paid toward the unfunded liability. These contributions resulted in a net increase to retirement costs of $2.1 million, which was offset by a $300,000 decline in the annual savings achieved by pre-paying a portion of the subsequent fiscal year's contributions to OCERS.
	-$1,050,000 ➢ Employee group health insurance and other benefits increased by just over $1.0 million, due primarily to increases in firefighter health insurance premiums. ***(Continued on next page)***

Impact on Fund Balance		Description
(Continued)		
	-$800,000	➢ Overtime costs increased by $800,000, which included backfill for open/vacant suppression positions, as well as backfill for suppression personnel on workers' compensation or those utilizing leave balances.
	-$350,000	➢ Other pay – which includes pay to employees on workers' compensation, educational incentives, paramedic and EMT bonuses, bilingual pay, and other specialty pay – increased by $350,000. This increase was due primarily to a rise in workers' compensation pay. Although the total number of employees utilizing workers' compensation remained relatively static, there were more long-term claims for large dollar amounts during the current fiscal year.
	+$150,000	➢ Sick leave payouts decreased by $150,000, primarily due to the retirement of several long-term personnel during Fiscal Year 2012/13.
-$7,550,000		Services and supplies expenditures increased by $7,550,000 over the prior fiscal year.
	-$5,975,000	➢ Miscellaneous expenditures increased by $5,975,000 due to equity payments to the City of Irvine.
	-$550,000	➢ Equipment and computer maintenance increased by $550,000, primarily due to maintenance the fleet of vehicles and the repair of Engine 61.
	-$400,000	➢ Professional services increased by $400,000. Significant increases pertained to legal fees; contract support in the Information Technology Division; crisis management and public relations; labor negotiations; and the Management Partners review. These increases were partially offset by decreases in employee physicals and workers' compensation claims paid.
	-$350,000	➢ More medical, dental and lab supplies were purchased in Fiscal Year 2013/14, including needles, medical equipment supplies, respirator masks, and various medical supplies funded by the Metropolitan Medical Response System (MMRS) grant.
	-$325,000	➢ Utilities and communications charges increased by $325,000, primarily due to rising electricity rates and the upgrade of AVL modem accounts to include full broadband communication.
	+$275,000	➢ Special department expenditures decreased by $275,000, which was primarily due to the purchase of 447 self-contained breathing apparatus (SCBA), valve assemblies, and mass casualty incident supplies for the Metropolitan Medical Response System (MMRS) in Fiscal Year 2012/13. In Fiscal Year 2013/14, the most significant expenditures included the return of hazardous materials disclosure and Cal ARP fees back to the County of Orange Health Care Agency; reimbursements to the City of Irvine and the County of Orange for resource enhancement projects; and carbon cylinders and valve assemblies, 50 SCBA's, and fire hose stock.
	-$150,000	➢ The cost of transportation, employee travel, training, and other meetings increased by $150,000, due primarily to a rise in fuel card usage; an Urban Search and Rescue national training event; a new Foxhole leadership training series; the initial flight training costs for a new helicopter pilot; and Board member stipends.

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Impact on Fund Balance	Description
(Continued)	
-$75,000	➢ Clothing and personal supply costs increased by $75,000, primarily due to the purchase of 500 ballistic vests in Fiscal Year 2013/14. The increase for this one-time purchase was offset by a decline in purchases of turnouts, helmets, and dress uniforms for Santa Ana firefighters who transitioned to OCFA during April 2012.
-$75,000	➢ Food costs increased by $75,000, due primarily to the in-County Baker Fire in October 2013.
+$75,000	➢ Office supplies expenditures decreased by $75,000 due to a replenishment of the bulk mail machine that occurred in Fiscal Year 2012/13.
-$200,000	Capital outlay increased by $200,000, primarily due to twenty-two thermal imaging camera, two rapid deployment kits, and one flashover container that were purchased in Fiscal Year 2013/14. The most significant purchases in Fiscal Year 2012/13 were a pickup truck and ten portable radios for use in the Urban Search and Rescue program.
-$5,000,000	Transfers out to other funds for the capital improvement program increased by $5 million.
+$25,000	Proceeds from the sale of capital and other assets increased by $25,000, primarily due to the sale of sixteen assets in Fiscal Year 2013/14, as compared to three sold in Fiscal Year 2012/13.
+$300,000	Insurance recoveries increased by $300,000, primarily due to amounts recovered for a kitchen fire at Fire Station No. 62 (Buena Park) and a vehicle accident involving Engine 61.
-$15,150,000	**General Fund – net impact on fund balance**

- The ***Facilities Maintenance & Improvements Fund*** had total fund balance of $2,710,702 at the end of Fiscal Year 2013/14.
  - Fund balance pertaining to prepaid items ($413) was classified as nonspendable. Remaining fund balance was assigned to the capital improvement program ($2,680,975) and facilities projects ($29,314).
  - Total fund balance increased by $126,018 during the current fiscal year. The prior fiscal year's fund balance decreased by $695,037, a difference of $821,055.

Impact on Fund Balance	Description
-$40,000	Charges for services decreased by $40,000 in accordance with the terms of the Joint Powers Agreement.
-$260,000	Services and supplies expenditures, net of miscellaneous revenue, increased by $260,000, primarily due to the repair or replacement of items damaged during an accidental kitchen fire at Fire Station No. 62 (Buena Park). Other significant costs in the current fiscal year included recliners, chairs, and other office furniture; an above-ground fuel storage maintenance project; and various household items necessary to outfit new Fire Station No. 37 (Tustin). The fire station outfitting costs were reimbursed by the city and reported as miscellaneous revenue.
+$1,100,000	Transfers in from the General Fund increased by $1,100,000.
+$800,000	**Facilities Maintenance & Improvements Fund – net impact on fund balance**

- The ***Communications & Information Systems Fund*** had total fund balance of $18,051,752 at the end of Fiscal Year 2013/14.
  - Fund balance pertaining to prepaid items ($142,890) was classified as nonspendable. Remaining fund balance was assigned to the capital improvement program ($16,298,844) and communications and information technologies projects ($1,610,018).
  - Total fund balance decreased by $1,027,374 during the current fiscal year. The prior fiscal year's fund balance decreased by $3,128,061, a difference of $2,100,687.

Impact on Fund Balance	Description
+$100,000	Use of money and property increased by $100,000, due primarily to a market value investment gain allocated to the fund.
+$150,000	Services and supplies expenditures decreased by $150,000, primarily due to purchases of portable communications and information technology equipment. Significant Fiscal Year 2012/13 purchases included 100 Airlink AVL modems, over 50 mobile data computers and monitors, and batteries and other accessories for Motion J3500 tablet computers. In Fiscal Year 2013/14, the most significant purchase was for 250 Airlink AVL modems. In addition, there was a decrease in employee travel costs pertaining to research for the Public Safety Systems project.
-$250,000	Capital outlay expenditures increased by $250,000. Increases for the fire station alerting system project, which commenced development in Fiscal Year 2013/14, were offset by decreases for the wireless network project that was completed and placed into service in January 2014.
+$2,100,000	Transfers in from the General Fund increased by $2,100,000.
+$2,100,000	**Communications & Information Systems Fund – net impact on fund balance**

- The ***Vehicle Replacement Fund*** had total fund balance of $29,496,881 at the end of Fiscal Year 2013/14.
  - Fund balance pertaining to prepaid items ($141,046) was classified as nonspendable. Remaining fund balance was assigned to the capital improvement program ($26,158,555) and purchase of fire apparatus and vehicles ($3,197,280).
  - Total fund balance decreased by $1,378,368 during the current fiscal year. The prior fiscal year's fund balance decreased by $3,497,873, a difference of $2,119,505.

Impact on Fund Balance	Description
-$900,000	Intergovernmental revenue decreased by $900,000, which related to Fiscal Year 2012/13 reimbursements for one pickup truck and two command trailers and tow vehicles that were purchased with federal grant funding via the Urban Search and Rescue and Homeland Security grant programs, respectively.
+$25,000	Charges for services increased by $25,000 in accordance with the terms of the Joint Powers Agreement.

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Impact on Fund Balance	Description
(Continued)	
+$200,000	Use of money and property increased by $200,000, due primarily to a market value investment gain allocated to the fund.
+$75,000	Services and supplies decreased by $75,000, primarily due to the Fiscal Year 2012/13 purchase of various non-capital equipment items needed to outfit the two new command trailers and tow vehicles.
+$900,000	Capital outlay expenditures to purchase and outfit vehicles decreased by $900,000. Significant purchases in Fiscal Year 2012/13 included three Type 1 wildland interface engines, two Type 3 engines, two command trailers and tow vehicles, three pickup trucks, and one dozer transport trailer. In addition, a portable satellite and two portable receivers were purchased as stand-alone equipment to outfit the two new command trailers. Significant purchases in Fiscal Year 2013/14 included four Type 1 engines and "fast fin" wing kits for Helicopters 1 and 2.
+$1,800,000	Transfers in from the General Fund increased by $1,800,000.
+$2,100,000	**Vehicle Replacement Fund – net impact on fund balance**

- The ***Facilities Replacement Fund*** had total fund balance of $15,409,887 at the end of Fiscal Year 2013/14.
  - Fund balance pertaining to developer contributions received for future fire station construction ($1,044,040) was classified as restricted. Remaining fund balance was assigned to the capital improvement program ($9,874,426) and fire station construction ($4,491,421).
  - Total fund balance decreased by $1,273,644 during the current fiscal year. The prior fiscal year's fund balance increased by $546,927, a difference of $1,820,571.

Impact on Fund Balance	Description
+$100,000	Use of money and property increased by $100,000, due primarily to a market value investment gain allocated to the fund.
+$725,000	Developer contributions increased by $725,000. In Fiscal Year 2012/13, OCFA received $450,000 from Heritage Fields El Toro LLC for development at the Great Park in the City of Irvine. In Fiscal Year 2013/14, OCFA received contributions from various developers for projects at Baker Ranch, Metropolis Gardens, and Avalon Bay in the City of Irvine ($825,000); Pacific Los Alisos in the City of Mission Viejo ($200,000); and Cal I Crown Valley in the City of Laguna Niguel ($150,000).
-$2,650,000	Services and supplies and capital outlay expenditures increased by a combined total of $2,650,000. Fiscal Year 2012/13 costs pertained to various non-capital costs incurred after new Fire Station No. 17 (Cypress) was placed into service in October 2011. Fiscal Year 2013/14 costs included construction costs for new Fire Station No. 56 (Village of Sendero), and the purchase of the western portion of the new hangar facility at Fullerton Municipal Airport.
-$1,825,000	**Facilities Replacement Fund – net impact on fund balance**

General Fund Budgetary Highlights

The following table summarizes the changes in General Fund appropriations, as well as the variance between the final budget and actual amounts for Fiscal Year 2013/14.

	Original Budget	Increase (Decrease)	Final Budget	Variance Positive (Negative)	Actual Amounts
Salaries and benefits	$253,765,267	$ 6,552,782	$260,318,049	$3,184,019	$257,134,030
Services and supplies	32,702,428	11,260,434	43,962,862	6,547,159	37,415,703
Capital outlay	29,444	544,133	573,577	118,081	455,496
Interest and fiscal charges	116,250	-	116,250	6,976	109,274
Transfers out	4,497,847	872,528	5,370,375	-	5,370,375
	$291,111,236	$19,229,877	$310,341,113	$9,856,235	$300,484,878

- Budgeted General Fund appropriations increased by $19,229,877 from the time the original budget was adopted until the end of the fiscal year. Adjustments typically pertained to activities that occurred throughout the year but were either unknown or for which reliable estimates could not be determined at the time of the original budget adoption. Significant adjustments are listed below:

Reason for Adjustment to Original Budget	Amount
City of Irvine equity payments	$ 5,975,000
Unfunded pension liability	3,000,000
State and federal assistance by hire activities	2,675,000
Grant activities	2,550,000
Hazardous materials disclosure and Cal ARP programs	935,000
Transfers to Capital Improvement Program	875,000
Structural fire entitlement projects	700,000
Update to workers' compensation actuarial valuation	650,000
Various professional service contracts	400,000
Property tax administration fee	350,000
Repair of Engine 61	240,000
Various other appropriations	850,000
Total adjustments	$19,200,000

- Final budgeted General Fund expenditures exceeded actual amounts by $9,856,235.

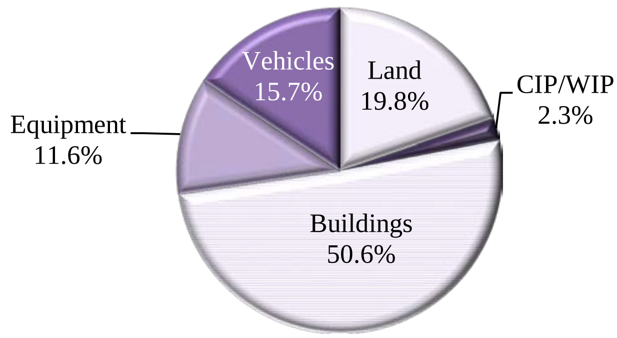
  - The $3.2 million positive variance in salaries and benefits is attributed primarily to vacancies in the Operations, Community Risk Reduction, and Executive Management departments.

  - The $6.5 million positive variance in services and supplies is attributed primarily to workers' compensation costs. The amount budgeted for workers' compensation is based on an actuarially-determined estimate. Actual expenditures for workers' compensation cases typically occur over multiple years, which often attributes to a difference between budgeted costs and actual expenditures during any given fiscal year. In Fiscal Year 2013/14, actual claims paid from the General Fund were $5 million less than the actuarial estimate. In addition, $200,000 of structural fire fund entitlement projects were budgeted in Fiscal Year 2013/14, but were not actually completed and claimed for reimbursement by the member cities. These expenditures savings, along with $300,000 for other uncompleted projects, will be re-budgeted as needed to Fiscal Year 2014/15. Other services and supplies savings pertained to unspent MMRS grant proceeds; employee physical exams; and Geographic Information Systems professional service contractors.

Capital Assets and Debt Administration

Capital Assets: The OCFA's investment in capital assets for its government activities at the end of Fiscal Year 2013/14 totaled $180,917,654 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, equipment, vehicles, work in progress and construction in progress. Net capital assets decreased from the prior fiscal year by $1,859,981 (1.0%). Following is a summary of net capital assets by type for the current and prior fiscal years.

Capital Assets, Net of Accumulated Depreciation and Amortization at June 30, 2014



Capital Assets Net of Accumulated Depreciation and Amortization Net Change by Category

	Governmental Activities					
	Land	CIP/WIP	Buildings	Equipment	Vehicles	Total
Historical cost	$ 37,887,850	$ 4,317,880	$ 131,528,877	$ 55,555,368	$ 72,213,263	$ 301,503,238
Accumulated depreciation	-	-	(34,385,300)	(33,339,200)	(42,137,395)	(109,861,895)
Net as of June 30, 2014	$ 37,887,850	$ 4,317,880	$ 97,143,577	$ 22,216,168	$ 30,075,868	$ 191,641,343
Historical cost	$ 37,887,850	$ 3,384,527	$ 129,326,927	$ 54,832,732	$ 69,408,222	$ 294,840,258
Accumulated depreciation	-	-	(31,416,463)	(30,913,915)	(39,008,556)	(101,338,934)
Net as of June 30, 2013, as restated	$ 37,887,850	$ 3,384,527	$ 97,910,464	$ 23,918,817	$ 30,399,666	$ 193,501,324
Historical cost	$ -	$ 933,353	$ 2,201,950	$ 722,636	$ 2,805,041	$ 6,662,980
Accumulated depreciation	-	-	(2,968,837)	(2,425,285)	(3,128,839)	(8,522,961)
Increase (decrease)	$ -	$ 933,353	$ (766,887)	$ (1,702,649)	$ (323,798)	$ (1,859,981)
	0.0%	27.6%	-0.8%	-7.1%	-1.1%	-1.0%

Major capital asset additions during Fiscal Year 2013/14 included the following:

- Construction in progress (CIP) and work in progress (WIP) accounted for eighteen projects during Fiscal Year 2013/14, thirteen of which was placed into service and five of which were still in progress at year-end.

    - Construction projects completed over the span of multiple fiscal years are classified as CIP at year-end if they are not yet completed and placed into service. Additions totaling $510,000 included architecture and engineering, permits, and construction management for new Fire Station No. 56 (Village of Sendero). The groundbreaking ceremony for the new station was held in March 2014, and construction is estimated to be completed in mid-2015.

    - Fire engines, trucks and other vehicles are classified as WIP at year-end if they are in the process of being outfitted for operation and will be completed over the span of multiple fiscal years. The most significant additions during Fiscal Year 2013/14 were for four Type 1 engines ($2.1 million). Twelve vehicles totaling $3.6 million were completed, placed into service, and transferred to the vehicles category during Fiscal Year 2013/14.

    - Communications and information system projects are also classified as WIP at year-end if they are implemented over the span of multiple fiscal years. Additions during the current fiscal year were for the replacement Computer Aided Dispatch system ($1,650,000); a Fire Station Alerting system ($600,000); a business server replacement ($20,000) and a Service Center inventory project ($5,000), all of which were classified as WIP at year-end. The Wireless Project ($370,000) was completed, placed into service, and transferred to the equipment category during Fiscal Year 2013/14.

- The most significant equipment additions during Fiscal Year 2013/14 were the Wireless Project ($370,000); twenty-two grant-funded thermal imaging cameras ($180,000); two helicopter "fast fin kits" ($150,000); two rapid deployment kits ($110,000); a flashover container ($45,000); four switches ($45,000); four automated external defibrillators (AED's) ($35,000); two searchcams ($30,000); four cutters ($25,000); and a trailer ($15,000).

- Twelve vehicles were added to the OCFA's fleet during Fiscal Year 2013/14, all of which were transferred from WIP ($3.6 million). The vehicle additions included four Type 1 engines, three Type 3 engines, two command trailers, and four pickup trucks.

Major capital asset deletions during Fiscal Year 2013/14 included the following:

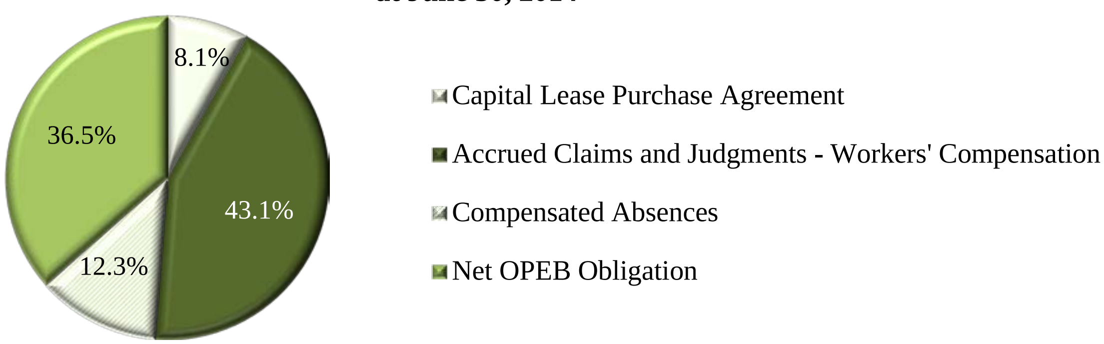
- Twenty-nine capital equipment items were sold, scrapped, or written off during Fiscal Year 2013/14, including six thermal imaging cameras ($80,000); two transmitters ($55,000); three AED's ($40,000); one trailer ($30,000); two servers ($25,000); three switches ($15,000); and two chemical agent detectors ($15,000). The net book value of all equipment disposals was approximately $36,000, as most items had reached the end of their useful service lives and were either fully or mostly depreciated. Most equipment that was obsolete, broken, or in poor working condition was sold at public auction or sent to an e-waste recycling center. The un-repairable AED's were still under warranty and traded into the vendor for replacements, while the grant-funded chemical agent detectors were returned to the Federal Emergency Management Agency.

- Ten vehicles were removed from OCFA's fleet during Fiscal Year 2013/14 as part of OCFA's ongoing vehicle replacement plan. The net book value of all vehicle disposals was $0, as all items had reached the end of their useful service lives and were fully depreciated. Two Type 1 engines ($380,000), one Telesquirt ($260,000), three sport utility vehicles ($75,000), two crew cabs ($70,000), and one sedan ($70,000) were sold at public auction. One ambulance ($100,000) was donated to Saddleback College.

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

Long-term Debt: Total long-term liabilities increased by net $15,207,178 (13.0%) during Fiscal Year 2013/14.

Long-term Liabilities
at June 30, 2014



- The most significant net increases to long-term liabilities were for the net other post-employment benefit (OPEB) obligation ($9.7 million) and workers' compensation ($7.7 million).
  - The OPEB obligation pertains to OCFA's defined benefit Retiree Medical Plan, which provides a monthly grant towards the cost of retirees' health insurance coverage. The difference between OCFA's actual contributions and an actuarially-determined annual cost is recorded as an addition to the liability each fiscal year. During Fiscal Year 2013/14, OCFA's actuarial annual cost was $14.4 million, but 4% employee withholdings contributed to the plan totaled only $4.7 million, resulting in a $9.7 million shortfall.
  - OCFA is self-insured for workers' compensation, and an actuarial study is completed every year to determine OCFA's outstanding claims liability. During Fiscal Year 2013/14, the actuarial liability for incurred claims increased by $13.2 million, but was offset by $5.5 million of actual claim payments made during the fiscal year. The net difference of $7.7 million was recorded as an addition to the outstanding claims liability.
- The most significant decrease to long-term liabilities was for debt service paid on the capital lease obligation, which reduced the total outstanding liability by $2.2 million.

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

Next Year's Budget

The Fiscal Year 2014/15 General Operating Fund adopted expenditure budget is approximately $324.6 million, which is a net increase of $18.6 million (6.1%) from the final Fiscal Year 2013/14 General Operating Fund budget totaling $306.0 million. (These amounts exclude unspent, encumbered appropriations from the prior fiscal year that are effectually re-appropriated in the ensuing year's budget). Highlights of the Fiscal Year 2014/15 General Operating Fund Budget are as follow:

- Budgeted salaries and benefits increased by $24.6 million.
    - No cost-of-living increases are included in the Fiscal Year 2014/15 budget due to the "trigger formula" which ties future pay raises to OCFA's financial health. However, it continues to include potential merit increases for eligible employees.
    - The budget reflects 103 unfunded positions, a result of the hiring freeze which remains in place for positions that do not provide frontline services to the public.
    - The retirement budget for Fiscal Year 2014/15 is based on final adopted rates provided by the Orange County Employees Retirement System (OCERS). Those rates reflect an increase as compared to Fiscal Year 2013/14, due to the impact of OCERS decreasing its assumed rate of return on investments from 7.75% to 7.25%. Retirement costs also reflect $2.1 million in savings related to the prepayment of employer contributions six months before the start of the fiscal year.
- Budgeted services and supplies, capital outlay, and debt service decreased by $6.0 million. Overall, budgets were held flat as compared to Fiscal Year 2013/14, and exclude one-time or grant-related expenditures. These projects are budgeted as-needed throughout the fiscal year and are not incorporated into the original base budget at the time of adoption. Any requests for increases to the base budget were evaluated on a case-by-case basis, based on critical need, contribution toward meeting Strategic Plan objectives, availability of funding, and any risks or consequences of not approving the increase.

The total number of authorized positions in the Fiscal Year 2014/15 budget is 1,353, an increase of ten positions from the final, authorized position list as of June 30, 2014. However, the budget reflects funding for only 1,250 of those authorized positions, since frozen vacancies, grant-funded and limited term positions are not included at the time the original budget is adopted. Changes in authorized positions by unit are summarized as follows:

Unit	FY 2014/15 Budget	FY 2013/14 Final	Increase (Decrease)
Firefighter Unit	1,020	1,011	9
Fire Management Unit	45	45	-
General Unit	207	205	2
Supervisory Management Unit	27	27	-
Supported Employment Unit	4	4	-
Personnel & Salary Resolution	50	51	(1)
Total authorized positions	1,353	1,343	10

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

ORANGE COUNTY FIRE AUTHORITY
Statement of Net Position
June 30, 2014
(With Comparative Data for Prior Year)

	Primary Government		Component Unit	
	Governmental Activities		OCFA Foundation	
	2014	2013	2014	2013
Assets:				
Cash and investments (Note 4)	$160,237,038	$156,668,154	$ 95,341	$77,200
Receivables:				
Accounts, net (Note 5)	2,117,990	2,944,138	-	-
Accrued interest	127,913	101,712	-	3
Prepaid costs and other assets	30,849,987	27,080,167	15,168	162
Due from other governments, net (Note 6)	11,720,366	12,516,038	-	-
Capital assets (Note 7):				
Land	37,887,850	37,387,850	-	-
Construction in progress	509,142	-	-	-
Work in progress	3,808,738	3,384,527	-	-
Capital assets, net of accumulated depreciation/amortization	149,435,613	153,533,828	-	-
Total assets	**396,694,637**	**393,616,414**	**110,509**	**77,365**
Liabilities:				
Accounts payable	6,488,835	3,647,221	-	20
Accrued liabilities	11,540,122	12,853,555	-	-
Accrued interest	6,015	7,259	-	-
Unearned revenue (Note 8)	3,065,827	2,956,116	6,000	-
Due to other governments	67,854	23,368	-	-
Long-term liabilities (Note 9):				
Due within one year	11,676,387	13,478,367	-	-
Due beyond one year	120,094,982	103,085,824	-	-
Total liabilities	**152,940,022**	**136,051,710**	**6,000**	**20**
Net position:				
Net investment in capital assets (Note 7)	180,917,654	181,363,364	-	-
Restricted for (Note 11b):				
Capital projects	1,044,040	1,553,182	-	-
Other purposes	32,282	137,676	54,123	28,810
Unrestricted	61,760,639	74,510,482	50,386	48,535
Total net position	**$243,754,615**	**$257,564,704**	**$104,509**	**$77,345**

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Statement of Activities
Year ended June 30, 2014
(With Comparative Data for Prior Year)

	Primary Government		Component Unit	
	Governmental Activities		OCFA Foundation	
	2014	2013	2014	2013
Expenses:				
Public safety:				
Salaries and benefits	$ 266,764,367	$ 264,067,489	$ -	$ -
Services and supplies	47,912,808	45,879,501	33,010	7,253
Depreciation and amortization (Note 7)	9,612,453	9,793,491	-	-
Interest on long-term debt	311,327	367,701	-	-
Total program expenses	**324,600,955**	**320,108,182**	**33,010**	**7,253**
Program revenues:				
Public safety:				
Charges for services	106,874,513	102,875,410	-	-
Operating grants and contributions	10,339,966	19,523,853	60,174	36,565
Capital grants and contributions	1,462,540	2,811,180	-	-
Total program revenues	**118,677,019**	**125,210,443**	**60,174**	**36,565**
Net program (expenses) revenues	(205,923,936)	(194,897,739)	27,164	29,312
General revenues:				
Property taxes	190,873,689	181,720,253	-	-
Investment income	823,010	(136,493)	-	(53)
Gain on sale of capital assets	21,834	11,924	-	-
Miscellaneous	1,200,195	4,329,603	-	-
Total general revenues	**192,918,728**	**185,925,287**	**-**	**(53)**
Change in net position	(13,005,208)	(8,972,452)	27,164	29,259
Net position at beginning of year, as restated (Note 7)	256,759,823	266,537,156	77,345	48,086
Net position at end of year	**$ 243,754,615**	**$ 257,564,704**	**$ 104,509**	**$ 77,345**

See Notes to the Financial Statements

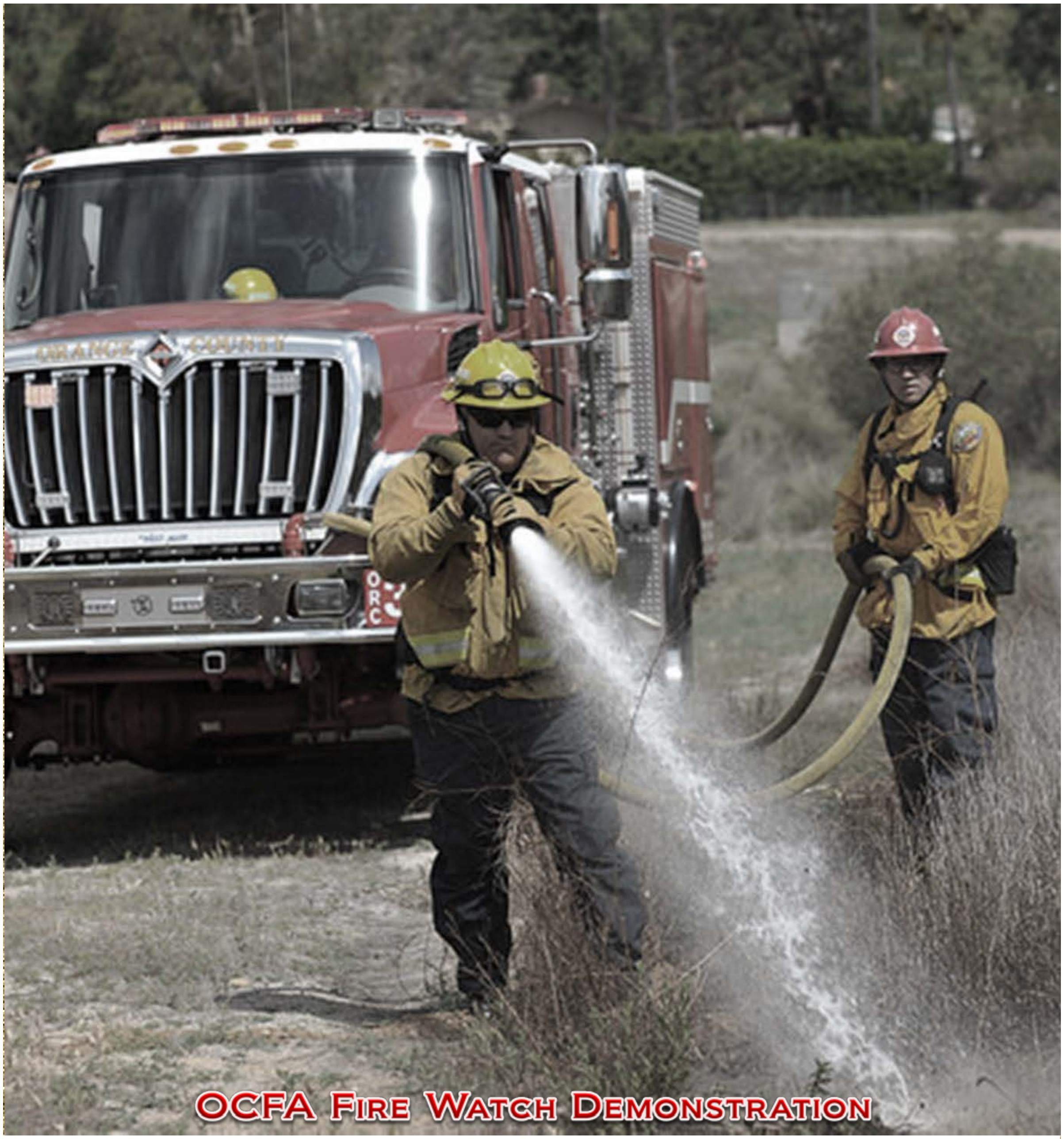
Orange County Fire Authority Safety Message

Learn the ABC's of Pool Safety
(Part 1 of 3)

California leads the nation in drownings. These needless tragedies are the leading cause of accidental injury and death in children under the age of five and the second leading cause of death in children under the age of 14. In Southern California, drowning prevention and water safety should be practiced on a year-round basis with special emphasis during the summer months. By learning the ABC's of water safety, you and your child will learn how to prevent drownings.

A – Adult Supervision
Assign a "Water Watcher"

- ✓ Assign an adult "water watcher" who can swim to specifically watch the water.
- ✓ Designate an adult to supervise the children in and around the pool/spa area, especially during social gatherings.
- ✓ Never leave children in or around a pool unattended – not even for one second.
- ✓ Take the children out of and away from the swimming pool/spa area for any distractions such as a telephone call or to use of restroom.
- ✓ Do not rely on flotation devices. They should not be used as a substitute for adult supervision.
- ✓ Post pool address and an emergency number.



Fund Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Governmental Funds
Balance Sheet
June 30, 2014
(With Comparative Data for Prior Year)

	General Fund	Facilities Maintenance & Improvements
Assets:		
Cash and investments (Note 4)	$ 93,740,510	$ 2,798,203
Receivables:		
Accounts, net (Note 5)	2,117,990	-
Accrued interest	54,196	270
Prepaid costs and other assets	30,565,638	413
Due from other governments, net (Note 6)	9,946,907	56,453
Total assets	**$ 136,425,241**	**$ 2,855,339**
Liabilities:		
Accounts payable	$ 5,300,355	$ 133,725
Accrued liabilities	11,540,122	-
Unearned revenue (Note 8)	3,012,482	10,912
Due to other governments	67,854	-
Total liabilities	**19,920,813**	**144,637**
Deferred Inflows of Resources:		
Unavailable revenue (Note 8)	1,000,139	-
Total deferred inflows of resources	**1,000,139**	**-**
Fund balances (Note 11):		
Nonspendable - Prepaid costs	30,560,638	413
Restricted for:		
Capital improvement program	-	-
Executive Management	-	-
Operations Department	32,015	-
Community Risk Reduction Department	267	-
Committed to - SFF cities enhancements	784,617	-
Assigned to:		
Capital improvement program	-	2,680,975
Workers' compensation	60,921,529	-
Executive Management	90,529	-
Operations Department	75,416	-
Community Risk Reduction Department	-	-
Business Services Department	58,254	-
Support Services Department	90,364	-
Facilities projects	-	29,314
Communications and IT projects	-	-
Fire apparatus and other vehicles	-	-
Fire station construction	-	-
Unassigned	22,890,660	-
Total fund balances	**115,504,289**	**2,710,702**
Total liabilities, deferred inflows of resources, and fund balances	**$ 136,425,241**	**$ 2,855,339**

See Notes to the Financial Statements

Capital Projects Funds				
Communications & Information Systems	**Vehicle Replacement**	**Facilities Replacement**	**Total Governmental Funds 2014**	**2013**
$ 18,944,605	$ 29,395,203	$ 15,358,517	$ 160,237,038	$ 156,668,154
-	-	-	2,117,990	2,944,138
10,510	3,065	59,872	127,913	101,712
142,890	141,046	-	30,849,987	27,080,167
-	-	-	10,003,360	10,528,244
$ 19,098,005	**$ 29,539,314**	**$ 15,418,389**	**$ 203,336,288**	**$ 197,322,415**
$ 1,046,253	$ -	$ 8,502	$ 6,488,835	$ 3,647,221
-	-	-	11,540,122	12,853,555
-	42,433	-	3,065,827	2,956,116
-	-	-	67,854	23,368
1,046,253	**42,433**	**8,502**	**21,162,638**	**19,480,260**
-	-	-	1,000,139	1,034,421
-	**-**	**-**	**1,000,139**	**1,034,421**
142,890	141,046	-	30,844,987	27,080,167
-	-	1,044,040	1,044,040	1,553,182
-	-	-	-	7,865
-	-	-	32,015	127,193
-	-	-	267	2,618
-	-	-	784,617	1,268,160
16,298,844	26,158,555	9,874,426	55,012,800	63,477,538
-	-	-	60,921,529	53,230,384
-	-	-	90,529	24,832
-	-	-	75,416	62,583
-	-	-	-	55,138
-	-	-	58,254	161,126
-	-	-	90,364	134,545
-	-	-	29,314	7,270
1,610,018	-	-	1,610,018	1,773,531
-	3,197,280	-	3,197,280	2,058,751
-	-	4,491,421	4,491,421	-
-	-	-	22,890,660	25,782,851
18,051,752	**29,496,881**	**15,409,887**	**181,173,511**	**176,807,734**
$ 19,098,005	**$ 29,539,314**	**$ 15,418,389**	**$ 203,336,288**	**$ 197,322,415**

ORANGE COUNTY FIRE AUTHORITY
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2014
(With Comparative Data for Prior Year)

	2014	2013
Fund balances of governmental funds	**$ 181,173,511**	**$ 176,807,734**
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 Position includes those capital assets among the assets of the OCFA as a whole, net of accumulated depreciation/amortization.		
Capital assets	301,503,238	294,441,802
Accumulated depreciation/amortization	(109,861,895)	(100,135,597)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. A portion of OCFA's long-term liability for compensated absences is reimbursable by the City of Santa Ana, and therefore offset by a long-term receivable. Long-term receivables are not available to fund the activities of the current period, and are likewise not reported as governmental fund assets. All assets and liabilities, both current and long-term, are reported in the Statement of Net Position.		
Capital lease purchase agreements	(10,723,689)	(12,942,841)
Accrued claims and judgments	(56,789,859)	(49,064,929)
Compensated absences	(16,172,504)	(16,239,283)
Long-term receivable for compensated absences	1,717,006	1,987,794
Net OPEB obligation	(48,085,317)	(38,317,138)
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 Position.	(6,015)	(7,259)

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

	2014	2013
Unavailable revenues are reported in the governmental funds if not collected or expected to be collected within the OCFA's availability period. However, amounts relating to unavailable revenues are not reported in the Statement of Net Position since revenue recognition is not based upon measurable and available criteria.		
Due from other governments - property tax increment	367,964	-
Due from other governments - grants	-	86,158
Due from other governments - Santa Ana start-up costs	632,175	948,263
Net position of governmental activities	**$ 243,754,615**	**$ 257,564,704**

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2014
(With Comparative Data for Prior Year)

	General Fund	Facilities Maintenance & Improvements
Revenues:		
Taxes	$ 190,873,689	$ -
Intergovernmental	19,094,591	17,220
Charges for services	96,104,840	238,129
Use of money and property	540,980	17,398
Miscellaneous	1,352,043	39,233
Developer contributions	-	-
Total revenues	**307,966,143**	**311,980**
Expenditures:		
Current - public safety:		
Salaries and benefits	257,134,030	-
Services and supplies	37,415,703	1,264,707
Capital outlay	455,496	-
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	109,274	-
Total expenditures	**295,114,503**	**1,264,707**
Excess (deficiency) of revenues over (under) expenditures	12,851,640	(952,727)
Other financing sources (uses):		
Transfers in (Note 12)	-	1,078,745
Transfers out (Note 12)	(5,370,375)	-
Sale of capital and other assets	77,077	-
Insurance recoveries	360,803	-
Total other financing sources (uses)	**(4,932,495)**	**1,078,745**
Net change in fund balances	7,919,145	126,018
Fund balances, beginning of year	107,585,144	2,584,684
Fund balances, end of year	**$ 115,504,289**	**$ 2,710,702**

See Notes to the Financial Statements

Capital Projects Funds				
Communications & Information Systems	**Vehicle Replacement**	**Facilities Replacement**	**Total Governmental Funds 2014**	**Total Governmental Funds 2013**
$ -	$ -	$ -	$ 190,873,689	$ 181,720,253
-	-	-	19,111,811	28,883,649
-	1,362,214	-	97,705,183	95,904,052
109,385	175,421	89,100	932,284	(20,556)
129,909	79,719	76,949	1,677,853	5,111,908
-	-	1,271,400	1,271,400	538,260
239,294	**1,617,354**	**1,437,449**	**311,572,220**	**312,137,566**
-	-	-	257,134,030	255,301,913
1,420,510	86,958	-	40,187,878	32,613,137
2,295,273	2,219,556	2,711,093	7,681,418	5,420,102
-	2,219,152	-	2,219,152	2,162,809
-	312,571	-	421,845	484,851
3,715,783	**4,838,237**	**2,711,093**	**307,644,323**	**295,982,812**
(3,476,489)	(3,220,883)	(1,273,644)	3,927,897	16,154,754
2,449,115	1,842,515	-	5,370,375	381,222
-	-	-	(5,370,375)	(381,222)
-	-	-	77,077	58,051
-	-	-	360,803	53,529
2,449,115	**1,842,515**	**-**	**437,880**	**111,580**
(1,027,374)	(1,378,368)	(1,273,644)	4,365,777	16,266,334
19,079,126	30,875,249	16,683,531	176,807,734	160,541,400
$ 18,051,752	**$ 29,496,881**	**$ 15,409,887**	**$ 181,173,511**	**$ 176,807,734**

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, 2014
(With Comparative Data for Prior Year)

	2014	2013
Net change in fund balances - total governmental funds	**$ 4,365,777**	**$ 16,266,334**
Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.		
Capital outlay	7,681,418	5,420,102
Capitalized labor, included in salaries and employee benefits	71,063	455
Depreciation/amortization expense	(9,612,453)	(9,793,491)
Capital assets received through grant or donation are recognized as revenue in the Statement of Activities at their estimated fair value at time of receipt.	36,000	-
Governmental funds report the proceeds from sale of capital and other assets as other financing sources. In the Statement of Activities, those proceeds are offset by the net book value of the asset, resulting in a gain or loss on the sale.		
Capital asset disposals	(1,125,501)	(928,950)
Accumulated depreciation/amortization on disposals	1,089,492	918,054
Repayment of long-term debt principal on the capital lease purchase agreements is reported as an expenditure in governmental funds. Principal payments reduce the long-term liability in the Statement of Net Position and do not result in an expense in the Statement of Activities.	2,219,152	2,162,809
Interest expenditures are reported when paid in the governmental funds, while the net change in accrued interest incurred for the period is recognized as interest expense in the Statement of Activities.	1,244	1,213

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)

	2014	2013
Other long-term liabilities are reported in the Statement of Net Position. The net annual change in the liability is recognized as an expense in the Statement of Activities. Long-term liabilities do not require the use of current financial resources and are not reported as expenditures in the governmental funds.		
Accrued claims and judgments - workers' compensation	(7,724,930)	(13,266,364)
Compensated absences - Santa Ana general leave	270,788	407,060
Compensated absences - other leave balances	(204,009)	(243,070)
A long-term receivable has been established in the Statement of Net Position for the portion of compensated absences reimbursable by the City of Santa Ana. The receivable balance is reduced over time as leave balances are used by employees and subsequently reimbursed by the city. Those reimbursements are reported as revenue in the governmental funds.	(270,788)	(407,060)
Contributions to the defined benefit retiree medical plan are made on a pay-as-you-go basis in the governmental fund financial statements. If actual contributions are less than the actuarially-determined required amount, the difference is reported as an expense in the Statement of Activities.	(9,768,179)	(8,930,021)
Certain receivables and grants that have been accrued but not collected are reflected as unavailable revenue in the governmental funds. All earned revenue is recognized in the Statement of Activities regardless of when collected.		
Intergovernmental revenue - property tax increment	367,964	-
Intergovernmental revenue - grants	(86,158)	23,254
Charges for services - Santa Ana start-up costs	(316,088)	(602,777)
Transactions between governmental funds are eliminated for presentation in the government-wide financial statements.		
Transfers in	(5,370,375)	(381,222)
Transfers out	5,370,375	381,222
Use of money and property	(109,274)	(115,937)
Interest and fiscal charges	109,274	115,937
Change in net assets of governmental activities	**$ (13,005,208)**	**$ (8,972,452)**

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
General Fund
Budgetary Comparison Statement
Year ended June 30, 2014
(With Comparative Data for Prior Year)

	2014				2013
	Budget Amounts		Actual	Variance with Final Budget Positive	Actual
	Original	Final	Amounts	(Negative)	Amounts
Budgetary fund balance, July 1	**$ 107,585,144**	**$ 107,585,144**	**$ 107,585,144**	**$ -**	**$ 84,544,766**
Resources (inflows):					
Taxes	186,998,721	190,156,251	190,873,689	717,438	181,720,253
Intergovernmental	11,443,286	17,872,333	19,094,591	1,222,258	28,004,583
Charges for services	94,325,831	96,288,619	96,104,840	(183,779)	94,292,648
Use of money and property	477,439	302,457	540,980	238,523	25,305
Miscellaneous	782,000	1,160,503	1,352,043	191,540	4,785,472
Sale of capital and other assets	50,000	50,000	77,077	27,077	58,051
Insurance recoveries	-	362,128	360,803	(1,325)	53,529
Total resources (inflows)	**294,077,277**	**306,192,291**	**308,404,023**	**2,211,732**	**308,939,841**
Amounts available for appropriations	**401,662,421**	**413,777,435**	**415,989,167**	**2,211,732**	**393,484,607**
Charges to appropriation (outflows):					
Salaries and benefits	253,765,267	260,318,049	257,134,030	3,184,019	255,301,913
Services and supplies	32,702,428	43,962,862	37,415,703	6,547,159	29,849,819
Capital outlay	29,444	573,577	455,496	118,081	250,572
Interest and fiscal charges	116,250	116,250	109,274	6,976	115,937
Transfers out	4,497,847	5,370,375	5,370,375	-	381,222
Total charges to appropriations	**291,111,236**	**310,341,113**	**300,484,878**	**9,856,235**	**285,899,463**
Budgetary fund balance, June 30	**$ 110,551,185**	**$ 103,436,322**	**$ 115,504,289**	**$ 12,067,967**	**$ 107,585,144**

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2014
(With Comparative Data for Prior Year)

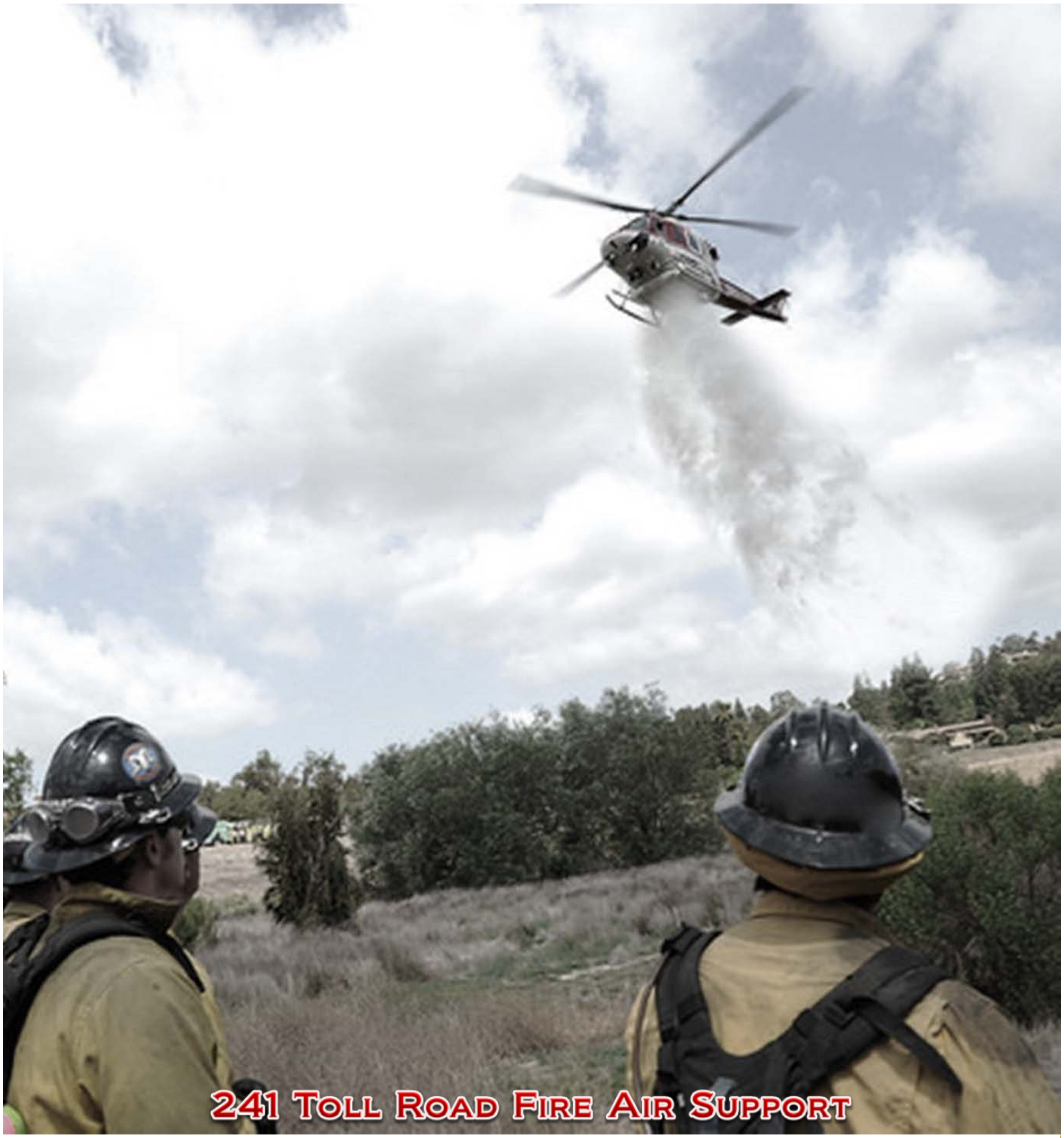
	Pension Trust Funds	Total Pension Trust Funds	
	Extra Help Retirement	2014	2013
Assets:			
Cash and investments (Note 4):			
Local Agency Investment Fund -			
Domestic fixed income securities	$ 64,464	$ 64,464	$ 56,895
Total assets	**64,464**	**64,464**	**56,895**
Net position restricted for pensions	**$ 64,464**	**$ 64,464**	**$ 56,895**

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
Year ended June 30, 2014
(With Comparative Data for Prior Year)

	Pension Trust Funds	Total Pension Trust Funds	
	Extra Help Retirement	2014	2013
Additions:			
Contributions:			
Employer	$ 2,117	$ 2,117	$ -
Plan members	13,542	13,542	15,587
Total contributions	15,659	15,659	15,587
Net investment income:			
Interest	586	586	2,275
Total net investment income	586	586	2,275
Total additions	**16,245**	**16,245**	**17,862**
Deductions:			
Benefits and refunds paid to plan members and beneficiaries	8,676	8,676	10,809
Total deductions	**8,676**	**8,676**	**10,809**
Change in net position	7,569	7,569	7,053
Net position, beginning of year	56,895	56,895	49,842
Net position, end of year	**$ 64,464**	**$ 64,464**	**$ 56,895**

See Notes to the Financial Statements



Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY

Index to Notes to the Financial Statements

Year ended June 30, 2014

Orange County Fire Authority Safety Message

Learn the ABC's of Pool Safety
(Part 2 of 3)

B – Barriers

- ✓ Install and maintain proper fencing around the pool to isolate your swimming area from the home and play area.
- ✓ Use multiple layers of protection such as safety covers, gate alarms, door alarms, and motion detection devices. Inspect them monthly.
- ✓ Make sure all gates are self-closing, self-latching, and open outward away from the pool.
- ✓ Take away all objects that allow a child to climb up to reach the gate latch or climb over the fence.

ORANGE COUNTY FIRE AUTHORITY

Notes to the Financial Statements

Year ended June 30, 2014

(1) Summary of Significant Accounting Policies

(a) Description of the Reporting Entity

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

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

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

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

- The primary government is considered to be financially accountable for an organization if it appoints a voting majority of that organization's governing body, and (1) if the primary government is able to impose its will on that organization or (2) there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

- The primary government may also be considered financially accountable for an organization if that organization is fiscally dependent on the primary government (i.e., the organization is unable to approve or modify its budget, levy taxes or set rates/charges, or issue bonded debt without approval from the primary government).

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

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

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

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

  The Foundation's Board of Directors consists of no less than three and no more than seven members, the exact number determined by resolution of the Foundation Board. Foundation Board members must have been active in or had significant prior experience in governmental or community organizations, or the fire service. The Foundation Board may consist of any combination of members of the public, OCFA employees, and/or past or current OCFA Board members. Initially, the Chair of the OCFA's Board appointed the first three Foundation Directors from among existing OCFA Board members. As of June 30, 2014, there were five non-OCFA Board members on the Foundation's Board. Additional members may be appointed by the Foundation Board at a future date via a simple majority vote.

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

(b) Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

(c) Major Funds and Other Fund Types

Major Governmental Funds

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

- The **General Fund** is the primary operating fund of the OCFA and is used to account for all financial resources not accounted for and reported in another fund. The General Fund accounts for the financial activities of providing fire suppression, protection, prevention and related services to the OCFA's member cities and unincorporated areas. The primary sources of revenue are property taxes for fire protection (Structural Fire Fund), cash contracts, intergovernmental reimbursements and various user fees.

- The **Facilities Maintenance & Improvements Fund** is a capital projects fund used to account for significant capital projects that provide for either the maintenance or improvement of OCFA's facilities.

- The **Communications & Information Systems Fund** is a capital projects fund used to account for the replacement of specialized fire communications equipment and information systems equipment.

- The **Vehicle Replacement Fund** is a capital projects fund used to account for the planned replacement of fire apparatus and vehicles.

- The **Facilities Replacement Fund** is a capital projects fund used to account for the replacement of sub-standard fire stations and the construction of new fire stations.

Fiduciary Fund Types

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

(d) Deposits and Investments

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

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

(e) Receivables

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

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

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

(f) Prepaid Costs and Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in both the government-wide and fund financial statements. OCFA accounts for all prepaid items (i.e., warranties, annual maintenance fees, and professional memberships) under the "consumption method." This means that expenditures are recognized proportionately over the period that the services are provided. Nonspendable fund balance in an amount equal to prepaid costs is reported in the governmental fund types, since these amounts are not in a spendable form.

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

(h) Capital Assets

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

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

(i) Deferred Outflows and Inflows of Resources

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

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

(j) Compensated Absences

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

(k) Long-term Obligations

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

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

(l) Fund Equity

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

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

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

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

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

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

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

(m) Operating Contingency

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

(n) Prior Year Data

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

(o) Use of Estimates

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

(2) Compliance and Accountability

(a) Budgetary Information

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

Perspective differences occur when the framework used for budgeting differs from the fund structure used for financial reporting. The OCFA's General Fund consists of three separately-budgeted funds that have been combined and consolidated for financial statement presentation. The table below reconciles fund balance for the General Fund as reported on the budgetary basis to the presentation in the financial statements. The Supplementary Schedules section of this report includes additional General Fund combining schedules for balance sheet, budgetary data and actual operating data for the year ended June 30, 2014.

	Fund Balance as of June 30, 2014
Budgetary basis:	
General Operating Fund	$ 53,798,143
Structural Fire Entitlement	784,617
Self Insurance	60,921,529
General Fund for financial statement presentation	$115,504,289

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

Fund	Original Budget	Increase/ (Decrease)	Final Budget
General Fund	$291,111,236	$19,229,877	$310,341,113
Facilities Maintenance & Improvements	1,254,884	1,040,000	2,294,884
Communications & Information Systems	12,455,748	2,026,400	14,482,148
Vehicle Replacement	9,836,143	4,045,229	13,881,372
Facilities Replacement	5,250,000	7,706,900	12,956,900
Total budgeted governmental funds	$319,908,011	$34,048,406	$353,956,417

(b) Emergency Appropriations Policy

In September 2008, the Board adopted the Emergency Appropriations Policy to provide a means of increasing budgeted appropriations in the event that extraordinary fire or emergency incident activity occurs after the last Board meeting of the fiscal year, which may cause expenditures to exceed the authorized General Fund budget. The contingency appropriation, which may not exceed $3,000,000 each fiscal year, is established for unforeseen requirements, primarily salary and employee benefits for extraordinary fire or emergency response. No expenditures may be made directly against the contingency appropriations; however, OCFA management may recommend a transfer from the contingency appropriations to a specific purpose appropriation. The Chair of the Board of Directors or the Vice Chair, in the absence of the Chair, must pre-approve any such transfers. Upon approval by the Chair or Vice Chair, notice of this transfer must be provided immediately to the full Board in writing. There were no transfers made from the contingency appropriations during the year ended June 30, 2014; therefore, the budgetary comparison statements and schedules included in the financial statements do not reflect any increase to the final budgeted expenditures.

(c) Encumbrance Accounting

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

(3) Implementation of New Accounting Standards

During the year ended June 30, 2014, OCFA implemented GASB Statement No. 67 *Financial Reporting for Pension Plans; an Amendment of GASB Statement No. 25*. This statement establishes standards for state and local government pension plans – defined benefit pension plans and defined contribution pension plans – that are administered through trusts or equivalent arrangements.

(4) Cash and Investments

(a) Financial Statement Presentation

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

Cash and investments as of June 30, 2014, are reported in the accompanying financial statements as follows:

Statement of Net Position:	
Governmental activities	$160,237,038
Discretely presented component unit – OCFA Foundation	95,341
Statement of Fiduciary Net Position:	
Fiduciary funds	64,464
Total cash and investments	$160,396,843

Cash and investments consist of the following as of June 30, 2014:

Petty cash / cash on hand	$ 12,501
Demand deposits	1,860,390
Investments	158,523,952
Total cash and investments	$160,396,843

(b) Demand Deposits

At June 30, 2014, the carrying amount of the OCFA's demand deposits was $1,860,390 and the bank balance was $1,404,912. The $455,478 difference represents outstanding checks and other reconciling items.

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

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

The table below identifies the investment types that are authorized by the OCFA's investment policy and by the California Government Code Section 53600 et seq. and Section 5922(d). The table also identifies certain provisions of the California Government Code (or the OCFA's investment policy, if more restrictive) that address interest rate risk, credit risk and concentration of credit risk. The table, however, does not cover investments of debt proceeds, if any, 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.

Investment Types	Maximum Maturity	Maximum % of OCFA's Portfolio in Investment Type	Maximum % of OCFA's Portfolio in a Single Issuer
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)	15%(1)
Negotiable certificates of deposit	5 years	25%(1)	25%(1)
Repurchase agreements	14 days(1)	15%(1)	15%(1)
Money market mutual funds	n/a	15%(1,2)	15%(1,2)
Local Agency Investment Fund	n/a	75%(1)	75%(1)

(1) Based on OCFA investment policy requirement, which is more restrictive than state law
(2) No limit on automatic overnight sweep

(d) Investments Authorized by Debt Agreements

Proceeds of bonds or other indebtedness and any moneys set aside and pledged to secure payment of bonds may be invested in accordance with the resolution, indenture or statutory provisions governing the issuance of the indebtedness. The OCFA did not have any investments held by fiscal agent during Fiscal Year 2013/14.

(e) Investments in State Investment Pool

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

(f) GASB Statement No. 31

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

(g) Credit Risk

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

	Minimum Rating	Rating at Year-End			
	Required	Aaa / AA+	P1 / A1+	Unrated	Fair Value
Federal agency securities	N/A	$82,734,650	$ -	$ -	$ 82,734,650
Commercial paper	P1/A1/F1	-	6,998,670	-	6,998,670
Money market mutual funds	Aaa/AAA	-	-	18,775,694	18,775,694
LAIF	N/A	-	-	50,014,938	50,014,938
Total		$82,734,650	$6,998,670	$68,790,632	$158,523,952

(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, 2014, 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, 2014, 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, 2014, are summarized below.

Issuer	Fair Value	% of Portfolio
Federal Home Loan Bank (FHLB)	$61,242,130	38.6%
Freddie Mac	12,508,000	7.9%
Federal Farm Credit Bank (FFCB)	8,984,520	5.7%

(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, and unless matched to a specific requirement and approved by the Executive Committee and the Board of Directors, no portion of the portfolio may exceed five years. The OCFA has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2014, the OCFA had the following investments and maturities:

	Investment Maturities in Months			
	6 or Less	7 to 12	13 to 60	Fair Value
Federal agency securities	$45,998,310	$ -	$36,736,340	$ 82,734,650
Commercial paper	6,998,670	-	-	6,998,670
Money market mutual funds	18,775,694	-	-	18,775,694
LAIF	-	50,014,938	-	50,014,938
Total	$71,772,674	$50,014,938	$36,736,340	$158,523,952

As of June 30, 2014, the OCFA's investments included the following callable investments, which are considered to be exposed to interest rate risk:

Issuer	Call Date(s)	Yield to Call	Maturity Date	Fair Value
Federal Home Loan Bank (FHLB)	Anytime	0.477%	3/7/2016	5,324,480
Federal Farm Credit Bank (FFCB)	Anytime	0.424%	4/22/2016	8,984,520
Federal Home Loan Bank (FHLB)	Anytime	0.624%	8/9/2017	5,990,940
Federal Home Loan Bank (FHLB)	7/9/2014	0.584%	11/9/2017	8,928,000
Freddie Mac	7/30/2014	0.545%	1/30/2018	7,508,400

(5) Accounts Receivable

Accounts receivable, net of an allowance for doubtful accounts, consists of the following as of June 30, 2014:

	Governmental Funds - General Fund			
	Accounts Receivable	Allowance for Doubtful Accounts	Accounts Receivable Net	Governmental Activities
Fire prevention / late fees	$ 453,578	$ (80,601)	$ 372,977	$ 372,977
Ambulance / other reimbursements	1,743,827	(68,922)	1,674,905	1,674,905
Other / miscellaneous	70,108	-	70,108	70,108
Total	$2,267,513	$(149,523)	$2,117,990	$2,117,990

(6) Due from Other Governments

Amounts due from other governments, net of an allowance for doubtful accounts, consist of the following as of June 30, 2014:

	Governmental Funds		
	General Fund	Facilities Maintenance & Improvements	Governmental Activities
Fire protection and other services:			
Cash contract cities – start-up costs	$ 632,175	$ -	$ 632,175
Cash contract cities – leave balances	181,315	-	1,898,321
State responsibility area	2,629,470	-	2,629,470
Airport rescue firefighting	349,513	-	349,513
Other services	151,901	-	151,901
Subtotal	3,944,374	-	5,661,380
Assistance by hire / activation	1,833,301	-	1,833,301
Grants	368,285	17,220	385,505
Property taxes / tax increment	3,783,847	-	3,783,847
Other / miscellaneous	17,100	39,233	56,333
Due from other governments	9,946,907	56,453	11,720,366
Allowance for doubtful accounts	-	-	-
Due from other governments, net	$9,946,907	$56,453	$11,720,366

(7) Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

Governmental Activities	Beginning Balances, As Restated	Increases	Decreases	Transfers	Ending Balances
Capital assets not depreciated/amortized:					
Land	$ 37,887,850	$ -	$ -	$ -	$ 37,887,850
Construction in progress	-	509,142	-	-	509,142
Work in progress	3,384,527	4,398,007	-	(3,973,796)	3,808,738
Total capital assets not depreciated/amortized	41,272,377	4,907,149	-	(3,973,796)	42,205,730
Capital assets depreciated/amortized:					
Buildings	129,326,927	2,201,950	-	-	131,528,877
Equipment	54,832,732	679,382	(325,543)	368,797	55,555,368
Vehicles	69,408,222	-	(799,958)	3,604,999	72,213,263
Subtotal	253,567,881	2,881,332	(1,125,501)	3,973,796	259,297,508
Less accumulated depreciation/amortization for:					
Buildings	(31,416,463)	(2,968,837)	-	-	(34,385,300)
Equipment	(30,913,915)	(2,714,819)	289,534	-	(33,339,200)
Vehicles	(39,008,556)	(3,928,797)	799,958	-	(42,137,395)
Subtotal	(101,338,934)	(9,612,453)	1,089,492	-	(109,861,895)
Total capital assets depreciated/amortized, net	152,228,947	(6,731,121)	(36,009)	3,973,796	149,435,613
Governmental activities capital assets, net	$193,501,324	$(1,823,972)	$ (36,009)	$ -	$191,641,343

Net Investment in Capital Assets

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

Capital assets, net of accumulated depreciation/amortization	$191,641,343
Capital-related debt – 2011 aircraft lease refinance	(10,723,689)
Net investment in capital assets	$180,917,654

Capital Assets Acquired Under Capital Lease

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

Equipment	$22,101,787
Vehicles	15,797,372
Total capital assets acquired under capital lease	$37,899,159

Depreciation/Amortization Expense

Depreciation/amortization expense of $9,612,453 was charged to Public Safety in the Statement of Activities.

Prior Period Adjustment

During the year ended June 30, 2014, OCFA restated its beginning net position of governmental activities by the amount of $804,881, to account for corrections to capital assets, net of accumulated depreciation. When OCFA acquired a new capital asset financial reporting module in Fiscal Year 2002/03, certain capital assets with multiple components were entered incorrectly into the new system. As a result, depreciation expense was not properly calculated using the straight-line method over the subsequent ten-year period, resulting in an understatement of accumulated depreciation totaling $1,304,881. Other adjustments have also been made to account for the receipt of land from a developer in Fiscal Year 2012/13, and to dispose of a fully-depreciated vehicle in Fiscal Year 2011/12. The impact to net position of governmental activities is as follows:

	Net Position of Governmental Activities
As previously reported	$257,564,704
Corrections to capital assets, net of accumulated depreciation:	
Land	500,000
Buildings, net	(1,176,476)
Equipment, net	(107,990)
Vehicles, net	(20,415)
Subtotal	(804,881)
As restated	$256,759,823

(8) Unearned and Unavailable Revenue

Unavailable revenue in the governmental funds consists of amounts that are considered *unavailable* to finance the expenditures of the current fiscal period. Only the amounts that are *unearned* are reported as liabilities of governmental activities. Unearned and unavailable revenues consist of the following as of June 30, 2014:

	Governmental Funds				
	General Fund	Facilities Maintenance & Improvements	Vehicle Replacement	Governmental Activities	OCFA Foundation
Unearned revenue:					
City of Santa Ana - July 2014	$2,987,123	$10,912	$42,433	$3,040,468	$ -
Miscellaneous cash advances	13,166	-	-	13,166	6,000
AVL & web application costs	6,475	-	-	6,475	-
Deposits	5,718	-	-	5,718	-
Total unearned revenue	$3,012,482	$10,912	$42,433	$3,065,827	$6,000

	Governmental Funds General Fund
Unavailable revenue:	
City of Santa Ana start-up costs	$ 632,175
Property tax increment	367,964
Total unavailable revenue	$1,000,139

(9) Long-term Liabilities

Long-term liability activity for the year ended June 30, 2014, is summarized in the table below. Accrued claims and judgments, compensated absences and the net OPEB obligation are normally liquidated by the General Fund. The capital lease purchase agreement is liquidated by the Vehicle Replacement Fund.

Governmental Activities	Beginning Balances	Additions	Deletions	Ending Balances	Due Within One Year
Capital lease purchase agreements:					
Aircraft Lease Refinance-2011	$ 12,942,841	$ -	$ (2,219,152)	$ 10,723,689	$ 2,276,963
Accrued claims and judgments for workers' compensation	49,064,929	13,172,346	(5,447,416)	56,789,859	6,305,074
Compensated absences	16,239,283	13,126,014	(13,192,793)	16,172,504	3,094,350
Net OPEB obligation	38,317,138	14,461,381	(4,693,202)	48,085,317	-
Total governmental activities	$116,564,191	$40,759,741	$(25,552,563)	$131,771,369	$11,676,387

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

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

On November 16, 2011, the terms of the Agreement were amended to reflect a reduction in the annual interest rate from 3.7609% to 2.58%. A 1.75% prepayment premium totaling $286,599, plus accrued interest for the period September 22, 2011 through November 16, 2011 totaling $92,386, were added to the outstanding principal balance to be repaid over the remaining life of the lease. Rental payments are payable quarterly commencing March 22, 2009, and terminating on December 22, 2018. During the year ended June 30, 2014, the OCFA made principal and interest payments totaling $2,219,152 and $312,571, respectively. The outstanding balance of the capital lease liability was $10,723,689 as of June 30, 2014. Future annual lease payment requirements are as follows:

FYE June 30	Principal	Interest	Total
2015	$ 2,276,963	$ 254,760	$ 2,531,723
2016	2,336,279	195,444	2,531,723
2017	2,397,140	134,583	2,531,723
2018	2,459,589	72,134	2,531,723
2019	1,253,718	12,144	1,265,862
Total	$10,723,689	$669,065	$11,392,754

Compensated Absences

OCFA is obligated to its employees for the following accumulated earned but unused leave benefits as of June 30, 2014:

	Vacation	Comp/Other	Sick Leave	Santa Ana General Leave	Total
Safety Members	$ 8,937,307	$162,378	$1,635,712	$1,692,687	$12,428,084
General Members	1,740,920	289,889	1,689,292	24,319	3,744,420
	$10,678,227	$452,267	$3,325,004	$1,717,006	$16,172,504

Sick leave includes only those amounts that OCFA is obligated to reimburse employees at the end of their active service life. On March 5, 2012, OCFA and the City of Santa Ana entered into an agreement to establish a general leave bank for transitioning personnel from the Santa Ana Fire Management Association and the Santa Ana Fire Benevolent Association with more than ten years of service. Under the terms of the agreement, transitioning employees are required to exhaust their respective OCFA accrued leave banks before utilizing general leave transferred from the city. OCFA will pay amounts due to transitioning employees who use time from the general leave bank, and the City of Santa Ana will then reimburse those amounts to OCFA. General leave is not eligible to be cashed out by employees in lieu of using the time, and is available for use through April 13, 2017. Any amounts remaining at that time will no longer be available for use by transitioning employees. The portion of OCFA's compensated absences long-term liability that is reimbursable by the City of Santa Ana is offset by a long-term receivable of an equal amount.

(10) Commitments and Contingencies

(a) Second Amendment Ruling

In response to concerns from OCFA's member agencies about the relationship of financial contributions to level of service received, an Equity Working Group was established to identify methods for mitigating these equity concerns. In September 2013, the Board of Directors approved a solution presented by the Equity Working Group, which required the OCFA to issue equity payments from unrestricted revenue sources to qualifying Structural Fire Fund member agencies, based on a calculation of average Structural Fire Fund Tax rate. The solution also required that the City of Irvine, OCFA's largest Structural Fire Fund member in terms of property tax revenue, remain a member of the OCFA until the year 2030. By November 2013, two thirds of the OCFA member agencies had approved the 2nd Amendment to the Joint Powers Agreement (JPA), and

OCFA began to implement the new required equity measures. As of June 30, 2014, equity payments totaling $5,976,162 had been paid to or accrued as a liability due to the City of Irvine.

The Board of Directors also approved requesting a judicial review of the 2nd Amendment to seek court validation. The validation process, which was initiated in December 2013, would affirm the ability to use unrestricted revenue sources for purposes of issuing equity payments to qualifying agencies, and would preclude any future challenges to the legality of the Amendment. In August 2014, an Orange County Superior Court judge ruled against the OCFA in a validation hearing, stating that the 2nd Amendment was invalid and unenforceable as a matter of law. However, OCFA disagrees with the court's decision and is continuing to review viable options, including a potential appeal of the ruling.

(b) Outstanding Encumbrances / Commitments with Vendors

As of June 30, 2014, commitments for outstanding encumbrances (unperformed purchase orders and contracts for goods and services) by major governmental fund are as follows:

General Fund	$ 342,007
Facilities Maintenance & Improvements	40,794
Communications & Information Systems	1,610,018
Vehicle Replacement	3,197,280
Facilities Replacement	4,491,421
Total outstanding encumbrances	$9,681,520

Significant individual commitments with vendors as of June 30, 2014 are identified below.

Fund / Vendor	Description	Original Commitment	Spent-to-Date	Remaining Commitment
General Fund:				
Liebert Cassidy Whitmore	Labor negotiator	$150,000	$80,131	$69,869
ESRI, Inc.	GIS temporary staffing	50,000	-	50,000
Allstar Fire Equipment	Turnout coats and pants	35,384	-	35,384
Roadhauler, Inc.	Trailer	15,451	-	15,451
Fisher Scientific	ARFF proximity gear	12,648	-	12,648
Port Supply	Water rescue dry suits	12,300	-	12,300
Facilities Maintenance & Improvements:				
Pacific Compliance Services	AST compliance upgrade	$37,649	$9,403	$28,246
Lewis/Schoeplein Architects	Design, specifications, and drawings for kitchen/bathroom remodels at Santa Ana fire stations	28,700	17,220	11,480

Fund / Vendor	Description	Original Commitment	Spent-to-Date	Remaining Commitment
Communications & Information Systems:				
Tritech Software Systems	Computer Aided Dispatch system	$2,272,740	$1,673,314	$599,426
Westnet	Fire station alerting system	1,166,916	634,288	532,628
6th Street Consulting	Sharepoint upgrade	377,969	56,695	321,274
Deltawrx	Public Safety Systems	541,347	476,044	65,303
Eagle Aerial Imaging	Aerial photography	63,000	-	63,000
Vehicle Replacement:				
KME Fire Apparatus	5 Type 1 Pumpers	$2,573,537	-	$2,573,537
Penske Chevrolet of Cerritos	8 Chevrolet Tahoe’s	534,926	-	534,926
Tom’s Truck Center, LLC	1 Isuzu	44,677	-	44,677
Los Angeles Freightliner	1 Isuzu	44,140	-	44,140
Facilities Replacement:				
Erickson-Hall Construction	Design and build of Fire Station 56 (Village of Sendero)	$5,000,000	$508,579	$4,491,421

(11) Fund Balance of Governmental Funds

(a) Nonspendable Fund Balance

In January 2013 and 2014, OCFA prepaid a portion of its retirement contributions to the Orange County Employees Retirement System (OCERS) totaling $25,564,031 and $29,214,818, respectively. The prepayments produced savings of over $1.9 million in Fiscal Year 2013/14, and are expected to produce savings of over $2.1 million in Fiscal Year 2014/15. Due to the timing of the pay period calendar, the unamortized balance of the January 2013 prepayment totaled $983,232 as of June 30, 2014. The entire amount of the January 2014 prepayment was unamortized as of June 30, 2014. Other prepaid items as of June 30, 2014, included various equipment warranties on mobile data computers, laptops, desktop computers, pagers, tablets, and defibrillators; and other miscellaneous amounts such as annual maintenance and support fees, subscriptions, and professional memberships.

Nonspendable fund balance consists of the following as of June 30, 2014:

	General Fund	Facilities Maintenance & Improvements	Communications & Information Systems	Vehicle Replacement	Total
Retirement contributions:					
Fiscal Year 2014/15	$29,214,818	$ -	$ -	$ -	$29,214,818
Fiscal Year 2013/14	983,232	-	-	-	983,232
Warranties	38,000	-	93,401	141,046	272,447
Maintenance and support	216,185	413	48,866	-	265,464
Subscriptions and memberships	49,748	-	-	-	49,748
Other	58,655	-	623	-	59,278
Total	$30,560,638	$413	$142,890	$141,046	$30,844,987

(b) Restricted Fund Balance

Restricted fund balance in the General Fund includes donations for specific programs ($4,838) and grant-funded or other restricted, unexpended encumbrances outstanding at year-end ($27,444). Restricted fund balance in the Facilities Replacement fund includes developer contributions and CALFIRE contract revenues that are legally restricted for new fire station development or improvements to existing fire stations.

Restricted fund balance consists of the following as of June 30, 2014:

	General Fund			
	Operations Department	Community Risk Reduction Department	Total	Facilities Replacement
USAR grant program	$25,132	$ -	$25,132	$ -
Disaster preparation academy	4,571	-	4,571	-
California Joint Apprenticeship Committee	2,312	-	2,312	-
Smoke alarm program	-	267	267	-
Station 56 (Village of Sendero)	-	-	-	510,808
CALFIRE station(s)	-	-	-	533,232
	$32,015	$267	$32,282	$1,044,040

(c) Committed Fund Balance

In July 1999, the Board of Directors authorized that $4,405,086 be set aside to fund OCFA-related service or resource enhancement projects in certain structural fire fund cities. In January 2012, the Board of Directors authorized an additional $622,106 to be set aside for the same purpose. As of June 30, 2014, the remaining unspent amount totaling $784,617 was reported as a fund balance commitment in the General Fund. The funds are committed for projects in the following cities:

City	General Fund
Aliso Viejo	$ 29,057
Dana Point	22,060
Irvine	663,200
Laguna Niguel	52,690
Rancho Santa Margarita	17,610
	$784,617

(d) Assigned Fund Balance

Assigned fund balance pertaining to unexpended encumbrances outstanding as of June 30, 2014 is summarized below for each governmental fund:

	General Fund				
Purpose of Encumbrance	Executive Management	Operations Department	Business Services Department	Support Services Department	Total
Labor negotiator	$69,869	$ -	$ -	$ -	$ 69,869
GIS temporary staffing	-	-	-	50,000	50,000
Turnout coats and pants	-	-	35,384	-	35,384
ARFF proximity gear	-	12,648	-	-	12,648
Water rescue dry suits	-	12,300	-	-	12,300
Other	20,660	50,468	22,870	40,364	134,362
	$90,529	$75,416	$58,254	$90,364	$314,563

Purpose of Encumbrance	Facilities Maintenance & Improvements	Communications & Information Systems	Vehicle Replacement	Facilities Replacement
Station 56 (Village of Sendero)	$ -	$ -	$ -	$4,491,421
Type 1 pumpers	-	-	2,573,537	-
Computer Aided Dispatch system	-	611,024	-	-
Sport utility vehicles	-	-	534,926	-
Fire station alerting system	-	532,628	-	-
Sharepoint upgrade	-	329,131	-	-
Other vehicles	-	-	88,817	-
Public Safety Systems	-	65,303	-	-
Aerial photography	-	63,000	-	-
AST compliance upgrade	28,246	-	-	-
Other	1,068	8,932	-	-
	$29,314	$1,610,018	$3,197,280	$4,491,421

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

- The assignment to the Capital Improvement Program reflects cumulative amounts transferred from the General Fund to the OCFA's capital projects funds, net of actual cumulative project expenditures and other revenue sources accounted for in those funds. The assignment may not exceed the net cost of future identifiable projects. Fund balance assigned for the Capital Improvement Program totaled $55,012,800 as of June 30, 2014 and is reported in the Facilities Maintenance & Improvements Fund ($2,680,975), Communications & Information Systems Fund ($16,298,844), Vehicle Replacement Fund ($26,158,555) and Facilities Replacement Fund ($9,874,426).

- The assignment to workers' compensation reflects the cumulative difference between actual workers' compensation expenditures incurred and budgeted costs, which are based on an annual actuarial valuation prepared by an external actuary and a confidence level set by the Board of Directors. The assignment for workers' compensation is reported in the General Fund and totaled $60,921,529 as of June 30, 2014.

(e) Unassigned Fund Balance

Unassigned fund balance in the General Fund consists of the following as of June 30, 2014:

10% Operating Contingency	$22,890,660
All other residual amounts available for any purpose	-
Total	$22,890,660

The total amount of the 10% Operating Contingency calculation was $25,998,331 as of June 30, 2014; however the calculated amount cannot exceed the total amount of unassigned fund balance.

(12) Interfund Transfers

Interfund transfers are used to move revenues from the fund required by statue or budget to collect them to the fund required by statute or budget to expend them. During the year ended June 30, 2014, transfers totaling $5,370,375 were made from the General Fund to the Facilities Maintenance & Improvements Fund ($1,078,745), the Communications & Information Systems Fund ($2,449,115) and the Vehicle Replacement Fund ($1,842,515) for current and future capital improvement projects identified in the Capital Improvement Plan. A portion of those transfers totaling $872,528 pertained to fee-funded programs.

Fund	Transfers In	Transfers Out
General Fund	$5,370,375	$ -
Facilities Maintenance & Improvements	-	1,078,745
Communications & Information Systems	-	2,449,115
Vehicle Replacement	-	1,842,515
Total	$5,370,375	$5,370,375

(13) Operating Leases

(a) Operating Lease Revenue

The OCFA is the lessor under the following operating lease agreements:

- On October 30, 2013, OCFA entered into a five-year Aircraft Hangar Lease with Ladera Aircraft, LLC (Ladera), to provide space in the western portion of the OCFA-owned aircraft hangar at Fullerton Municipal Airport. The original cost of the aircraft hangar's western was $2,201,950, and the net book value was $2,153,018 as of June 30, 2014. Fiscal Year 2013/14 depreciation expense totaled $48,932.

  Rent totaling $4,924 is due from Ladera the first of each month, paid in advance. Base rent automatically increases by 2.5% annually. Future potential rental revenue under the terms of the Ladera lease is as follows:

Fiscal Year	Amount
2014/15	$ 60,072
2015/16	61,572
2016/17	63,108
2017/18	64,688
2018/19	21,740
	$271,180

- On March 24, 2011, the OCFA entered into a Wireless Communications Facilities Site Lease with Vista Towers, LLC (Vista), to provide space at the OCFA-owned Regional Fire Operations and Training Center to install and operate a digital mobile radio communications site consisting of up to two wireless communication towers, equipment shelters and cabinets, for up to six cell phone carriers. Vista is responsible for the installation, construction, maintenance, repairs, replacement and operations of the towers and, if applicable, the removal of the towers upon termination of the lease. The lease term commenced on the earlier of the pulling of all permits necessary for construction, or September 24, 2012, and continues for five years from that date. The lease may be renewed for up to four consecutive five-year increments, for a total of twenty-five years. Rent is due the first of each month and is determined based on the number of carriers being occupied by each of the towers. Vista pays $1,250 for each month in which there is one or no carrier on one of the towers, and $1,000 per month for each additional carrier occupied on each tower beyond the first carrier. Base rent automatically increases by 3% annually.

  OCFA began collecting base rent in July 2012, with rent for a second and third carrier commencing in June and October 2013, respectively. Rental revenue totaled $35,873 for Fiscal Year 2013/14. Future potential rental revenue, assuming rent for the three additional carriers will commence January 1, 2015, is as follows:

Fiscal Year(s)	Carriers 1-3	Carriers 4-6	Total
2014/15	$ 40,965	$ 18,540	$ 59,505
2015/16	42,392	38,148	80,540
2016/17	43,866	39,300	83,166
2017/18	45,185	40,485	85,670
2018/19	46,550	41,709	88,259
2019/20 - 2023/24	254,582	228,141	482,723
2024/25 - 2028/29	295,151	264,459	559,610
2029/30 - 2033/34	342,196	306,597	648,793
2034/35 - 2037/38	234,305	209,928	444,233
	$1,345,192	$1,187,307	$2,532,499

(b) Operating Lease Obligations

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

- Twenty-six city-owned stations are leased for $1 per year through June 30, 2030. In addition, OCFA leases land from three cities for three OCFA-owned stations. The station land leases are for $1 per year and extend through June 30, 2030 (Station 6); November 26, 2057 (Station 17); and April 30, 2045 (Station 36).

- On June 14, 2010**,** the OCFA entered into a land lease agreement with the City of Fullerton for a new space at Fullerton Municipal Airport. Monthly lease payments of $2,886 for the eastern half of the building commenced January 2011. An additional monthly lease payment of $2,070 for the western half of the building commenced July 2013. Total monthly rent will increase annually by an amount equal to the change in CPI, from a minimum of 3% to a maximum of 5%. The term of the agreement extends forty years through July 2050, with a fifteen year extension option through July 2065.

- On August 25, 2011, the OCFA Executive Committee approved the execution of a Lease Agreement with FW Aviation, LLC for a training tower at Fire Station No. 41 Air Operations and Maintenance Facility at Fullerton Airport, which includes a helicopter training prop, an additional restroom, and approximately 600 square feet of classroom/storage area. The lease term is for ten years commencing September 2011, with an optional ten-year extension. Initial monthly rent of $1,575 will increase by $18 each year.

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

Fiscal Year(s)	City-Owned Stations/ Land Leases	Airport Land Lease	Airport Training Tower	Total
2014/15	$ 29	$ 66,948	$ 19,512	$ 86,489
2015/16	29	68,952	19,728	88,709
2016/17	29	71,016	19,944	90,989
2017/18	29	73,140	20,160	93,329
2018/19	29	75,324	20,376	95,729
2019/20 – 2023/24	145	411,924	44,874	456,943
2024/25 – 2028/29	145	477,540	-	477,685
2029/30 – 2033/34	37	553,644	-	553,681
2034/35 – 2038/39	10	641,856	-	641,866
2039/40 – 2043/44	10	744,036	-	744,046
2044/45 – 2048/49	6	862,572	-	862,578
2049/50 – 2053/54	5	285,336	-	285,341
2054/55 – 2058/59	3	-	-	3
	$506	$4,332,288	$144,594	$4,477,388

(14) Insurance

(a) Coverage Limits

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:

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

At June 30, 2014, the OCFA had no outstanding claims which exceed insurance coverage. There have been no significant changes in insurance coverage as compared to last year, and settlements have not exceeded coverage in each of the past three fiscal years.

(b) Self-Insurance

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

As of June 30, 2014, accrued claims and judgments for workers' compensation totaled $56,789,859 and were recorded as a long-term liability in the government-wide financial statements. This liability reflects the present value of estimated outstanding losses at the 50% confidence level, as determined by an actuarial valuation dated June 30, 2014, and includes claims that have been incurred but not yet reported (IBNR's). A confidence level is the statistical certainty that an actuary believes funding will be sufficient. For example, a 50% confidence level means that the actuary believes funding will be sufficient in five years out of ten. On May 27, 2010, the Board of Directors authorized to change the OCFA's confidence level from 80% to 50%.

Following is a summary of changes in workers' compensation claims payable for the years ended June 30, 2014 and 2013, including the current and long-term portions at year-end.

	Fiscal Year Ended June 30,	
	2014	2013
Unpaid claims at beginning of fiscal year	$49,064,929	$35,798,565
Incurred claims (including IBNR's)	13,172,346	19,277,576
Claim payments	(5,447,416)	(6,011,212)
Unpaid claims at end of fiscal year	$56,789,859	$49,064,929
Current portion	$ 6,305,074	$ 8,238,869
Long-term portion	50,484,785	40,826,060
Unpaid claims at end of fiscal year	$56,789,859	$49,064,929
Confidence level at end of fiscal year	50%	50%

Because of the long-term nature of this liability, it is excluded from the OCFA's governmental fund financial statements under the modified accrual basis of accounting. However, the OCFA has established a fund balance assignment for workers' compensation in the General Fund in the amount of $60,921,529. This assignment reflects the cumulative difference for multiple years between actual expenditures and budgeted costs, which are based on the annual actuarial valuation. Actual expenditures for workers' compensation cases often occur over multiple years, attributing to the cumulative difference between budgeted costs and expenditures.

(15) Retirement Plan for Full-Time Employees

(a) Plan Description

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

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

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

(b) Funding Policy

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

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

California Public Employees' Pension Reform Act

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

One of the many changes brought about by PEPRA involves new retirement formulas for newly hired employees who do not establish reciprocity with OCERS. These new formulas are 2.7% at age 57 for Safety Members and 2% at age 62 for General Members. Another change brought about by PEPRA requires employees who do not establish reciprocity to pay 50% of the normal retirement costs from the beginning of their employment.

Safety Member Category

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

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

OCFA assumes the contribution cost for both the employer and employee, which is memorialized in the respective Memorandums of Understanding and Personnel and Salary Resolution. However, employees have agreed to reimburse OCFA for a portion of their retirement costs. The retirement reimbursement is deducted from the employee's compensation earnable and continues throughout the employee's entire term of employment with the OCFA. Employee reimbursement rates vary depending on the individual employee's hire date and bargaining group, as follows:

- Employees in the Firefighter and Fire Management Units hired on or after January 1, 2011, reimburse 9% upon commencement of employment. Upon expiration of their respective Memorandums of Understanding, all employees may reimburse 50% of normal retirement costs, regardless of hire date. Memorandums of Understanding expire on October 31, 2014, for the Firefighter Unit, and on December 11, 2015, for the Fire Management Unit.

- Executive Management occupying suppression positions who were hired on or after January 1, 2013, with no reciprocal retirement benefits, contribute 50% of normal retirement costs upon commencement of employment.

- For employees hired prior to January 1, 2011 (Firefighter and Fire Management Units), or July 1, 2011 (Executive Management), the 9% contribution/reimbursement was phased in, as summarized in the following table:

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

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

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

General Member Category

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

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

OCFA assumes the contribution cost for both the employer and employee, which is memorialized in the respective Memorandums of Understanding and Personnel and Salary Resolution. However, employees have agreed to reimburse OCFA for a portion of their retirement costs. This reimbursement continues throughout an employee's entire term of employment with the OCFA.

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

- Employees in the General and Supervisory Management Unit hired on or after July 1, 2011, reimburse 9% upon commencement of employment. Upon expiration of the current Memorandum of Understanding on December 18, 2014, all employees may reimburse 50% of normal retirement costs, regardless of hire date.

- Administrative Management and non-suppression Executive Management employees hired December 1, 2012 through December 31, 2012, (or those hired on or after January 1, 2013, with reciprocal retirement benefits), contribute 9% upon commencement of employment. Those hired on or after January 1, 2013, with no reciprocal retirement benefits, contribute 50% of normal retirement costs upon commencement of employment.

- Employees hired prior to July 1, 2011 (General and Supervisory Management Unit), and December 1, 2012 (Administrative Management and non-suppression Executive Management), are phasing in increases to their reimbursement rate from 6% to 9%, as summarized in the following table:

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

** If a salary adjustment is implemented* *** If not already at 9.00%*

(c) Benefits

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

(d) Contributions

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

			FYE June 30, 2014 Contribution Rates		FYE June 30, 2013 Contribution Rates		FYE June 30, 2012 Contribution Rates	
Plan	**Tier**	**Benefit Formula**	**Employee (Paid by OCFA)**	**Employer**	**Employee (Paid by OCFA)**	**Employer**	**Employee (Paid by OCFA)**	**Employer**
			Safety Members					
E	I	3.0% at 50	n/a*	43.15%	n/a*	45.46%	n/a*	48.53%
F	II	3.0% at 50	11.55-18.63%	43.15%	10.77-18.71%	45.46%	10.78-18.73%	48.53%
R	II	3.0% at 55	10.82-17.46%	38.24%	10.20-17.71%	42.22%	n/a	n/a
V	II	2.7% at 57	10.75-17.75%	34.89%	10.75-21.50%	38.45%	n/a	n/a
			General Members					
I	I	2.7% at 55	8.87-15.31%	32.61%	8.10-14.74%	27.99%	8.11-14.76%	26.53%
J	II	2.7% at 55	8.47-15.31%	32.61%	7.75-14.74%	27.99%	7.76-14.76%	26.53%
N	II	2.0% at 55	6.54-12.88%	34.78%	5.73-11.98%	27.25%	5.73-11.98%	25.66%
U	II	2.0% at 62	5.75-11.50%	28.27%	5.75-11.50%	23.50%	n/a	n/a

** All Tier I safety employees have more than 30 years of service; thus, no additional employee contributions were required.*

The table below summarizes the OCFA's payroll and contribution information for the current and preceding two fiscal years.

	OCFA Payroll		OCFA's Required Contributions		OCFA's Actual Contributions	
FYE June 30	Total	Covered by OCERS	Amount	% of Covered Payroll	Amount	% of Required Contributions
2012	$152,675,870	$111,444,130	$55,756,764	50.1%	$55,756,764	100.0%
2013	171,749,319	128,121,447	61,206,670	47.8%	61,206,670	100.0%
2014	171,194,140	125,869,628	57,795,043	46.0%	63,030,796	109.1%

(16) Retirement Plan for Part-Time Employees

(a) Summary of Significant Accounting Policies

Method Used to Value Investments

Investments are reported at fair value.

(b) Plan Description

Plan Administration

OCFA administers the Extra Help Retirement Plan (Plan), a single-employer defined benefit pension plan that provides retirement benefits for its less than half-time and extra help employees. The Plan was established on January 1, 1997 and is accounted for in the Extra Help Retirement Plan fiduciary fund. The Board establishes and amends all Plan provisions, and has the authority to change contribution rates and investment types. A separate, audited pension plan report is not available.

Plan Membership

As of June 30, 2014, Plan membership consisted of the following:

	Balance as of June 30, 2014		
Plan Members (or Beneficiaries)	$3,500 or Less	More than $3,500	Total
Inactive; currently receiving benefits	-	-	-
Inactive; entitled to but not yet receiving benefits	10	-	10
Active	55	4	59
Total plan members	65	4	69

Benefits Provided

The Plan provides retirement benefits in the form of a lifetime annuity. Retirement benefits for Plan members are calculated at the rate of 2% of career earnings during the first thirty years of credited service. Upon retirement, participants are eligible to receive their benefit either as a lump sum payment or as a monthly payment. If employment with the OCFA is terminated prior to retirement and the value of the employee's contributions with interest is $3,500 or less, the employee may receive an immediate lump sum distribution in lieu of any future benefits payable under the Plan. If the value of the terminated employee's contributions with interest exceeds $3,500, the employee may elect to receive a lump sum distribution or leave the contributions on deposit until he or she reaches retirement age. During the year ended June 30, 2014, lump sum distributions totaling $8,676 were made to fourteen participants. Currently, there are no participants eligible to collect retirement benefits.

Contributions

All eligible half-time and extra help employees hired on or after January 1, 1997, are required to contribute a percentage of compensation corresponding to an age-based table included in the Plan. Age is determined as attained age on every January 1. After 30 years of credited service, OCFA is responsible for the employee's Plan contributions. The contributions are credited with 5% interest compounded semi-annually. Employee contributions rates range from 2.5% to 7.5% based on age.

(c) Investments

Investment Policy

Employee contributions are deposited into the OCFA's Local Agency Investment Fund (LAIF), which 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.

Concentrations

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

Rate of Return

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments was 0.97%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(d) Net Pension Liability of OCFA

The components of the net pension liability of OCFA as of June 30, 2014, were as follows:

Total pension liability	$313,389
Plan fiduciary net position	(64,464)
OCFA's net pension liability	$248,925
Plan fiduciary net position as a percentage of the total pension liability	20.57%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.00%, including merit, seniority, and inflation
Discount rate	3.75%, net of pension plan investment expense, including inflation
Measurement date	June 30, 2014, based on a valuation date of January 1, 2014, rolled forward on an actuarial basis
Mortality	RP-2000 mortality table for combined healthy participants to 2014 for mortality approvements according to Scale BB
Experience study	Given the size of the plan, there was not enough data available to conduct a credible experience study. The assumptions are not anticipated to produce significant cumulative actuarial gains or losses over time. The liabilities and data are analyzed each year in order to identify any trends of experience deviating from the actuarial assumptions.
Form of payment	Participants who have 5 years or less of credited service or have a contribution balance less than or equal to $3,500 are assumed to take an immediate lump sum upon termination or retirement. Participants who have worked more than 5 years or have attained age 55 are assumed to commence a modified cash refund annuity starting at age 65.
Retirement	100% retirement at age 65
Termination	Service / Rate 0 years: 30% 1-3 years: 50% 4 years: 25% 5+ years: 5%
Plan Assets	The employee contributions are deposited into the Authority's LAIF account. The LAIF account is managed by the State Treasurer's Office and is invested in fixed income securities. Quoted market value was used as the fair value of assets.

<u>Discount Rate</u>

The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 3.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75%) or 1-percentage-point higher (4.75%) than the current rate:

	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
Net pension liability	$338,894	$248,925	$182,260

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

(a) Plan Description

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

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

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

(b) Funding Policy

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

(c) Benefits

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

The amount of the monthly grant is based on years of credited service and is applied as a credit towards the cost of the retiree's monthly medical insurance premium. For the year ended June 30, 2014, there were 569 eligible retirees who received monthly benefits aggregating to an annual total of $3,532,085. In addition, there were three deferred retirees who received monthly benefits directly from the OCFA totaling $5,164.

(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, 2014, the OCFA's annual OPEB cost was $14,461,381, as determined by an actuarial valuation with a measurement date as of July 1, 2012, and was calculated as follows:

Annual Required Contribution (ARC)	$14,560,117
Interest on the Net OPEB Obligation (NOPEBO)	2,135,737
Actuary's adjustment on the ARC	(2,234,473)
Annual OPEB Cost	$14,461,381

During the year ended June 30, 2014, the OCFA's actual contributions totaled $4,693,202 resulting in an increase to the NOPEBO of $9,768,179 (the difference between the Annual OPEB Cost and actual contributions). The outstanding balance of the NOPEBO as of June 30, 2014, was $48,085,317. Following is a schedule of employer contributions, as well as a calculation of the OCFA's Net OPEB Asset (Obligation) for the current and previous two fiscal years.

FYE June 30	Annual OPEB Cost	Actual Contributions	% of Annual OPEB Cost Contributed	Net Increase to Net OPEB Obligation	Cumulative Net OPEB Obligation at June 30
2012	$13,141,576	$4,557,554	34.68%	$8,584,022	$29,387,117
2013	13,689,125	4,759,104	34.77%	8,930,021	38,317,138
2014	14,461,381	4,693,202	32.45%	9,768,179	48,085,317

The Annual OPEB Cost includes an implicit subsidy for safety members under the age of 65. Accordingly, the Actual Contributions also include implicit insurance for the current and previous two fiscal years:

	2014	2013	2012
Amounts irrevocably transferred to OCERS trust	$3,482,518	$3,526,937	$3,670,501
Implicit insurance premiums paid on behalf of retirees	1,205,520	1,227,387	882,372
Amounts paid directly to retirees	5,164	4,780	4,681
Total actual contributions	$4,693,202	$4,759,104	$4,557,554

(e) Funded Status and Funding Progress

The following schedule of funding progress shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

As of July 1	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	(b-a)/c UAAL as a % of Covered Payroll
2008	$21,525,051	$ 94,124,900	$ 72,599,849	22.87%	$80,624,028	90.05%
2010	21,549,574	147,709,326	126,159,752	14.59%	81,391,495	155.00%
2012	28,910,090	156,623,184	127,713,094	18.46%	75,432,000	169.31%

(f) Actuarial Methods and Assumptions

Actuarial calculations reflect a long-term perspective. Calculations are based on the benefits provided under the terms of the Plan in effect at the time of each valuation and on the pattern of sharing of costs between the OCFA and plan members to that point. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The funded status of the Plan and the annual required contributions of the OCFA are subject to revision as actual results are compared with past expectations and new estimates are made about the future. The annual required contribution for the year ended June 30, 2014, was determined by an actuarial valuation of the Plan dated July 1, 2012. Unfunded liabilities are amortized over a closed period ending June 30, 2036. The principle assumptions and methods used to determine the annual required contribution were as follows:

• Valuation date	July 1, 2012
• Actuarial cost method	Entry age normal
• Amortization method	30 years beginning July 1, 2006, closed, level dollar
• Remaining amortization period	24 years as of July 1, 2012
• Asset valuation method	Market value
• Actuarial assumptions:	
Investment rate of return/discount rate	5.5%
Projected salary increases	N/A
Inflation	3.5%
Increase in retiree medical grant	5.0%
• Plan membership:	
Current retirees and surviving spouses	471
Current active members	804
Terminated participants entitled but not yet eligible	9

(18) Retiree Defined Contribution Healthcare Expense Reimbursement Plan

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

All active, full-time employees who became employed by the OCFA on or after January 1, 2007, are required to contribute 4% of their gross pay through payroll deductions to the OCFA. All contributions, investment income, realized and unrealized gains and losses are credited to individual recordkeeping accounts maintained in the name of each Plan participant. Account assets are invested as directed by the participant from among investment funds selected by the OCFA. Participants are eligible to receive Plan benefits upon reaching retirement age, including those who terminate employment with the OCFA for reasons other than retirement. Required and actual OCFA contributions totaled $1,496,155 for the year ended June 30, 2014.

(19) Subsequent Events

(a) Short-term Debt

On July 1, 2014, OCFA issued $44,000,000 of 2014-2015 Tax and Revenue Anticipation Notes (TRAN) at an interest rate of 0.75%, for the purpose of financing seasonal cash flow requirements for General Fund expenditures during the fiscal year ending June 30, 2015. In accordance with California law, the TRAN are considered general obligations of the OCFA, but are payable only out of the taxes, income, revenue, cash receipts, or other moneys received or accrued by the OCFA during Fiscal Year 2014/15 that are lawfully available for payment of the TRAN principal and accrued interest. The TRAN matures on June 30, 2015.

(b) Accelerated Pay-down of the Unfunded Actuarial Accrued Liability (UAAL) for Retirement

As part of the an overall strategy to reduce its long-term liabilities, OCFA previously negotiated with the Orange County Professional Firefighters Association and the Orange County Employees Association to use a portion of its cash reserves to accelerate the pay-down of its unfunded retirement liability with the Orange County Employees Retirement System (OCERS). On July 1, 2014, OCFA made an accelerated UAAL payment to OCERS totaling $18,290,238.

Orange County Fire Authority Safety Message

Learn the ABC's of Pool Safety
(Part 3 of 3)

C – Classes – "CPR"

- ✓ Learn CPR, first aid, and rescue techniques.
- ✓ Learn swim skills through on-going qualified instruction.
- ✓ Keep rescue equipment such as a shepherd's hook, life-saving ring, and CPR sign mounted by the pool to instruct others.
- ✓ Find out and understand the proper behavior in and around the water. Teach children the same behaviors.

Required Supplementary Information

Required Supplementary Information

Extra Help Retirement
A single-employer, defined benefit pension plan that provides retirement benefits for OCFA's less than half-time and extra help employees. Plan assets are accounted for in the Extra Help Retirement fiduciary fund.

Defined Benefit Retiree Medical Plan
A single-employer, defined benefit plan for OCFA's full-time employees hired prior to January 1, 2007, which provides a monthly grant toward the cost of retirees' health insurance coverage. Plan 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).

ORANGE COUNTY FIRE AUTHORITY
Schedules of Required Supplementary Information

Extra Help Retirement
Schedule of Changes in Net Pension Liability and Related Ratios
As of June 30, for the Last Ten Fiscal Years (A)

		2014
Total pension liability:		
Service cost	$	8,030
Interest		11,484
Benefit payments, including refunds of member contributions		(8,676)
Net change in total pension liability		**10,838**
Total pension liability - beginning		302,551
Total pension liability - ending (a)		**313,389**
Plan fiduciary net position:		
Contributions - employer		2,117
Contributions - plan members		13,542
Net investment income		586
Benefit payments, including refunds of member contributions		(8,676)
Net change in plan fiduciary net position		**7,569**
Total pension net position - beginning		56,895
Total pension net position - ending (b)		**64,464**
Net pension liability - ending (a - b)	**$**	**248,925**
Plan fiduciary net position as a percentage of the total pension liability (b / a)		20.57%
Covered-employee payroll (c)	$	205,340
Net pension liability as a percentage of covered-employee payroll (c) / (a - b)		121.23%
Employer contributions:		
Required contributions	$	2,117
Actual contributions	$	2,117
Actual contributions as a percentage of required contributions		100.00%

Notes to Schedule:

Benefit changes: None

Changes in assumptions: None

(A): GASB Statement No. 67, which requires ten years of history for this schedule, was implemented during Fiscal Year 2013/14. Additional years will be added as they become available in the future.

ORANGE COUNTY FIRE AUTHORITY
Schedules of Required Supplementary Information

Extra Help Retirement
Schedule of Investment Returns
As of June 30, for the Last Ten Fiscal Years (A)

	2014
Annual money-weighted rate of return, net of investment expense	**0.97%**

Notes to Schedule:

(A): GASB Statement No. 67, which requires ten years of history for this schedule, was implemented during Fiscal Year 2013/14. Additional years will be added as they become available in the future.

ORANGE COUNTY FIRE AUTHORITY
Schedules of Required Supplementary Information

Defined Benefit Retiree Medical Plan
Schedule of Funding Progress
Last Three Actuarial Valuations

	Actuarial Valuation Dated		
	July 1, 2012	**July 1, 2010**	**July 1, 2008**
Entry age actuarial accrued liability (AAL)	$156,623,184	$147,709,326	$94,124,900
Actuarial value of assets	28,910,090	21,549,574	21,525,051
Unfunded AAL (UAAL)	**$ 127,713,094**	**$ 126,159,752**	**$ 72,599,849**
Funded ratio	**18.46%**	**14.59%**	**22.87%**
Covered payroll	**$ 75,432,000**	**$ 81,391,495**	**$ 80,624,028**
UAAL as a percentage of covered payroll	**169.31%**	**155.00%**	**90.05%**

Notes to Schedules:

Benefit changes: None

Changes in Size or Composition of Plan members:

	Actuarial Valuation Dated		
	July 1, 2012	July 1, 2010	July 1, 2008
Current retirees and surviving spouses	471	388	316
Current active members	804	896	960
Terminated participants entitled but not yet eligible	9	5	-
	1,284	1,289	1,276

ORANGE COUNTY FIRE AUTHORITY
Schedules of Required Supplementary Information

Defined Benefit Retiree Medical Plan
Schedule of Contributions from the Employer and Other Contributing Entities
Last Three Fiscal Years

	Fiscal Year Ended		
	June 30, 2014	**June 30, 2013**	**June 30, 2012**
Annual OPEB cost	$14,461,381	$13,689,125	$13,141,576
Actual contributions	4,693,202	4,759,104	4,557,554
Net increase to Net OPEB obligation	**$ 9,768,179**	**$ 8,930,021**	**$ 8,584,022**
% of annual OPEB cost contributed	**32.45%**	**34.77%**	**34.68%**

Notes to Schedule (Continued):

Changes in assumptions:

(1) The implicit subsidy for insurance premiums paid on behalf of retirees was included in the actuarial valuations effective July 1, 2008, and thereafter. The implicit subsidy was excluded from previous actuarial valuations.

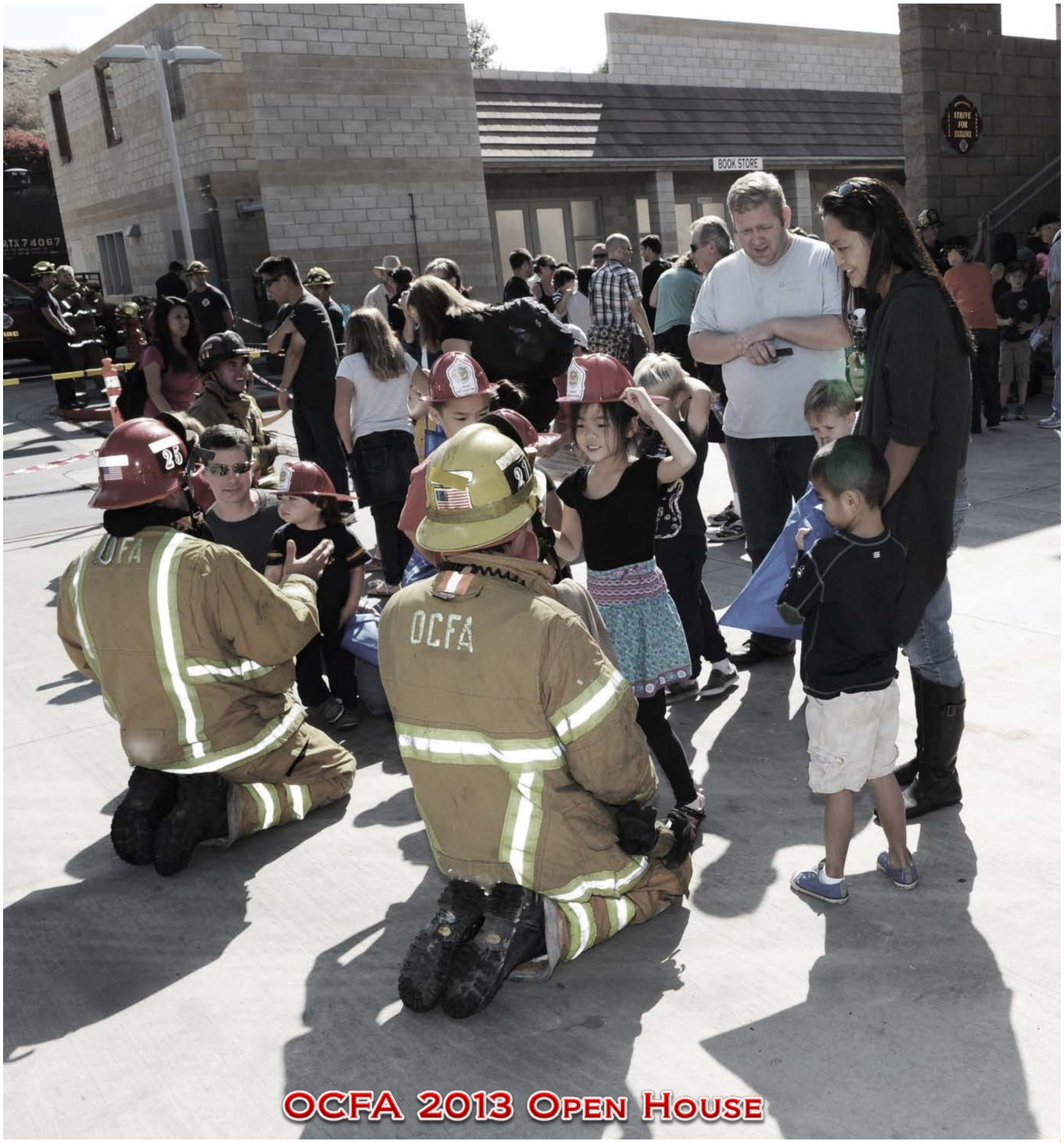
(2) The investment rate of return/discount rate decreased as follows:

	Actuarial Valuation Dated		
	July 1, 2012	July 1, 2010	July 1, 2008
Investment rate of return/discount rate	5.50%	5.50%	7.75%

Orange County Fire Authority Safety Message

What to do if a Child Falls into a Pool

- ✓ Yell for help and check the scene to make sure that you can safely help the child.
- ✓ Get the child out of the pool and onto the pool deck.
- ✓ Check for consciousness by tapping and shouting, "are you okay?"
- ✓ If someone is with you, have them call 9-1-1. Determine if the child is breathing: Tilt the head back. If you don't hear or feel breathing or see the chest rising, give two (2) rescue breaths and then check for a pulse.
- ✓ Begin rescue breathing or CPR immediately and continue until emergency help arrives.
- ✓ If you are alone and the child is not breathing and/or does not have a pulse, start rescue breathing or CPR immediately. After one minute, call 9-1-1. Return to the child and continue CPR until help arrives.



Supplementary Schedules

Major Governmental Funds

Capital Projects Funds

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

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

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

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

ORANGE COUNTY FIRE AUTHORITY
Facilities Maintenance & Improvements
Budgetary Comparison Schedule
Year ended June 30, 2014
(With Comparative Data for Prior Year)

	2014				2013
	Budget Amounts		Actual	Variance with Final Budget Positive	Actual
	Original	Final	Amounts	(Negative)	Amounts
Budgetary fund balance, July 1	**$ 2,584,684**	**$ 2,584,684**	**$ 2,584,684**	**$ -**	**$ 3,279,721**
Resources (inflows):					
Intergovernmental	-	890,000	17,220	(872,780)	-
Charges for services	216,178	238,129	238,129	-	278,656
Use of money and property	10,238	12,497	17,398	4,901	(1,951)
Miscellaneous	-	50,000	39,233	(10,767)	-
Transfers in	1,078,745	1,078,745	1,078,745	-	-
Total resources (inflows)	**1,305,161**	**2,269,371**	**1,390,725**	**(878,646)**	**276,705**
Amounts available for appropriations	**3,889,845**	**4,854,055**	**3,975,409**	**(878,646)**	**3,556,426**
Charges to appropriation (outflows):					
Services and supplies	1,254,884	1,404,884	1,264,707	140,177	961,247
Capital outlay	-	890,000	-	890,000	10,495
Total charges to appropriations	**1,254,884**	**2,294,884**	**1,264,707**	**1,030,177**	**971,742**
Budgetary fund balance, June 30	**$ 2,634,961**	**$ 2,559,171**	**$ 2,710,702**	**$ 151,531**	**$ 2,584,684**

ORANGE COUNTY FIRE AUTHORITY
Communications & Information Systems
Budgetary Comparison Schedule
Year ended June 30, 2014
(With Comparative Data for Prior Year)

	2014				2013
	Budget Amounts		Actual	Variance with Final Budget Positive	Actual
	Original	Final	Amounts	(Negative)	Amounts
Budgetary fund balance, July 1	**$ 19,079,126**	**$ 19,079,126**	**$ 19,079,126**	**$ -**	**$ 22,207,187**
Resources (inflows):					
Intergovernmental	920,000	920,000	-	(920,000)	-
Use of money and property	50,445	63,073	109,385	46,312	(11,991)
Miscellaneous	-	129,909	129,909	-	148,011
Transfers in	2,234,129	2,449,115	2,449,115	-	343,435
Total resources (inflows)	**3,204,574**	**3,562,097**	**2,688,409**	**(873,688)**	**479,455**
Amounts available for appropriations	**22,283,700**	**22,641,223**	**21,767,535**	**(873,688)**	**22,686,642**
Charges to appropriation (outflows):					
Services and supplies	1,403,332	2,223,732	1,420,510	803,222	1,562,993
Capital outlay	11,052,416	12,258,416	2,295,273	9,963,143	2,044,523
Total charges to appropriations	**12,455,748**	**14,482,148**	**3,715,783**	**10,766,365**	**3,607,516**
Budgetary fund balance, June 30	**$ 9,827,952**	**$ 8,159,075**	**$ 18,051,752**	**$ 9,892,677**	**$ 19,079,126**

ORANGE COUNTY FIRE AUTHORITY
Vehicle Replacement
Budgetary Comparison Schedule
Year ended June 30, 2014
(With Comparative Data for Prior Year)

	2014				2013
	Budget Amounts		Actual	Variance with Final Budget Positive	Actual
	Original	Final	Amounts	(Negative)	Amounts
Budgetary fund balance, July 1	**$ 30,875,249**	**$ 30,875,249**	**$ 30,875,249**	**$ -**	**$ 34,373,122**
Resources (inflows):					
Intergovernmental	-	-	-	-	879,066
Charges for services	1,355,244	1,362,214	1,362,214	-	1,332,748
Use of money and property	119,439	112,554	175,421	62,867	(18,644)
Miscellaneous	-	79,719	79,719	-	90,839
Developer contributions	643,106	643,106	-	(643,106)	-
Transfers in	1,184,973	1,842,515	1,842,515	-	37,787
Total resources (inflows)	**3,302,762**	**4,040,108**	**3,459,869**	**(580,239)**	**2,321,796**
Amounts available for appropriations	**34,178,011**	**34,915,357**	**34,335,118**	**(580,239)**	**36,694,918**
Charges to appropriation (outflows):					
Services and supplies	86,958	86,958	86,958	-	173,434
Capital outlay	7,217,462	11,262,691	2,219,556	9,043,135	3,114,512
Principal retirement	2,219,152	2,219,152	2,219,152	-	2,162,809
Interest and fiscal charges	312,571	312,571	312,571	-	368,914
Total charges to appropriations	**9,836,143**	**13,881,372**	**4,838,237**	**9,043,135**	**5,819,669**
Budgetary fund balance, June 30	**$ 24,341,868**	**$ 21,033,985**	**$ 29,496,881**	**$ 8,462,896**	**$ 30,875,249**

ORANGE COUNTY FIRE AUTHORITY
Facilities Replacement
Budgetary Comparison Schedule
Year ended June 30, 2014
(With Comparative Data for Prior Year)

	2014				2013
	Budget Amounts		Actual	Variance with Final Budget Positive	Actual
	Original	Final	Amounts	(Negative)	Amounts
Budgetary fund balance, July 1	**$ 16,683,531**	**$ 16,683,531**	**$ 16,683,531**	**$ -**	**$ 16,136,604**
Resources (inflows):					
Use of money and property	50,111	50,111	89,100	38,989	(13,275)
Miscellaneous	-	76,949	76,949	-	87,586
Developer contributions	4,056,050	5,253,050	1,271,400	(3,981,650)	538,260
Total resources (inflows)	**4,106,161**	**5,380,110**	**1,437,449**	**(3,942,661)**	**612,571**
Amounts available for appropriations	**20,789,692**	**22,063,641**	**18,120,980**	**(3,942,661)**	**16,749,175**
Charges to appropriation (outflows):					
Services and supplies	-	-	-	-	65,644
Capital outlay	5,250,000	12,956,900	2,711,093	10,245,807	-
Total charges to appropriations	**5,250,000**	**12,956,900**	**2,711,093**	**10,245,807**	**65,644**
Budgetary fund balance, June 30	**$ 15,539,692**	**$ 9,106,741**	**$ 15,409,887**	**$ 6,303,146**	**$ 16,683,531**

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ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Balance Sheet
June 30, 2014
(With Comparative Data for Prior Year)

	General Operating Fund	Structural Fire Entitlement
Assets:		
Cash and investments	$ 31,645,070	$ 1,173,911
Receivables:		
Accounts, net	2,117,990	-
Accrued interest	54,196	-
Prepaid costs and other assets	30,565,638	-
Due from other governments, net	9,946,907	-
Total assets	**$ 74,329,801**	**$ 1,173,911**
Liabilities:		
Accounts payable	$ 4,911,061	$ 389,294
Accrued liabilities	11,540,122	-
Unearned revenue	3,012,482	-
Due to other governments	67,854	-
Total liabilities	**19,531,519**	**389,294**
Deferred Inflows of Resources:		
Unavailable revenue	1,000,139	-
Total deferred inflows of resources	**1,000,139**	**-**
Fund balances:		
Nonspendable - Prepaid costs	30,560,638	-
Restricted for:		
Executive Management	-	-
Operations Department	32,015	-
Community Risk Reduction Department	267	-
Committed to - SFF cities enhancements	-	784,617
Assigned to:		
Workers' compensation	-	-
Executive Management	90,529	-
Operations Department	75,416	-
Community Risk Reduction Department	-	-
Business Services Department	58,254	-
Support Services Department	90,364	-
Unassigned	22,890,660	-
Total fund balances	**53,798,143**	**784,617**
Total liabilities, deferred inflows of resources, and fund balances	**$ 74,329,801**	**$ 1,173,911**

Self Insurance	Eliminations	Total General Fund 2014	Total General Fund 2013
$ 60,921,529	$ -	$ 93,740,510	$ 87,493,792
-	-	2,117,990	2,944,138
-	-	54,196	32,796
-	-	30,565,638	26,727,849
-	-	9,946,907	9,674,957
$ 60,921,529	**$ -**	**$ 136,425,241**	**$ 126,873,532**
$ -	$ -	$ 5,300,355	$ 2,471,418
-	-	11,540,122	12,853,555
-	-	3,012,482	2,905,626
-	-	67,854	23,368
-	**-**	**19,920,813**	**18,253,967**
-	-	1,000,139	1,034,421
-	**-**	**1,000,139**	**1,034,421**
-	-	30,560,638	26,727,849
-	-	-	7,865
-	-	32,015	127,193
-	-	267	2,618
-	-	784,617	1,268,160
60,921,529	-	60,921,529	53,230,384
-	-	90,529	24,832
-	-	75,416	62,583
-	-	-	55,138
-	-	58,254	161,126
-	-	90,364	134,545
-	-	22,890,660	25,782,851
60,921,529	**-**	**115,504,289**	**107,585,144**
$ 60,921,529	**$ -**	**$ 136,425,241**	**$ 126,873,532**

ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2014
(With Comparative Data for Prior Year)

	General Operating Fund	Structural Fire Entitlement
Revenues:		
Taxes	$ 190,873,689	$ -
Intergovernmental	19,094,591	-
Charges for services	96,104,840	-
Use of money and property	221,503	6,825
Miscellaneous	1,352,043	-
Total revenues	**307,646,666**	**6,825**
Expenditures:		
Current - public safety:		
Salaries and benefits	269,959,939	-
Services and supplies	31,477,919	490,368
Capital outlay	455,496	-
Debt service:		
Interest and fiscal charges	109,274	-
Total expenditures	**302,002,628**	**490,368**
Excess (deficiency) of revenues over (under) expenditures	5,644,038	(483,543)
Other financing sources (uses):		
Transfers out	(5,370,375)	-
Sale of capital and other assets	77,077	-
Insurance recoveries	360,803	-
Total other financing sources (uses)	**(4,932,495)**	**-**
Net change in fund balances	711,543	(483,543)
Fund balances, beginning of year	53,086,600	1,268,160
Fund balances, end of year	**$ 53,798,143**	**$ 784,617**

Self Insurance	Eliminations	Total General Fund 2014	Total General Fund 2013
$ -	$ -	$ 190,873,689	$ 181,720,253
-	-	19,094,591	28,004,583
12,825,909	(12,825,909)	96,104,840	94,292,648
312,652	-	540,980	25,305
-	-	1,352,043	4,785,472
13,138,561	**(12,825,909)**	**307,966,143**	**308,828,261**
-	(12,825,909)	257,134,030	255,301,913
5,447,416	-	37,415,703	29,849,819
-	-	455,496	250,572
-	-	109,274	115,937
5,447,416	**(12,825,909)**	**295,114,503**	**285,518,241**
7,691,145	-	12,851,640	23,310,020
-	-	(5,370,375)	(381,222)
-	-	77,077	58,051
-	-	360,803	53,529
-	**-**	**(4,932,495)**	**(269,642)**
7,691,145	-	7,919,145	23,040,378
53,230,384	-	107,585,144	84,544,766
$ 60,921,529	**$ -**	**$ 115,504,289**	**$ 107,585,144**

ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Original Budget
Year ended June 30, 2014

	General Operating Fund	Structural Fire Entitlement	Self Insurance	Eliminations	Total General Fund 2014
Budgetary fund balance, July 1	**$ 53,086,600**	**$ 1,268,160**	**$ 53,230,384**	**$ -**	**$ 107,585,144**
Resources (inflows):					
Taxes	186,998,721	-	-	-	186,998,721
Intergovernmental	11,443,286	-	-	-	11,443,286
Charges for services	94,325,831	-	12,763,412	(12,763,412)	94,325,831
Use of money and property	221,379	296	255,764	-	477,439
Miscellaneous	782,000	-	-	-	782,000
Sale of capital and other assets	50,000	-	-	-	50,000
Total resources (inflows)	**293,821,217**	**296**	**13,019,176**	**(12,763,412)**	**294,077,277**
Amounts available for appropriations	**346,907,817**	**1,268,456**	**66,249,560**	**(12,763,412)**	**401,662,421**
Charges to appropriation (outflows):					
Salaries and benefits	266,528,679	-	-	(12,763,412)	253,765,267
Services and supplies	22,846,247	-	9,856,181	-	32,702,428
Capital outlay	29,444	-	-	-	29,444
Interest and fiscal charges	116,250	-	-	-	116,250
Transfers out	4,497,847	-	-	-	4,497,847
Total charges to appropriations	**294,018,467**	**-**	**9,856,181**	**(12,763,412)**	**291,111,236**
Budgetary fund balance, June 30	**$ 52,889,350**	**$ 1,268,456**	**$ 56,393,379**	**$ -**	**$ 110,551,185**

ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Final Budget
Year ended June 30, 2014

	General Operating Fund	Structural Fire Entitlement	Self Insurance	Eliminations	Total General Fund 2014
Budgetary fund balance, July 1	**$ 53,086,600**	**$ 1,268,160**	**$ 53,230,384**	**$ -**	**$ 107,585,144**
Resources (inflows):					
Taxes	190,156,251	-	-	-	190,156,251
Intergovernmental	17,872,333	-	-	-	17,872,333
Charges for services	96,288,619	-	12,825,908	(12,825,908)	96,288,619
Use of money and property	128,487	3,489	170,481	-	302,457
Miscellaneous	1,160,503	-	-	-	1,160,503
Sale of capital and other assets	50,000	-	-	-	50,000
Insurance recoveries	362,128	-	-	-	362,128
Total resources (inflows)	**306,018,321**	**3,489**	**12,996,389**	**(12,825,908)**	**306,192,291**
Amounts available for appropriations	**359,104,921**	**1,271,649**	**66,226,773**	**(12,825,908)**	**413,777,435**
Charges to appropriation (outflows):					
Salaries and benefits	273,143,957	-	-	(12,825,908)	260,318,049
Services and supplies	32,759,280	699,758	10,503,824	-	43,962,862
Capital outlay	573,577	-	-	-	573,577
Interest and fiscal charges	116,250	-	-	-	116,250
Transfers out	5,370,375	-	-	-	5,370,375
Total charges to appropriations	**311,963,439**	**699,758**	**10,503,824**	**(12,825,908)**	**310,341,113**
Budgetary fund balance, June 30	**$ 47,141,482**	**$ 571,891**	**$ 55,722,949**	**$ -**	**$ 103,436,322**

Orange County Fire Authority Safety Message

Nationwide Drowning Statistics

- ✓ In 2007, there were 3,443 fatal unintentional drownings in the U.S., averaging ten deaths per day.
- ✓ In 2007, males were four times more likely than females to die from unintentional drownings.
- ✓ More than one in five fatal drowning victims are children 14 and under. For every child who dies from drowning, another four received emergency department care for nonfatal submersion injuries.
- ✓ Although drowning rates have declined nationwide, fatal drowning remains the second leading cause of unintentional injury related death for children ages 1 to 14 years.

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

Fireworks and Summer Safety
(Part 1 of 2)

Each year in the United States, more than 10,000 people suffer eye injuries and burns from fireworks. Most of these incidents are related to the use of illegal fireworks, as well as state-approved fireworks that are lit by amateurs. These tips can help you be safe this 4th of July:

- ✓ Obey local laws. If fireworks are not legal where you live, do not use them.
- ✓ Buy only State Fire Marshal-approved (Safe and Sane) fireworks. They must have the State Fire Marshal's seal on them and can only be purchased at licensed fireworks stands. Only the cities of Buena Park, Costa Mesa, Fullerton, Garden Grove, Santa Ana, Stanton, Villa Park, and Westminster allow Safe and Sane Fireworks.
- ✓ Parents are liable for any damage or injuries caused by their children using fireworks.
- ✓ Always read directions and have an adult present.
- ✓ Use fireworks outdoors only and light one at a time.
- ✓ Never use near dry grass or other flammable materials.
- ✓ Have a bucket of water and a hose handy.
- ✓ Fireworks are not toys and should be handled by adults only.
- ✓ Do not wear loose fitting clothing, and always use safety goggles.
- ✓ Use common sense and keep a safe distance.
- ✓ Never point or throw fireworks at another person.
- ✓ Never attempt to re-light or "fix" fireworks.

ORANGE COUNTY FIRE AUTHORITY

Financial Trends Information

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

Changes in Net Position **–** Presents the changes in net position of governmental activities for each of the last ten fiscal years.

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

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

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

	Fiscal Year ended June 30			
	2005	2006	2007	2008
Governmental activities:				
Net investment in capital assets	$ 112,367,478	$ 122,819,640	$ 138,152,825	$ 163,340,815
Restricted	21,697,161	18,673,581	15,179,905	11,331,122
Unrestricted	59,545,780	74,568,019	93,182,195	120,539,628
Total governmental activities net position	$ 193,610,419	$ 216,061,240	$ 246,514,925	$ 295,211,565

SOURCE: OCFA Comprehensive Annual Financial Reports

NOTES:
(1) Restricted net position as of June 30, 2009, pertained to requirements of the revenue bonds issued to construct the Regional Fire Operations and Training Center. Those revenue bonds were issued in Fiscal Year 2001/02 and repaid in full during Fiscal Year 2009/10.

(2) Restricted net position as of June 30, 2012, included a one-time, $1.5 million unperformed purchase order for self-contained breathing apparatus that was funded by a federal grant.

2009	2010	2011	2012	2013	2014
$ 172,293,178	$ 183,717,406	$ 186,297,543	$ 183,584,385	$ 181,363,364	$ 180,917,654
7,394,371	1,623,121	1,627,233	3,252,969	1,690,858	1,076,322
129,119,689	115,965,726	99,704,595	81,450,846	74,510,482	61,760,639
$ 308,807,238	$ 301,306,253	$ 287,629,371	$ 268,288,200	$ 257,564,704	$ 243,754,615
(1)			(2)		

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

	Fiscal Year ended June 30			
Governmental Activities	2005	2006	2007	2008
Expenses - public safety:				
Salaries and benefits	$ 154,532,819	$ 166,930,470	$ 187,129,443	$ 199,095,873
Services and supplies	26,911,103	25,905,315	27,139,113	31,669,603
Depreciation and amortization	7,280,693	7,277,623	7,000,915	7,399,902
Interest on long-term debt	1,539,394	1,522,705	1,871,983	1,410,673
Total program expenses	190,264,009	201,636,113	223,141,454	239,576,051
Program revenues - public safety:				
Charges for services	52,968,895	56,509,909	61,130,982	69,187,051
Operating grants and contributions	4,208,541	6,650,839	5,537,722	6,835,746
Capital grants and contributions	1,445,246	2,730,652	4,172,358	22,092,218
Total program revenues	58,622,682	65,891,400	70,841,062	98,115,015
Net program revenues (expenses)	(131,641,327)	(135,744,713)	(152,300,392)	(141,461,036)
General revenues:				
Property taxes	138,076,307	152,747,044	166,639,162	182,536,717
Investment income	2,891,248	4,875,101	7,912,428	6,295,464
Gain on disposal of capital assets	-	-	-	-
Miscellaneous	608,684	573,389	903,992	730,733
Total general revenues	141,576,239	158,195,534	175,455,582	189,562,914
Changes in net assets	$ 9,934,912	$ 22,450,821	$ 23,155,190	$ 48,101,878
				(1)

SOURCE: OCFA Comprehensive Annual Financial Reports

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

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

2009	2010	2011	2012	2013	2014
$ 209,092,693	$ 211,729,989	$ 221,031,439	$ 240,084,607	$ 264,067,489	$ 266,764,367
31,425,592	24,318,065	30,736,034	37,069,099	45,879,501	47,912,808
7,923,947	8,432,793	8,970,508	9,300,853	9,793,491	9,612,453
1,718,137	855,577	677,910	494,014	367,701	311,327
250,160,369	245,336,424	261,415,891	286,948,573	320,108,182	324,600,955
67,305,621	63,743,942	61,975,963	76,347,126	102,875,410	106,874,513
5,981,800	5,784,969	5,963,648	6,580,681	19,523,853	10,339,966
140,903	1,415,618	395,180	3,926,275	2,811,180	1,462,540
73,428,324	70,944,529	68,334,791	86,854,082	125,210,443	118,677,019
(176,732,045)	(174,391,895)	(193,081,100)	(200,094,491)	(194,897,739)	(205,923,936)
184,696,756	179,001,919	177,181,086	177,728,290	181,720,253	190,873,689
3,704,964	1,006,128	611,408	524,602	(136,493)	823,010
-	-	39,803	79,705	11,924	21,834
1,925,998	890,127	835,021	2,420,723	4,329,603	1,200,195
190,327,718	180,898,174	178,667,318	180,753,320	185,925,287	192,918,728
$ 13,595,673	$ 6,506,279	$ (14,413,782)	$ (19,341,171) (2)	$ (8,972,452)	$ (13,005,208)

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

	Fiscal Year ended June 30			
	2005	2006	2007	2008
General Fund:				
Reserved	$ 1,610,025	$ 2,392,327	$ 1,476,790	$ 1,519,961
Unreserved	36,571,082	48,163,349	54,391,252	60,436,769
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	$ 38,181,107	$ 50,555,676	$ 55,868,042	$ 61,956,730
All other governmental funds:				
Reserved	$ 13,822,050	$ 12,162,589	$ 14,066,095	$ 8,446,422
Unreserved, reported in:				
Special revenue funds	17,029,091	32,488,801	46,998,762	62,633,870
Capital projects funds	9,257,299	8,875,958	5,602,562	16,718,235
Debt service funds	19,267,740	16,204,380	12,648,661	8,738,484
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Total all other governmental funds	$ 59,376,180	$ 69,731,728	$ 79,316,080	$ 96,537,011

SOURCE: OCFA Comprehensive Annual Financial Reports

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

2009	2010	2011	2012	2013	2014
$ 1,417,069	$ -	$ -	$ -	$ -	$ -
67,926,629	-	-	-	-	-
-	117,473	23,186,680	22,756,709	26,727,849	30,560,638
-	111,305	111,980	1,699,787	137,676	32,282
-	861,116	797,935	1,372,789	1,268,160	784,617
-	37,621,864	35,550,989	34,715,397	53,668,608	61,236,092
-	41,985,648	25,592,531	25,751,128	25,782,851	22,890,660
$ 69,343,698	$ 80,697,406	$ 85,240,115	$ 86,295,810	$ 107,585,144	$ 115,504,289
$ 14,752,366	$ -	$ -	$ -	$ -	$ -
75,515,265	-	-	-	-	-
13,344,809	-	-	-	-	-
4,752,258	-	-	-	-	-
-	567,349	478,449	405,815	352,318	284,349
-	1,015,700	1,515,253	1,553,182	1,553,182	1,044,040
-	87,476,588	78,023,210	74,037,637	67,317,090	64,340,833
$ 108,364,698	$ 89,059,637	$ 80,016,912	$ 75,996,634	$ 69,222,590	$ 65,669,222
	(1)				

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

	Fiscal Year ended June 30			
	2005	2006	2007	2008
Revenues:				
Taxes	$ 138,076,307	$ 152,747,044	$ 166,639,162	$ 182,536,717
Intergovernmental	9,279,498	12,737,022	15,643,174	24,168,953
Charges for services	47,912,985	50,431,293	53,191,997	53,510,278
Use of money and property	2,891,248	5,284,539	8,379,245	7,336,664
Miscellaneous	608,684	581,708	428,475	982,487
Developer contributions	1,445,246	2,730,652	1,096,262	1,744,392
Total revenues	200,213,968	224,512,258	245,378,315	270,279,491
Expenditures:				
Current - public safety:				
Salaries and benefits	151,938,290	166,670,733	186,074,623	195,481,030
Services and supplies	27,100,196	23,188,784	27,146,936	31,386,487
Capital outlay	8,013,300	10,838,654	9,714,765	13,323,621
Debt service:				
Principal retirement	4,889,349	5,033,119	5,186,766	4,867,453
Interest and fiscal charges	1,620,267	1,985,533	2,414,453	2,526,877
Issuance costs	-	-	-	-
Total expenditures	193,561,402	207,716,823	230,537,543	247,585,468
Excess (deficiency) of revenues over (under) expenditures	6,652,566	16,795,435	14,840,772	22,694,023
Other financing sources (uses):				
Transfers in	24,457,025	18,435,635	24,350,337	29,914,910
Transfers out	(24,457,025)	(18,435,635)	(24,350,337)	(29,914,910)
Issuance of long-term debt	-	5,841,858	-	-
Refinanced long-term debt	-	-	-	-
Sale of capital and other assets	66,547	92,824	55,946	93,807
Insurance recoveries	-	-	-	-
Total other financing sources (uses)	66,547	5,934,682	55,946	93,807
Net change in fund balances	$ 6,719,113	$ 22,730,117	$ 14,896,718	$ 22,787,830
Debt service as a percentage of noncapital expenditures	3.5%	3.6%	3.4%	3.2%

SOURCE: OCFA Comprehensive Annual Financial Reports

2009	2010	2011	2012	2013	2014
$ 184,696,756	$ 179,001,919	$ 177,181,086	$ 177,728,290	$ 181,720,253	$ 190,873,689
18,898,459	14,202,209	11,080,619	12,894,882	28,883,649	19,111,811
54,125,964	55,325,007	56,582,867	65,556,905	95,904,052	97,705,183
4,148,889	1,341,991	822,002	660,621	(20,556)	932,284
2,517,891	1,333,170	1,320,856	2,753,421	5,111,908	1,677,853
-	551,365	43,200	10,140	538,260	1,271,400
264,387,959	251,755,661	247,030,630	259,604,259	312,137,566	311,572,220
203,790,256	206,942,045	211,801,889	228,452,010	255,301,913	257,134,030
28,561,308	28,521,125	28,207,018	30,737,551	32,613,137	40,187,878
32,624,294	9,647,853	9,899,979	932,034	5,420,102	7,681,418
5,933,911	13,370,586	1,911,912	2,139,694	2,162,809	2,219,152
2,119,347	1,459,383	890,067	635,351	484,851	421,845
-	-	-	286,599	-	-
273,029,116	259,940,992	252,710,865	263,183,239	295,982,812	307,644,323
(8,641,157)	(8,185,331)	(5,680,235)	(3,578,980)	16,154,754	3,927,897
30,257,506	10,608,277	4,137,811	-	381,222	5,370,375
(30,257,506)	(10,608,277)	(4,137,811)	-	(381,222)	(5,370,375)
21,515,238	-	-	16,756,078	-	-
-	-	-	(16,377,093)	-	-
93,480	162,533	434,914	146,317	58,051	77,077
81,576	71,445	8,405	89,095	53,529	360,803
21,690,294	233,978	443,319	614,397	111,580	437,880
$ 13,049,137	$ (7,951,353)	$ (5,236,916)	$ (2,964,583)	$ 16,266,334	$ 4,365,777
3.3%	5.9%	1.2%	1.1%	0.9%	0.9%

Orange County Fire Authority Safety Message

Fireworks and Summer Safety
(Part 2 of 2)

- ***Beach Fire Pits:*** After a barbeque at the beach, many picnickers cover red-hot coals with sand thinking it will extinguish the hot briquettes. Instead, the sand acts as an insulator making the coals even hotter. The result of this action can lead to children walking over the covered fire pit several hours later and severely burning their feet. Every year, six to twelve youngsters suffer very deep burns on their hands and feet, which require skin grafts and months of recuperation.

- ***Barbeque Mishaps:*** Beware of mixing oil with fire! Every year, thousands of backyard chefs become impatient when their charcoal briquettes are slow to heat. To speed up this operation they apply more charcoal lighter fluid to smoldering coals directly from the can. The result of this action is that the hot briquettes ignite the stream of lighter fluid in an instant, racing to the can, and bursting into flames in the cook's hand.

- ***What to do if you get burned:***

  ✓ Cool the burn with cool water, not ice.

  ✓ Seek medical treatment or call 9-1-1.

  ✓ Do not apply butter or ointments.

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 2004/05	FY 2005/06	FY 2006/07	FY 2007/08
Buena Park	$ 5,651,721	$ 6,112,028	$ 6,750,905	$ 7,351,653
Placentia	3,792,066	4,189,586	4,628,986	4,991,175
San Clemente	8,748,299	9,999,404	11,366,168	12,486,976
Santa Ana (4)	n/a	n/a	n/a	n/a
Seal Beach	2,968,854	3,189,870	3,585,301	3,875,902
Stanton	1,590,290	1,774,670	1,972,744	2,184,177
Tustin	6,507,163	7,046,325	8,170,655	9,070,627
Westminster	5,188,197	5,589,577	6,215,306	6,640,057
Total cash contract cities (3)	34,446,590	37,901,460	42,690,065	46,600,567
Aliso Viejo	5,673,714	6,176,940	6,968,167	7,499,861
Cypress	4,380,633	4,704,566	5,085,127	5,421,886
Dana Point	6,250,662	6,998,388	7,693,012	8,532,709
Irvine	29,634,708	33,764,042	39,280,256	44,382,983
Laguna Hills	4,508,804	4,909,424	5,313,973	5,736,525
Laguna Niguel	9,496,924	10,355,469	11,347,524	12,073,542
Laguna Woods	1,793,619	1,963,825	2,118,937	2,262,295
Lake Forest	8,567,664	9,258,757	10,165,487	10,896,488
La Palma	1,304,664	1,397,213	1,509,520	1,636,875
Los Alamitos	1,221,543	1,333,656	1,416,837	1,515,499
Mission Viejo	10,514,195	11,473,222	12,449,764	13,246,125
Rancho Santa Margarita	5,502,550	5,989,888	6,575,282	6,977,082
San Juan Capistrano	4,424,780	4,780,297	5,260,585	5,794,133
Villa Park	1,069,950	1,148,109	1,234,034	1,311,588
Yorba Linda	7,938,555	8,865,186	9,969,593	10,909,311
Unincorporated	15,890,882	17,991,705	19,843,722	21,846,485
Total SFF jurisdictions (2)	118,173,847	131,110,687	146,231,820	160,043,387
Percentage change from prior year	8.92%	10.95%	11.53%	9.44%
Total assessed valuation	$152,620,437	$169,012,147	$188,921,885	$206,643,954
Total direct tax rate	0.12%	0.12%	0.11%	0.11%

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

NOTES:

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

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

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

(4) Santa Ana joined OCFA on April 20, 2012.

FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14
$ 7,611,793	$ 7,438,787	$ 7,478,553	$ 7,484,717	7,602,927	7,886,342
5,070,123	4,967,651	4,969,023	5,007,558	5,080,849	5,203,417
12,855,038	12,631,337	12,431,717	12,356,019	12,506,118	12,824,727
n/a	n/a	n/a	20,100,864	20,339,779	21,119,683
4,256,884	4,241,221	4,282,032	4,434,345	4,480,557	4,580,472
2,195,788	2,070,815	2,042,112	2,063,293	2,073,752	2,144,270
9,958,561	9,501,069	9,419,294	9,378,899	9,502,173	9,732,381
6,775,451	6,698,153	6,779,972	6,935,762	7,023,383	7,176,141
48,723,638	47,549,033	47,402,703	67,761,457	68,609,538	70,667,433
7,792,144	7,553,177	7,459,562	7,511,408	7,605,524	7,877,812
5,604,677	5,529,005	5,514,794	5,560,190	5,666,354	5,854,809
8,879,909	8,763,402	8,687,748	8,735,352	8,844,364	9,126,750
47,257,608	47,212,001	46,538,576	47,136,231	48,646,093	51,002,248
5,692,646	5,589,417	5,460,470	5,463,649	5,513,066	5,643,545
12,227,117	11,883,056	11,892,951	11,991,939	12,116,601	12,402,919
2,295,254	2,273,717	2,214,363	2,186,990	2,193,624	2,237,288
11,189,197	10,915,562	10,744,518	10,721,083	10,885,724	11,238,775
1,685,812	1,695,126	1,698,469	1,698,169	1,718,007	1,744,907
1,582,738	1,589,309	1,616,120	1,603,255	1,638,193	1,674,933
13,357,566	13,104,698	13,157,979	13,226,115	13,320,574	13,639,460
6,921,865	6,617,903	6,605,397	6,623,819	6,679,191	6,759,144
5,961,050	5,835,957	5,817,501	5,799,444	5,833,269	6,039,344
1,355,557	1,359,734	1,353,409	1,372,687	1,398,666	1,466,599
11,165,576	10,897,981	10,936,312	11,262,427	11,484,958	11,857,840
22,212,379	21,447,511	21,485,307	21,509,471	21,332,072	21,915,863
165,181,095	162,267,556	161,183,476	162,402,229	164,876,280	170,482,236
3.21%	-1.76%	-0.67%	0.76%	1.52%	3.40%
$213,904,733	$209,816,589	$208,586,179	$230,163,686	$ 233,485,818	$ 241,149,669
0.11%	0.11%	0.11%	0.11%	0.11%	0.11%

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

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

	County of Orange (B)			OCFA (B)
	Overlapping	Direct		Direct
	Basic Operating Levy	Debt Service	Total	Basic Operating Levy
2005	1.00000	0.00000	1.00000	0.0012
2006	1.00000	0.00000	1.00000	0.0012
2007	1.00000	0.00000	1.00000	0.0011
2008	1.00000	0.00000	1.00000	0.0011
2009	1.00000	0.00000	1.00000	0.0011
2010	1.00000	0.00000	1.00000	0.0011
2011	1.00000	0.00000	1.00000	0.0011
2012	1.00000	0.00000	1.00000	0.0011
2013	1.00000	0.00000	1.00000	0.0011
2014	1.00000	0.00000	1.00000	0.0011
	(A)	(A)		(C)

SOURCE:

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

(B) Data for the entire County of Orange is not limited to the cities/unincorporated areas served by the Orange County Fire Authority. Data for OCFA is limited to its member cities that are part of the Structural Fire Fund (SFF).

(C) Direct tax rate calculation per the "Assessed Value and Estimated Actual Value of Taxable Property" schedule included in this report.

NOTE: This schedule presents tax rates per $100 of assessed/full cash value.

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

	Fiscal Year 2004/05				Fiscal Year 2013/14			
Property Tax Payer		Actual Taxes Levied	Rank	Percent of Total Taxes Levied		Actual Taxes Levied	Rank	Percent of Total Taxes Levied
Irvine Company	$	44,074	1	1.23%	$	114,098	1	2.22%
Walt Disney Parks & Resorts US (Walt Disney World Company)	$	34,454	2	0.96%	$	51,566	2	1.00%
So Cal Edison Company	$	16,239	4	0.45%	$	33,028	3	0.64%
Heritage Fields El Toro				0.00%	$	10,107	4	0.20%
Pacific Bell Telephone Company (AT&T; SBC California)	$	7,749	6	0.22%	$	8,223	5	0.16%
United Laguna Hills Mutual	$	6,108	7	0.17%	$	7,072	6	0.14%
Oxy USA Inc.					$	6,175	7	0.12%
Linn Western Operating Inc.					$	4,690	8	0.09%
OC/SD Holdings LLC					$	4,653	9	0.09%
Southern California Gas Company					$	4,356	10	0.08%
Irvine Apartment Communities	$	18,640	3	0.52%				
American Airlines Inc.	$	8,283	5	0.23%				
Irvine Co. of W. VA.	$	5,199	8	0.14%				
Irvine Community Development	$	4,873	9	0.14%				
McDonnell Douglas Corporation	$	4,127	10	0.11%				

SOURCES:
OCFA Comprehensive Annual Financial Report for Fiscal Year 2004/05
County of Orange, Treasurer-Tax Collector, Tax Collector Top 10 Taxpayer List for Fiscal Year 2013/14 (http://ttc.ocgov.com/proptax/toptaxpayers)

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

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

		Collected within the Fiscal Year of Levy		Collection of Prior Year Levies		Collection of Penalties and Interest		Total Collection to Date			Collection of Property Tax Increment (4) Pass-Through	
Fiscal Year ended June 30	Taxes Levied for the Fiscal Year	Amount	% of Levy	Teeter Plan	Delinquencies and Other	Delinquency Penalties	Interest	Total Amounts Collected	% of Levy		RDA	H&S
2005	$ 138,864	$ 136,787	98.5%	(1)	$ 250	(2)	(1)	$ 137,037	98.7%		$ -	$ -
2006	$ 154,294	$ 149,252	96.7%	$ 2,104	$ 290	$ 42	$ 101	$ 151,789	98.4%		$ -	$ -
2007	$ 168,777	$ 160,990	95.4%	$ 4,023	$ 506	$ 74	$ 974	$ 166,567	98.7%		$ -	$ -
2008	$ 182,400	$ 174,208	95.5%	$ 6,157	$ 812	$ 125	$ 471	$ 181,773	99.7%		$ -	$ -
2009	$ 184,776	$ 176,080	95.3%	$ 5,985	$ 878	$ 157	$ 226	$ 183,326	99.2%		$ -	$ -
2010	$ 179,914	$ 158,509	88.1%	$ 3,683	$ 493	$ 110	$ 100	$ 162,895	90.5%	(3)	$ -	$ -
2011	$ 178,812	$ 172,543	96.5%	$ 2,510	$ 246	$ 79	$ 58	$ 175,436	98.1%		$ -	$ -
2012	$ 179,564	$ 173,169	96.4%	$ 2,324	$ 262	$ 79	$ 46	$ 175,880	97.9%		$ 3,468	$ -
2013	$ 184,029	$ 178,299	96.9%	$ 1,674	$ 157	$ 30	$ 37	$ 180,197	97.9%		$ 6,248	$ 10,269
2014	$ 192,876	$ 187,828	97.4%	$ 1,371	$ 49	$ 32	$ 37	$ 189,317	98.2%		$ 6,958	$ 208

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

NOTES:

(1) The Teeter Plan apportions delinquencies on a current year basis for Secured Property Taxes. Prior to Fiscal Year 2005/06, both interest earnings and the apportionment from the Teeter Plan were combined on this schedule with the amount collected within the fiscal year of levy.

(2) Prior to Fiscal Year 2005/06, collection of delinquent amounts and related penalties were combined for presentation on this schedule.

(3) Due to a Proposition 1A borrowing by the State, the property tax apportionment in Fiscal Year 2009/10 was reduced by $14,648,105. These funds were restored by a securitization mechanism and, had they been included in the tax ledger, collections would have been $177,543,386 (96.2% of levy collected within the fiscal year and 98.7% of levy collected to date).

(4) Upon dissolution of California redevelopment agencies during Fiscal Year 2011/12, property tax increment formerly remitted to OCFA by its member city redevelopment agencies was instead deposited into the newly formed Redevelopment Property Tax Trust Fund (RPTTF) from which the Auditor/Controller made disbursements on behalf of the successor agencies. There is no tax levy associated with these collections; thus, they have been excluded from the "% of levy collected" calculations.

ORANGE COUNTY FIRE AUTHORITY

Debt Capacity Information

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

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

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

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

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

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

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

	Governmental Activities (A)			(B)		(C)		
Fiscal Year ended June 30	Revenue Bonds	Capital Lease Purchase Agreements	Total Outstanding Debt	County of Orange Median Household Income	Debt as a Percentage of Household Income	Population (OCFA Jurisdiction Only)	Debt per Capita	
2005	$ 19,665	$ 6,148	$ 25,813	$76	33964.5%	1,331	$19	
2006	$ 16,670	$ 9,952	$ 26,622	$78	34130.8%	1,346	$20	
2007	$ 13,570	$ 7,865	$ 21,435	$79	27132.9%	1,359	$16	
2008	$ 10,365	$ 6,203	$ 16,568	$84	19723.8%	1,376	$12	
2009	$ 7,040	$ 25,109	$ 32,149	$86	37382.6%	1,387	$23	
2010	$ -	$ 18,778	$ 18,778	$87	21583.9%	1,403	$13	
2011	$ -	$ 16,866	$ 16,866	$84	20078.6%	1,355	$12	
2012	$ -	$ 15,106	$ 15,106	$85	17771.8%	1,694	$9	(1)
2013	$ -	$ 12,943	$ 12,943	$84	15408.3%	1,712	$8	
2014	$ -	$ 10,724	$ 10,724	$85	12616.5%	1,734	$6	

SOURCES:

(A) Details regarding OCFA's outstanding debt can be found in the notes to the financial statements.

(B) U.S. Department of Housing and Urban Development, Median Family Income Documentation System by Fiscal Year (estimate) (http://www.huduser.org/portal/datasets/il.html)

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

NOTE:

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

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

Fiscal Year ended June 30	(A) Population (OCFA Jurisdiction Only)	(B) Assessed Value	(C) Gross Bonded Debt	(D) Amounts Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita	
2005	1,331	$ 152,620,437	$ 19,665	$ 2,806	$ 16,859	0.01%	$ 13	
2006	1,346	$ 169,012,147	$ 16,670	$ 2,806	$ 13,864	0.01%	$ 10	
2007	1,359	$ 188,921,885	$ 13,570	$ 2,806	$ 10,764	0.01%	$ 8	
2008	1,376	$ 206,643,954	$ 10,365	$ 2,806	$ 7,559	0.00%	$ 5	
2009	1,387	$ 213,904,733	$ 7,040	$ 2,806	$ 4,234	0.00%	$ 3	
2010	1,403	$ 209,816,589	$ -	$ -	$ -	0.00%	$ -	(1)
2011	1,355	$ 208,586,179	$ -	$ -	$ -	0.00%	$ -	
2012	1,694	$ 230,163,686	$ -	$ -	$ -	0.00%	$ -	
2013	1,712	$ 233,485,818	$ -	$ -	$ -	0.00%	$ -	
2014	1,734	$ 241,149,669	$ -	$ -	$ -	0.00%	$ -	

SOURCES:

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

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

(C) Orange County Fire Authority, Finance Division, Accounting Section

(D) Minimum reserve requirement per bond documents

NOTE:

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

ORANGE COUNTY FIRE AUTHORITY
Computation of Direct and Overlapping Bonded Debt
June 30, 2014

2013-14 Assessed Valuation			$220,029,986,297
Overlapping Tax and Assessment Debt	Total Debt	% Applicable (1)	OCFA's Share
Metropolitan Water District	$ 132,275,000	10.065%	$ 13,313,479
Coast Community College District	632,413,698	10.873	68,762,341
North Orange County Joint Community College District	201,239,001	39.616	79,722,843
Rancho Santiago Community College District	285,430,201	17.370	49,579,226
Capistrano Unified School District SFID No. 1	35,109,930	99.989	35,106,068
Los Alamitos Unified School District SFID No. 1	100,990,124	98.854	99,832,777
Placentia-Yorba Linda Unified School District	257,071,375	73.173	188,106,837
Saddleback Valley Unified School District	126,840,000	100.000	126,840,000
Santa Ana Unified School District	289,561,562	27.941	80,906,396
Tustin Unified School District SFID Nos. 2002-1, 2008-1 and 2012-1	160,454,645	Various	140,058,826
Anaheim Union High School District	100,323,955	31.235	31,336,187
Other School Districts	1,176,378,181	Various	227,540,677
City of San Juan Capistrano	29,965,000	100.000	29,965,000
Irvine Ranch Water District Improvement Districts	486,603,270	Various	472,468,701
Moulton-Niguel Water District Improvement Districts	21,315,000	100.000	21,315,000
Santa Margarita Water District Improvement Districts	142,120,000	100.000	142,120,000
South Coast Water District	1,920,000	62.531	1,200,595
County Community Facilities Districts	326,014,621	100.000	326,014,621
School Community Facilities Districts	953,124,818	100.000	953,124,818
City and Special District Community Facilities Districts	357,215,000	100.000	357,215,000
1915 Act Special Assessment Tax Bonds	850,527,000	100.000	847,189,000
Total Overlapping Tax and Assessment Debt			$4,291,718,392
Direct and Overlapping General Fund Debt			
Orange County General Fund Obligations	$ 145,476,000	49.732%	$ 72,348,124
Orange County Pension Obligation Bonds	32,195,288	49.732	16,011,361
Orange County Board of Education Certificates of Participation	15,500,000	49.732	7,708,460
Orange County Fire Authority	**0**	**100.000**	**0**
Municipal Water District of Orange County Water Facilities Corporation	7,775,000	59.544	4,629,546
Unified School District Certificates of Participation	400,298,506	Various	182,073,373
Union High School Districts Certificates of Participation	118,354,185	Various	23,834,112
Elementary School District General Fund Obligations	61,991,299	Various	23,503,344
City General Fund Obligations	98,414,640	100.000	98,414,640
Moulton-Niguel Water District Certificates of Participation	81,795,000	100.000	81,795,000
Other Special District General Fund Obligations	290,000	Various	290,000
Total Gross Direct and Overlapping General Fund Debt			$ 510,607,960
Less: MWDOC Water Facilities Corporation Certificates of Participation			(4,629,546)
Total Net Direct and Overlapping General Fund Debt			$ 505,978,414
Overlapping Tax Increment Debt (Successor Agencies)	$ 528,547,865	0.002-100.000%	$ 482,799,969
Total direct debt			**$0**
Total gross overlapping debt / gross combined total debt (2)			$5,285,126,321
Total net overlapping debt / net combined total debt			$5,280,496,775

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

Ratios to 2013-14 Assessed Valuation:
Total Overlapping Tax and Assessment Debt.................... 1.95%
Total Direct Debt 0.00%
Gross Combined Total Debt 2.40%
Net Combined Total Debt.. 2.40%

Ratios to Redevelopment Incremental Valuation ($18,274,180,689):
Total Overlapping Tax Increment Debt................................. 2.64%

SOURCE: California Municipal Statistics, Inc.

ORANGE COUNTY FIRE AUTHORITY

Demographic and Economic Information

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

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

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

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

Calendar Year	(A) Population (Orange County)	(B) Total Personal Income	Per Capita Income	(C) Unemployment Rate
2005	3,044	$ 133,031,800	$ 43,703	5.0
2006	3,062	$ 141,169,400	$ 46,104	4.4
2007	3,078	$ 153,446,600	$ 49,853	4.8
2008	3,104	$ 155,068,400	$ 49,958	6.9
2009	3,135	$ 145,247,400	$ 46,331	10.9
2010	3,166	$ 147,195,100	$ 46,492	11.8
2011	3,030	$ 154,768,500	$ 51,079	11.4
2012	3,056	$ 161,743,800	$ 52,927	10.1
2013	3,082	$ 168,778,500	$ 54,763	9.0
2014	3,114	$ 175,177,200	$ 56,255	7.7

SOURCES:

(A) California Department of Finance, Population and Housing Estimates as of Janua
http://www.dof.ca.gov/research/demographic/reports/estimates

(B) Chapman University Economic & Business Review, Annual History and Forecas
June 2007 (2005-2006 data); June 2011 (2007-2008 data); June 2013 (2009 data)
June 2014 (2010-2014 data). Most recent year is an estimate.

(C) Bureau of Labor Statistics (www.bls.gov/lau), Local Area Unemployment Statistics, Los Angeles-Long Beach-Santa Ana, CA Metropolitan Statistical Area (The 2007-2013 figures reflect revised inputs, reestimation, and new statewide control. The 2014 figure is a six-month average for a partial year January - June.)

NOTE:

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

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

Jurisdiction	Population 2005	Population 2014	Population % Change	Housing Units 2005	Housing Units 2014	Housing Units % Change
Aliso Viejo	44,825	49,951	11.4%	17,968	19,342	7.6%
Buena Park	80,670	82,344	2.1%	23,868	24,711	3.5%
Cypress	48,625	48,886	0.5%	16,446	16,128	-1.9%
Dana Point	36,584	34,037	-7.0%	15,909	15,964	0.3%
Irvine	183,218	242,651	32.4%	68,916	90,562	31.4%
Laguna Hills	33,090	30,857	-6.7%	11,139	10,995	-1.3%
Laguna Niguel	65,800	64,460	-2.0%	24,723	25,424	2.8%
Laguna Woods	18,279	16,581	-9.3%	13,629	13,079	-4.0%
Lake Forest	77,638	79,139	1.9%	26,385	27,257	3.3%
La Palma	16,034	15,896	-0.9%	5,131	5,234	2.0%
Los Alamitos	11,945	11,729	-1.8%	4,368	4,380	0.3%
Mission Viejo	99,333	95,334	-4.0%	34,277	34,300	0.1%
Placentia	50,074	52,094	4.0%	16,075	17,066	6.2%
Rancho Santa Margarita	49,006	48,834	-0.4%	16,684	17,284	3.6%
San Clemente	65,031	64,874	-0.2%	26,214	26,025	-0.7%
San Juan Capistrano	35,901	35,900	0.0%	11,692	12,160	4.0%
Santa Ana (A)	349,986	331,953	-5.2%	75,222	77,133	2.5%
Seal Beach	25,387	24,591	-3.1%	14,476	14,539	0.4%
Stanton	38,622	38,963	0.9%	11,071	11,299	2.1%
Tustin	70,524	78,360	11.1%	25,927	26,957	4.0%
Villa Park	6,201	5,935	-4.3%	2,020	2,020	0.0%
Westminster	91,815	91,652	-0.2%	27,300	27,727	1.6%
Yorba Linda	65,297	67,069	2.7%	21,111	22,856	8.3%
Unincorporated	117,109	121,473	3.7%	38,100	39,506	3.7%
Total OCFA, adjusted (A)	1,680,994	1,733,563	3.1%	548,651	581,948	6.1%
Total non-OCFA	1,362,675	1,380,428	1.3%	464,983	481,018	3.4%
Total Orange County	3,043,669	3,113,991	2.3%	1,013,634	1,062,966	4.9%
Total OCFA, adjusted	1,680,994			548,651		
Less: Santa Ana	(349,986)			(75,222)		
Total OCFA, actual	1,331,008	1,733,563	30.2%	473,429	581,948	22.9%

SOURCE: California Department of Finance, Population and Housing Estimates Table E-5
As of January 1, 2005 and 2014 (http://www.dof.ca.gov/research/demographic/reports/estimates)

NOTE:

(A) Before Santa Ana became on OCFA member city in April 2012, the city's data was included in the "non-OCFA" total. However, Santa Ana's 2005 data has been identified separately for comparison purposes.

ORANGE COUNTY FIRE AUTHORITY
Principal Employers
Current and Nine Years Ago

	Fiscal Year 2004/05			Fiscal Year 2013/14		
Employer	(A,C) Number of Employees	Rank	(D) Percent of Total Employment	(B,C) Number of Employees	Rank	(E) Percent of Total Employment
Walt Disney Co.	21,000	1	1.45%	25,000	1	1.72%
University of California, Irvine	15,500	3	1.07%	21,800	2	1.50%
County of Orange	17,751	2	1.23%	17,632	3	1.21%
St. Joseph Health	8,975	5	0.62%	11,679	4	0.80%
Boeing Co.	11,160	4	0.77%	6,873	5	0.47%
Kaiser Permanente				6,300	6	0.43%
Bank of America Corp.				6,000	7	0.41%
MemorialCare Health System				5,545	8	0.38%
Target Corp.	5,436	10	0.38%	5,400	9	0.37%
Cedar Fair LP				5,200	10	0.36%
Albertsons Inc.	8,700	6	0.60%			
Tenet Healthcare Corp.	8,389	7	0.58%			
SBC Communications, Inc.	5,658	9	0.39%			
YUM! Brands Inc	6,500	8	0.45%			

SOURCES:

(A) County of Orange, 2005 Facts & Figures Booklet; Based on O.C. Business Journal, 2004 Book of Lists; for all employers other than the County of Orange

(B) O.C. Business Journal, 2013 Book of Lists; for all employers other than the County of Orange

(C) County of Orange Fiscal Year 2012/13 Comprehensive Annual Financial Report; for County of Orange employee data as of Fiscal Years 2012/13 and 2003/04.

(D) Chapman University Economic & Business Review, Annual History and Forecasts, June 2003 Book, Based on total payroll employment forcast as of December 31, 2004

(E) Chapman University Economic & Business Review, Annual History and Forecasts, June 2014 Book, Based on total payroll employment as of December 31, 2013

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

ORANGE COUNTY FIRE AUTHORITY

Operating Information

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

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

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

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

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

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

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

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

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

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

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

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

Public Safety	Funded and Authorized Positions as of June 30										
Fund/Department	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Notes
Funded positions:											
Executive Management	43	44	44	45	45	45	35	33	33	40	
Operations	852	857	877	892	902	878	881	1,001	994	968	(B,D)
Community Risk Reduction	76	76	74	76	72	65	67	76	76	96	(D)
Business Services	67	74	77	77	77	73	48	47	47	48	(A)
Support Services	33	33	35	35	35	34	55	88	88	88	(A,B)
General Operating Fund	1,071	1,084	1,107	1,125	1,131	1,095	1,086	1,245	1,238	1,240	
Facilities Replacement	1	1	1	1	1	1	-	-	-	-	
RFOTC	1	-	-	-	-	-	-	-	-	-	
Structural Fire Entitlement	2	2	2	-	-	-	-	-	-	-	
Total funded positions	**1,075**	**1,087**	**1,110**	**1,126**	**1,132**	**1,096**	**1,086**	**1,245**	**1,238**	**1,240**	(C)
Unfunded positions:											
Limited term and/or grant-funded positions	1	-	-	-	-	-	-	1	3	3	
Frozen positions (below)	14	4	1	1	50	86	95	93	102	100	
Total unfunded positions	**15**	**4**	**1**	**1**	**50**	**86**	**95**	**94**	**105**	**103**	
Total authorized positions	**1,090**	**1,091**	**1,111**	**1,127**	**1,182**	**1,182**	**1,181**	**1,339**	**1,343**	**1,343**	
Frozen positions:											
Suppression:											
Firefighter	-	-	-	-	15	15	18	18	18	18	
Fire Apparatus Engineer	3	-	-	-	3	13	18	18	24	24	
Fire Captain	3	-	-	-	3	16	24	24	27	27	
Battalion Chief (Staff Position)	-	-	-	-	-	2	2	2	2	2	
Fire Pilot	-	-	-	-	-	-	-	-	-	1	
Hand Crew Firefighter	-	-	-	-	22	22	-	-	-	-	
Heavy Fire Equipment Operator	2	1	-	-	-	-	1	1	1	1	
Subtotal - Suppression	**8**	**1**	**-**	**-**	**43**	**68**	**63**	**63**	**72**	**73**	
Non-Suppression:											
Executive Management	1	-	-	-	-	-	6	4	4	4	
Operations	-	-	-	-	-	-	-	1	2	1	
Community Risk Reduction	-	1	1	1	6	12	16	15	15	14	
Business Services	4	1	-	-	1	5	6	6	5	4	
Support Services	1	1	-	-	-	1	4	4	4	4	
Subtotal - Non-Suppression	**6**	**3**	**1**	**1**	**7**	**18**	**32**	**30**	**30**	**27**	
Total frozen positions	**14**	**4**	**1**	**1**	**50**	**86**	**95**	**93**	**102**	**100**	

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

NOTE:
(A) Information Technology was transferred from Business Services to Support Services in Fiscal Year 2010/11.
(B) The Emergency Command Center was transferred from Operations to Support Services in Fiscal Year 2011/12.
(C) The net increase of total funded employees during Fiscal Year 2011/12 included 163 authorized/funded positions for employees transitioning from the City of Santa Ana (151 Operations; 9 Community Risk Reduction; 3 Support Services).
(D) The Crews & Equipment program was transferred form Operations to Community Risk Reduction in Fiscal Year 2013/14.

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

	Authorized Positions as of June 30									
Unit	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Firefighter	774	778	792	808	863	863	863	1,010	1,011	1,011
Fire Management	40	40	41	41	41	41	41	45	45	45
General	197	192	198	197	197	197	196	203	205	205
Supervisory Management	27	27	27	28	28	28	28	28	28	27
Supported Employment	4	4	4	4	4	4	4	4	4	4
Personnel & Salary Resolution	48	50	49	49	49	49	49	49	50	51
Total authorized positions	1,090	1,091	1,111	1,127	1,182	1,182	1,181	1,339 (A)	1,343	1,343

SOURCE: OCFA Treasury & Financial Planning Division, Budget Section

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

ORANGE COUNTY FIRE AUTHORITY
Jurisdiction Information
Last Ten Fiscal Years

Fiscal Year Ended June 30	(A) Number of Member Agencies	(B) Square Mile Area Served	(C) Population Served	(A) Number of Stations	New and Closed Station(s) +/-	New and Closed Station(s) Description
2005	23	551	1,331,008	60	-	New Station 55 (Irvine/Orchard Hills) Closed Station 20 (County/Heritage Fields)
2006	23	551	1,346,413	61	1	New Station 47 (Irvine/Shady Canyon)
2007	23	551	1,358,595	60	(1)	Closed Station 52 (Crews & Equipment)
2008	23	550	1,375,509	61	1	New Station 27 (Irvine/Portola Springs)
2009	23	550	1,387,171	62	1	New Station 20 (Irvine/Great Park)
2010	23	550	1,403,072	62	-	
2011	23	548	1,355,090	61	(1)	Closed Station 3 (County/Sunset Beach)
2012	24	576	1,694,010	71	10	New Stations 70 through 79 (Santa Ana)
2013	24	571	1,712,234	71	-	
2014	24	571	1,733,563	71	-	

SOURCES:
- (A) Orange County Fire Authority, Clerk of the Authority
- (B) Orange County Fire Authority, Geographic Information Systems
- (C) California Department of Finance, Population and Housing Estimates as of January 1
  http://www.dof.ca.gov/research/demographic/reports/estimates

NOTE: The City of Santa Ana became an OCFA member city in Fiscal Year 2011/12.

ORANGE COUNTY FIRE AUTHORITY
Incidents by Major Category Definitions

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

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

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

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

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

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

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

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

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

SOURCE: Orange County Fire Authority, Support Services Department, Strategic Services

ORANGE COUNTY FIRE AUTHORITY
Incidents by Type
Last Ten Fiscal Years

Fiscal Year ended June 30 (1)	Fire/ Explosion	Ruptures	Rescue/ EMS	Hazmat	Service Call	Good Intent	False Alarm	Natural Disaster	Other	Total	
2005	1,923	169	52,348	1,559	5,246	10,990	4,434	47	552	77,268	
2006	1,972	179	54,461	1,402	5,271	11,413	4,543	4	417	79,662	
2007	2,155	179	55,863	1,465	5,475	10,636	4,734	5	209	80,721	
2008	1,946	178	57,871	1,353	5,257	10,933	4,835	10	547	82,930	
2009	1,795	169	58,358	1,080	5,508	10,839	4,503	3	294	82,549	
2010	1,464	164	59,408	1,049	5,703	10,979	4,300	25	349	83,441	
2011	1,541	158	61,870	1,011	6,157	12,897	4,293	51	249	88,227	(2)
2012	1,635	157	66,383	965	6,457	12,802	4,065	4	192	92,660	(3)
2013	2,004	219	80,167	1,100	7,753	14,786	5,710	1	149	111,889	(3)
2014	1,936	220	83,762	1,254	6,978	12,411	6,238	6	220	113,025	

SOURCE: Orange County Fire Authority, Support Services Department, Strategic Services

NOTES:

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

(2) Beginning in Fiscal Year 2010/11, totals were revised to include incidents outside of OCFA jurisdiction that involved OCFA units and personnel (Auto/Mutual Aid Given).

(3) The City of Santa Ana joined the OCFA effective April 20, 2012. Fiscal Year 2011/12 data includes the portion of the fiscal year during which the city was a member of OCFA. Fiscal Year 2012/13 data includes the first full year of Santa Ana activity.

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

	Fiscal Year ended June 30 (1)									
Member Agency	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Aliso Viejo	1,802	1,993	1,939	2,060	1,998	2,005	2,094	2,071	2,226	2,194
Buena Park	5,530	5,368	5,431	5,528	5,668	5,676	5,652	5,836	5,849	6,057
Cypress	2,359	2,489	2,518	2,552	2,504	2,600	2,490	2,556	2,699	2,633
Dana Point	2,441	2,490	2,660	2,700	2,650	2,787	2,870	2,772	2,950	2,925
Irvine	10,341	10,797	11,216	11,632	11,385	11,981	12,214	11,969	12,485	12,896
La Palma	761	772	798	760	760	754	778	750	808	925
Laguna Hills	2,211	2,373	2,494	2,434	2,421	2,558	2,614	2,542	2,579	2,584
Laguna Niguel	2,866	2,944	3,017	3,101	3,079	3,094	3,255	3,358	3,476	3,685
Laguna Woods	3,955	4,300	4,275	4,349	4,350	4,399	4,560	4,717	4,748	4,306
Lake Forest	4,171	4,103	4,289	4,170	4,272	4,320	4,334	4,230	4,459	4,297
Los Alamitos	971	1,012	1,033	1,032	1,083	1,080	1,055	1,101	1,199	1,123
Mission Viejo	5,577	5,809	5,794	6,139	6,424	6,363	6,379	6,355	6,760	6,791
Placentia	2,577	2,797	2,678	2,829	2,699	2,696	2,837	2,714	2,846	2,806
Rancho Santa Margarita	1,914	1,946	1,879	2,002	1,965	2,009	2,015	2,105	1,983	2,111
San Clemente	3,594	3,619	3,684	3,863	3,678	3,961	3,813	3,999	4,187	4,334
San Juan Capistrano	2,418	2,452	2,554	2,569	2,526	2,429	2,580	2,617	2,701	2,934
Santa Ana (3)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3,654	18,915	19,303
Seal Beach	3,049	3,257	3,283	3,453	3,388	3,503	3,375	3,617	3,571	3,343
Stanton	2,307	2,368	2,343	2,438	2,420	2,401	2,597	2,660	2,878	2,879
Tustin	3,645	3,608	3,845	3,865	3,761	3,744	4,055	4,196	4,582	4,614
Villa Park	292	309	319	324	329	336	388	363	392	338
Westminster	5,798	5,950	5,684	5,795	5,835	5,724	5,882	6,012	6,486	6,201
Yorba Linda	2,676	2,814	2,991	3,100	3,134	2,937	2,928	3,125	3,277	3,185
Unincorporated	6,013	6,092	5,997	6,235	6,220	6,084	6,087	5,991	6,312	6,073
	77,268	79,662	80,721	82,930	82,549	83,441	84,852	89,310	108,368	108,537
Auto/Mutual Aid Given (2)	n/a	n/a	n/a	n/a	n/a	n/a	3,375	3,350	3,521	4,488
Total	77,268	79,662	80,721	82,930	82,549	83,441	88,227	92,660	111,889	113,025

SOURCE: Orange County Fire Authority, Support Services Department, Strategic Services

NOTES:

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

(2) Beginning in Fiscal Year 2010/11, methodology was revised to include incidents outside of OCFA jurisdiction that involved OCFA units and personnel (Auto/Mutual Aid Given).

(3) The City of Santa Ana joined the OCFA effective April 20, 2012. Fiscal Year 2011/12 data is reported only for the portion of the fiscal year during which the city was a member of OCFA. Fiscal Year 2012/13 data includes the first full year of Santa Ana activity.

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

Category	June 30, 2008 Historical Cost	June 30, 2008 Quantity	June 30, 2009 Historical Cost	June 30, 2009 Quantity	June 30, 2010 Historical Cost	June 30, 2010 Quantity
Air fill station	$ 53,179	2	$ 53,179	2	$ 53,179	2
Aboveground storage tank	678,014	8	678,014	8	678,014	8
Audio visual equipment	784,559	25	784,559	25	768,132	23
Boat	36,504	4	36,504	4	23,412	2
Camera, thermal imaging	1,205,722	89	1,205,722	89	1,205,722	89
Camera, other	47,387	4	47,387	4	41,577	3
Communications equipment	1,456,590	37	1,465,264	38	1,465,264	38
Computer	85,459	5	91,328	6	82,126	5
Defibrillator	1,324,920	74	1,341,790	75	1,149,858	90
Exercise equipment	34,177	5	44,260	6	35,622	5
Fleet equipment	162,771	16	162,771	16	162,771	16
Forklift	114,243	4	114,243	4	114,243	4
Generator	564,051	25	553,049	24	553,049	24
GPS equipment (AVL regional interoperability projects)	1,391,000	2	1,391,000	2	1,391,000	2
Hazmat equipment	248,782	20	248,782	20	248,782	20
Helicopters and improvements:						
Helicopter	7,294,218	2	28,854,977	4	28,854,977	4
Helicopter, rotor blades	-	-	151,573	2	319,149	4
Helicopter, fast fin kits	-	-	-	-	-	-
Helicopter equipment	421,615	16	670,576	37	747,865	40
Hydraulic tool	97,746	18	97,746	18	97,746	18
Kitchen equipment	33,403	4	33,403	4	33,403	4
Laptop	53,782	9	53,782	9	62,732	10
Manikin	73,144	12	73,144	12	73,144	12
Miscellaneous equipment	373,793	26	436,640	28	484,685	30
Mobile radio project (FY 2003/04 - FY 2004/05)	2,424,594	1	2,424,594	1	2,424,594	1
Mobile radio	110,199	17	116,008	18	116,008	18
Network equipment	976,386	29	976,386	29	967,465	28
Office equipment	500,659	7	635,138	8	648,440	8
Portable building	179,863	9	219,564	12	226,348	13
Portable radio	-	-	25,640	5	25,640	5
Printer	99,499	9	99,499	9	77,218	7
Projector	34,565	5	34,565	5	25,838	4
Router	25,980	2	37,405	4	37,405	4
Search equipment	192,378	13	192,377	13	211,366	15
Server	1,224,377	72	1,090,643	80	1,148,057	88
Software	6,636,035	47	6,709,908	52	7,068,488	55
Switch	232,515	11	232,515	11	264,893	14
Tent	122,237	12	122,237	12	122,237	12
Trailer	419,725	16	433,283	17	423,376	16
Workstation	1,634,122	24	1,641,243	25	1,641,243	25
	$ 31,348,193	681	$ 53,580,698	738	$ 54,075,068	766

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

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

June 30, 2011		June 30, 2012		June 30, 2013		June 30, 2014	
Historical Cost	Quantity	Historical Cost	Quantity	Historical Cost	Quantity	Historical Cost	Quantity
$ 53,179	2	$ 53,179	2	$ 53,179	2	$ 53,179	2
678,014	8	678,014	8	678,014	8	678,014	8
754,726	23	716,800	18	716,800	18	716,800	18
23,412	2	31,515	4	31,515	4	31,515	4
1,223,802	91	1,251,757	104	1,117,422	97	1,214,725	113
41,577	3	11,171	1	11,171	1	11,171	1
1,488,213	41	1,512,740	42	1,533,009	44	1,458,744	39
82,126	5	82,126	5	82,126	5	82,126	5
1,149,858	90	1,528,398	105	1,528,398	105	1,526,069	105
35,622	5	35,622	5	35,622	5	35,622	5
170,441	16	172,042	16	172,042	16	172,042	16
99,347	3	104,426	4	104,426	4	104,426	4
510,078	23	504,562	22	504,562	22	504,562	22
1,391,000	2	1,391,000	2	1,391,000	2	1,391,000	2
248,782	20	337,453	24	336,275	23	432,282	23
28,854,977	4	28,854,977	4	28,854,977	4	28,854,977	4
319,149	4	319,149	4	319,149	4	319,149	4
-	-	-	-	-	-	148,104	2
770,085	42	778,885	42	787,062	43	780,245	42
195,119	31	368,216	55	377,287	56	401,133	60
33,403	4	33,403	4	33,403	4	33,403	4
56,632	9	44,108	7	29,058	5	29,058	5
67,452	11	67,452	11	67,452	11	67,452	11
548,312	34	585,918	39	642,286	46	659,742	49
2,424,594	1	2,424,594	1	2,424,594	1	2,424,594	1
116,008	18	107,671	17	107,671	17	107,671	17
967,465	28	804,981	27	952,374	30	1,321,172	31
648,440	8	648,440	8	638,472	7	632,865	6
226,348	13	226,348	13	226,348	13	264,161	13
25,640	5	25,640	5	79,452	15	79,452	15
77,218	7	72,039	7	72,039	6	72,039	6
25,838	4	10,372	2	10,372	2	10,372	2
37,405	4	37,405	4	37,405	4	37,405	4
204,105	14	163,944	11	163,944	11	196,302	13
1,049,533	82	1,027,950	81	1,022,818	81	997,288	79
7,068,488	55	7,074,050	55	7,117,506	56	7,117,506	56
282,393	16	282,393	16	282,393	16	312,760	17
122,237	12	122,237	12	122,237	12	122,237	12
423,376	16	437,742	16	527,629	18	512,761	18
1,641,243	25	1,641,243	25	1,641,243	25	1,641,243	25
$ 54,135,637	781	$ 54,569,962	828	$ 54,832,732	843	$ 55,555,368	863

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

	June 30, 2008		June 30, 2009		June 30, 2010	
Category	Historical Cost	Quantity	Historical Cost	Quantity	Historical Cost	Quantity
Air Utility	$ 629,011	3	$ 629,011	3	$ 629,011	3
Ambulance	464,082	5	464,082	5	935,731	8
Battalion Chief Vehicle	1,203,251	25	1,300,458	26	1,300,458	26
Brush Chipper	34,289	2	34,289	2	34,289	2
Crew Cab	176,403	4	176,403	4	139,057	3
Crew-Carrying Vehicle	297,336	4	297,336	4	297,336	4
Dump Truck	66,366	1	66,366	1	66,366	1
Fire Command	402,755	2	402,755	2	402,755	2
Fire Dozer	445,205	4	723,403	4	723,403	4
Foam Tender	152,245	1	152,245	1	152,245	1
Fuel Tender	226,392	2	226,392	2	226,392	2
Hazmat Unit	674,962	2	674,962	2	674,962	2
Heavy Rescue Unit	-	-	649,343	1	658,107	1
Hose Tender	103,189	1	103,189	1	103,189	1
Lift Truck	-	-	-	-	71,780	1
Paramedic Van	1,449,569	22	1,449,569	22	1,393,496	21
Parade Engine	35,000	2	35,000	2	35,000	2
Patrol	1,539,901	19	1,539,901	19	1,539,901	19
Patrol, Compressed Air Foam System (CAFS)	-	-	488,603	7	858,456	12
Pickup Truck	1,352,388	42	1,562,434	41	1,590,978	41
Road Grader	102,396	1	102,396	1	102,396	1
Sedan	123,991	7	123,991	7	83,753	4
Squad	578,998	7	578,998	7	578,998	7
Stakeside	34,289	1	34,289	1	34,289	1
Sport Utility Vehicle (SUV)	2,849,285	104	2,809,830	103	2,866,442	107
Telesquirt	2,617,035	8	2,617,035	8	2,358,138	7
Transport Tractor	399,409	5	506,673	5	506,673	5
Truck, 90', 100' and 110' Tractor Drawn Aerial	1,737,166	3	4,428,314	5	4,428,314	5
Truck, 75' Quint	2,717,185	6	2,717,185	6	2,717,185	6
Truck, 90' Quint	4,827,476	10	4,429,851	9	4,429,851	9
Truck, 100' Quint	-	-	-	-	-	-
Truck, Other	427,613	5	427,613	5	427,613	5
Truck, Compressed Air Foam System (CAFS)	-	-	-	-	-	-
Type 1 Engine	22,538,064	87	21,865,361	82	26,065,677	91
Type 1 Wildland Urban Interface Engine	-	-	-	-	1,702,359	4
Type 2 Engine	1,862,087	13	1,752,417	12	1,020,651	7
Type 3 Engine	914,455	8	4,673,626	18	4,105,746	13
Utility	176,422	5	176,422	5	161,801	4
Van	681,041	29	648,591	27	639,778	25
Water Tender	753,535	5	753,535	5	753,535	5
	$ 52,592,791	445	$ 59,621,868	455	$ 64,816,111	462

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

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

June 30, 2011		June 30, 2012		June 30, 2013		June 30, 2014	
Historical Cost	Quantity	Historical Cost	Quantity	Historical Cost	Quantity	Historical Cost	Quantity
$ 629,011	3	$ 820,733	4	$ 820,733	4	$ 820,733	4
776,283	6	776,283	6	776,283	6	674,739	5
1,488,518	28	1,518,914	29	1,518,914	29	1,518,914	29
34,289	2	34,289	2	34,289	2	34,289	2
139,057	3	69,009	2	69,009	2	-	-
297,336	4	452,373	4	452,373	4	452,373	4
66,366	1	66,366	1	66,366	1	66,366	1
402,755	2	402,755	2	402,755	2	820,829	4
723,403	4	723,403	4	723,403	4	723,403	4
152,245	1	152,245	1	152,245	1	152,245	1
226,392	2	376,164	3	376,164	3	376,164	3
674,962	2	1,077,646	3	1,077,646	3	1,077,646	3
658,107	1	658,107	1	658,107	1	658,107	1
103,189	1	103,189	1	103,189	1	103,189	1
71,780	1	71,780	1	71,780	1	71,780	1
1,860,604	22	1,860,604	22	1,860,604	22	1,860,604	22
35,000	2	-	-	-	-	-	-
1,539,901	19	1,539,901	19	1,539,901	19	1,539,901	19
858,456	12	858,456	12	858,456	12	858,456	12
1,590,978	41	1,796,208	49	1,943,905	51	2,081,006	53
102,396	1	102,396	1	102,396	1	102,396	1
61,256	3	61,256	3	61,256	3	44,994	2
578,998	7	578,998	7	578,998	7	578,998	7
34,289	1	34,289	1	34,289	1	34,289	1
2,820,880	104	2,658,508	98	2,637,875	97	2,560,913	94
2,099,242	6	2,344,077	7	1,995,305	6	1,736,407	5
506,673	5	506,673	5	506,673	5	506,673	5
4,428,314	5	4,943,110	8	4,938,110	7	4,938,110	7
3,536,736	7	3,124,257	6	3,124,257	6	3,124,257	6
4,429,851	9	3,562,035	7	3,562,035	7	3,562,035	7
-	-	2,354,146	2	2,354,146	2	2,354,146	2
427,613	5	427,538	5	427,538	5	592,188	7
-	-	21,649	1	44,058	2	44,058	2
25,031,630	84	26,638,285	90	26,638,285	90	28,363,285	92
2,127,949	5	2,127,949	5	3,451,627	8	3,451,627	8
305,219	2	152,610	1	152,610	1	152,610	1
4,105,746	13	4,105,746	13	3,871,874	11	4,653,221	13
161,801	4	145,169	3	145,169	3	145,169	3
623,608	24	623,608	24	623,608	24	623,608	24
753,535	5	753,535	5	753,535	5	753,535	5
$ 64,464,368	447	$ 68,624,259	458	$ 69,509,766	459	$ 72,213,263	461

ORANGE COUNTY FIRE AUTHORITY
List of Stations by Member Agency
June 30, 2014

City of Aliso Viejo

Station 57, 57 Journey, 92656

City of Buena Park

Station 61, 8081 Western Ave. 90620

Station 62, 7780 Artesia Blvd. 90621

Station 63, 9120 Holder St. 90620

City of Cypress

Station 17, 4991 Cerritos Ave. 90630

City of Dana Point

Station 29, 26111 Victoria Blvd. 92624

Station 30, 23831 Stonehill Dr. 92629

City of Irvine

Station 4, 2 California Ave. 92612

Station 6, 3180 Barranca Pkwy. 92606

Station 20, 6933 Trabuco Rd., 92618

Station 26, 4691 Walnut Ave. 92604

Station 27, 12400 Portola Springs 92618

Station 28, 17862 Gillette Ave. 92614

Station 36, 301 E. Yale Loop 92604

Station 38, 26 Parker 92618

Station 47, 47 Fossil 92603

Station 51, 18 Cushing 92618

Station 55, 4955 Portola Pkwy. 92620

Cities of Laguna Hills and Laguna Woods

Station 22, 24001 Paseo de Valencia, Laguna Hills 92653

City of Laguna Niguel

Station 5, 23600 Pacific Island Dr. 92677

Station 39, 24241 Avila Rd. 92677

Station 49, 31461 St. of the Golden Lantern 92677

City of Lake Forest

Station 19, 23022 El Toro Rd. 92630

Station 42, 19150 Ridgeline Rd., 92679

Station 54, 19811 Pauling Ave., 92610

City of La Palma

Station 13, 7822 Walker St. 90623

City of Los Alamitos

Station 2, 3642 Green Ave. 90720

City of Mission Viejo

Station 9, #9 Shops at Mission Viejo 92691

Station 24, 25862 Marguerite Pkwy. 92692

Station 31, 22426 Olympiad Rd. 92692

City of Placentia

Station 34, 1530 N. Valencia 92870

Station 35, 110 S. Bradford 92870

City of Rancho Santa Margarita

Station 45, 30131 Aventura 92688

City of San Clemente

Station 50, 670 Camino de Los Mares 92672

Station 59, 48 Avenida La Pata 92673

Station 60, 100 Avenida Victoria 92672

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

City of San Juan Capistrano

Station 7, 31865 Del Obispo 92675

City of Santa Ana

Station 70, 2301 Old Grand 92701

Station 71, 1029 West 17th St. 92706

Station 72, 1668 East 4th St. 92701

Station 73, 419 Franklin 92703

Station 74, 1427 South Broadway 92707

Station 75, 120 West Walnut 92701

Station 76, 950 West MacArthur 92707

Station 77, 2317 South Greenville 92704

Station 78, 501 North Newhope 92703

Station 79, 1320 East Warner 92705

City of Seal Beach

Station 44, 718 Central Ave. 90740

Station 48, 3131 N. Gate Rd. 90740

City of Stanton

Station 46, 7871 Pacific St. 90680

City of Tustin

Station 37, 15011 Kensington Park Dr. 92780

Station 43, 11490 Pioneer Way 92782

City of Villa Park

Station 23, 5020 Santiago Canyon Rd. 92869

City of Westminster

Station 64, 7351 Westminster Blvd. 92683

Station 65, 6061 Hefley St. 92683

Station 66, 15061 Moran St. 92683

City of Yorba Linda

Station 10, 18422 E. Lemon Dr. 92886

Station 32, 20990 Yorba Linda Blvd. 92887

Station 53, 25415 La Palma Ave. 92887

Specialty Stations

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

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

County of Orange, Unincorporated

Station 8, 10631 Skyline Dr., Santa Ana 92705

Station 11, 259 Emerald Bay, Laguna Beach 92651

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

Station 15, 27172 Silverado Canyon Rd., Silverado 92676

Station 16, 28891 Modjeska Canyon Rd., Silverado 92676

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

Station 21, 1241 Irvine Blvd., Tustin 92780

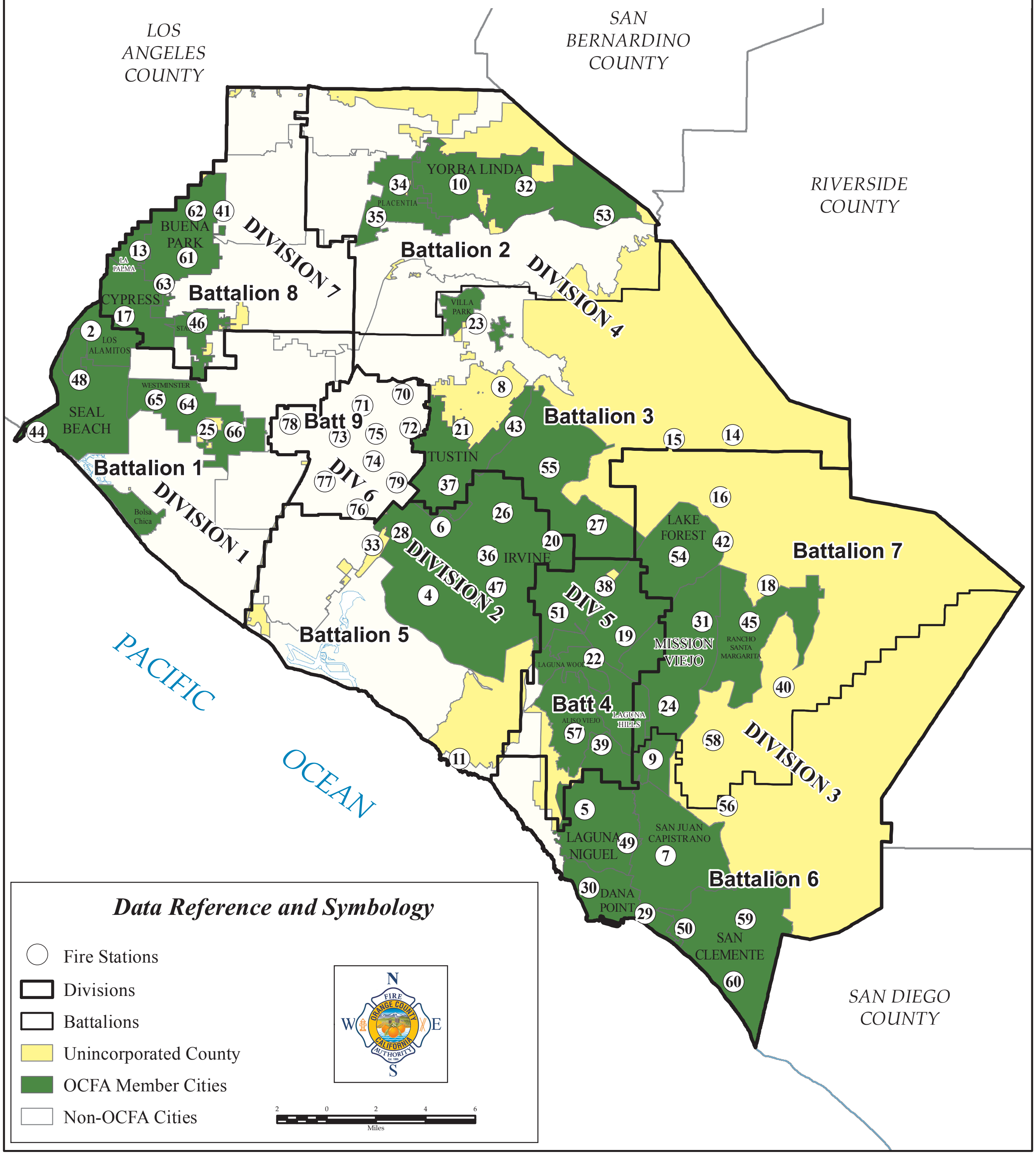
Station 25, 8171 Bolsa Ave., Midway City 92655

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

Station 58, 58 Station Way, Ladera Ranch 92694

ORANGE COUNTY FIRE AUTHORITY

Division and Battalion Boundaries and Station Locations



SOURCE: Information Technology Division, Geographic Information Systems

ORANGE COUNTY FIRE AUTHORITY
Description of the Organization, Programs and Service Delivery
June 30, 2014

EXECUTIVE MANAGEMENT

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, Community Risk Reduction, Business Services, and Support Services.

Executive Management is responsible for planning, organizing, evaluating fire and emergency services, and providing direction to all departments within the organization. Executive Management also ensures that the types and levels of services provided are consistent with Board policy and the adopted budget. The following divisions/sections report directly to the Fire Chief or Deputy Fire Chief and are not included in one of the four departments:

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

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

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

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

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

OPERATIONS DEPARTMENT

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

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

Division I	• **Battalion 1** primarily serves the cities of Los Alamitos, Seal Beach, and Westminster, as well as the unincorporated communities of Midway City and Rossmoor. • **Air Operations** is responsible for coordination of the OCFA's helicopters. OCFA currently maintains firefighting helicopters used for emergency responses throughout the year for wildland and wildland urban interface fires and special rescues such as swift and still water rescues, medical rescue support and disaster mitigation. • Division I also assists with the provision of emergency services to Seal Beach Naval Weapons Station and the Joint Forces Training Base in Los Alamitos.
Division II	• **Battalion 5** primarily serves the city of Irvine and the unincorporated community of Emerald Bay. • Division II provides emergency services to the University of California, Irvine (UCI), John Wayne Airport (JWA), and the Orange County Great Park. The division also provides administration, oversight, and training for the Hazardous Materials Response Team (HMRT), the Fire and Law Enforcement Joint Hazard Assessment Team (JHAT), Airport Rescue Fire Fighting (ARFF) services, and the Fire Exploring Program.

Division III	• **Battalion 6** primarily serves the cities of Dana Point, San Clemente, and San Juan Capistrano, as well as other unincorporated areas of southern Orange County. • **Battalion 7** primarily serves the cities of Mission Viejo and Rancho Santa Margarita, as well as the unincorporated communities of Coto de Caza, Trabuco Canyon, Modjeska Canyon, Ladera Ranch, and other unincorporated areas of southern Orange County. • Division III is also responsible for the ongoing oversight and management of the Staffing Program, which ensures correct, 27/7 staffing levels at all stations; the Staffing Committee; and the employee transfer process within the Operations Department.
Division IV	• **Battalion 2** primarily serves the cities of Placentia and Yorba Linda, as well as the unincorporated communities of Tonner Canyon, Carbon Canyon, and Chino Hills State Park. • **Battalion 3** primarily serves the cities Tustin and Villa Park; a portion of northern Irvine; and the unincorporated communities of Cowan Heights, Lemon Heights, Orange Park Acres, Irvine Lake, and Silverado Canyon. • **Community Volunteer Services (CVS)** is responsible for the coordination of Reserve Firefighters (RFF) who provide emergency medical aid, fire suppression and support services responding out of three stand-alone fire stations, five combination fire stations (both RFF and career personnel assigned), one RFF Fire Crew location, and one RFF Helicopter Crew location. CVS also administers and coordinates the OCFA Chaplain Program. • **Operations Training and Safety** (Training) delivers and facilitates all operations personnel training activities. This includes research, development and implementation of a variety of training courses, including basic and advanced firefighter techniques and administrative and supervisory training. Training coordinates and administers recruit and promotional training academies including reserve firefighters, firefighters, lateral paramedics, engineers and officer academies. Training also maintains a strong working relationship with Santa Ana College and the California Joint Apprentice Commission (CFFJAC) and is a leader in training research and development of the Orange County Training Officers Board locally, and the Training Resources and Data Exchange (TRADE) nationally. This section also serves in a lead capacity on issues of employee and incident safety, with training officers doubling as incident safety officers.

Division V	• **Battalion 5** primarily serves the cities of Aliso Viejo, Laguna Hills, Laguna Niguel, Laguna Woods, and Lake Forest, as well as portions of Irvine. • Division V oversees specialized emergency response capabilities and equipment for the **Urban Search and Rescue** task force, which includes the Swift Water Rescue program and the Mass Casualty Unit.
Division VI	• **Battalion 9** primarily serves the city of Santa Ana. • **Emergency Medical Services** (EMS) manages the delivery of medical services by OCFA's emergency medical technicians (EMT) and paramedics. This includes the implementation of the continuing quality improvement program; continuing education for both career and reserve personnel; ongoing review of patient care; supply and equipment evaluation and purchasing; monitoring and tracking of paramedic licensure and EMT certifications; ambulance contract administration oversight; and paramedic recruitment, selection, evaluation, and accreditation. In addition, EMS serves as a liaison to county and state regulatory agencies, hospitals, ambulance providers, and other EMS groups. o The **Wellness and Fitness (WEFIT)** program reports to EMS. Responsibilities include scheduling wellness exams; coordinating peer fitness trainers; providing employee health education and fitness programs; and providing physical training for academy recruits.
Division VII	• **Battalion 8** primarily serves the cities of Buena Park, Cypress, La Palma, and Stanton. • Division VII also provides oversight for the OCFA Equipment Committee.
Emergency Planning and Coordination (EPAC)	• **Emergency Planning and Coordination (EPAC)** coordinates OCFA's emergency planning with federal, state and local jurisdictions and agencies; manages the Department Operations Center (DOC) during major emergencies; serves as the OCFA liaison to any agency requiring information on emergency response or planning; and represents the OCFA on working task forces such as the State and Federal Terrorism Task Force, Orange County Intelligence Assessment Center, Nuclear Power Authority, and Marine Disaster. This section coordinates all United States Forest Service (USFS), California Department of Forestry (CDF) and Fire Protection (CALFIRE) contract issues, contract counties review and automatic aid issues. EPAC also maintains and updates all city and county emergency plans, the Multi-Agency Mutual Aid Plan, California Emergency Management Agency (CALEMA) Mutual Aid Plan, Orange County Fire Service Operations Area Annex and Mutual Aid Plan, and the OCFA Supplement Response Guidebook.

COMMUNITY RISK REDUCTION DEPARTMENT

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

Investigation Services – The Investigation Services Division is responsible for investigating or reviewing fires to determine definitive causes for use in developing intervention strategies. After the initial origin and cause investigation is complete, follow-up investigations on criminal fires are conducted in cooperation with local, state and federal law enforcement agencies. Criminal cases are filed with the District Attorney's Office, while juvenile-related fires may be handled through the Fire F.R.I.E.N.D.S. diversion program. The follow-up of non-criminal fire is conducted with the cooperation of local building officials and technical experts, with the intended result to reduce the reoccurrence of fires by accurately determining the root cause of all fires.

Planning and Development – The Planning and Development Division ensures that new developments meet state and local fire and life safety requirements.

- **Plan Review** serves as the entry point into OCFA's planning and development process. Front counter and plan review staff work closely with the development community, as well as partner agency planning and building staff, to facilitate development and construction consistent with accepted safety practices and adopted standards. Responsibilities including reviewing conceptual community design proposals and building fire protection systems, as well as specific hazardous processes to ensure that appropriate design features have been integrated into each project. Staff also facilitate the adoption and implementation of the latest fire code every three years, and develop local amendments to address risks unique to Orange County.

- **New Construction Inspections** is the second major component of OCFA's planning and development process. Staff assume responsibility for each project once actual construction commences, and work with contractors to ensure that projects are constructed in a manner consistent with adopted fire and life safety standards.

- Planning and Development also administers the **Smoke Alarm Program**, an educational vehicle to deliver the message that working smoke alarms save lives. The program incorporates the United States Fire Administration's campaign line of "*Install, Inspect, Protect*" as the precursor to the overall educational message, and uses it to explain the process of installing, inspecting, and protecting your home.

Pre-Fire Management – The Pre-Fire Management Division focuses on the systematic reduction and mitigation of risk in the community.

- The **Risk Analysis and Mitigation Evaluation** (RAME) program identifies areas of risk-enabling mitigation strategies that will make the most significant impact on community fire losses. RAME uses data from emergency incident reports to identify fire and safety trends within the communities and collaborates internally and externally to develop best practice strategies to effectively minimize or eliminate those recurring issues.

- The **Ready, Set, Go!** program coordinates all efforts within OCFA specific to wildland fire prevention. The focus is to eliminate the loss of life; reduce the risk of wildfire to the communities and the environment; and reduce loss of property from wildfire.

- The **Fuel Modification** program complements both the Plan Review and New Construction Inspection programs for projects located in areas where vegetation poses a hazard to buildings and occupants. Staff assesses hazards and works with developers to apply special vegetation treatments and building construction features designed to reduce wildfire risk.

- **Crews and Equipment** is responsible for coordinating firefighting hand crews and heavy fire equipment. In addition to training and emergency response, responsibilities include preventative mitigation projects such as fire road and fuel break construction maintenance and projects at OCFA facilities.

Safety and Environmental Services (S&ES) – The Safety and Environmental Services Division works with business and building owners and managers to ensure they understand the need and process for maintaining facilities and fire/life safety systems that are safe for occupants. The program consists of annual maintenance inspections based on the occupancy classifications and associated risks. Additionally, program staff issue permits for hazardous processes and special activities.

BUSINESS SERVICES DEPARTMENT

The Business Services Department provides financial functions; purchasing, receiving, shipping, warehousing and mail operations; and treasury and financial planning services.

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

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

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

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

SUPPORT SERVICES DEPARTMENT

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

Emergency Command Center – The Emergency Command Center (ECC) is responsible for the dispatching function, which includes receiving emergency calls via 911, radio and other telecommunication links; assigning and controlling appropriate emergency response resources; managing unassigned resources to ensure adequate coverage; and providing a communication link for ambulances, law enforcement and other response agencies to fire emergencies. The ECC continues to maintain the Fire Station Order File, an essential component for Computer Aided Dispatch (CAD) operations, and is preparing for the transition to Automatic Vehicle Location (AVL)-based dispatching with the anticipated implementation of a new CAD system in Fiscal Year 2014/15.

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

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

Legislative Services – The Legislative Services Division monitors legislation and regulations and advocates the OCFA's position before federal, state and local governing and regulating agencies. Responsibilities include seeking federal and state appropriations, providing analysis of proposed legislation for consideration by executive staff and the Board of Directors, and serving as liaison between the OCFA and elected officials at all levels. As OCFA's grant coordinator, Legislative Services also applies for and tracks grants, and develops overall grant policies and procedures.

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

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

APPENDIX C

FORM OF BOND COUNSEL OPINION

Upon delivery of the Notes, Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, proposes to issue an approving opinion in substantially the following form:

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

Ladies and Gentlemen:

We have acted as Bond Counsel to the Orange County Fire Authority (the "Authority") in connection with the issuance of its $36,260,000 aggregate principal amount of 2015-2016 Tax and Revenue Anticipation Notes (the "Notes") issued pursuant to and by authority of a resolution of the Board of Directors of the Authority duly passed and adopted on May 28, 2015 (the "Resolution"), and under and by the authority of Article 7.6 Chapter 4, Part 1, Division 2, Title 5 of the California Government Code (the "Act").

In such connection, we have examined the Resolution, certain estimates, expectations and assumptions made by or on behalf of the Authority, originals, or copies identified to our satisfaction as being true copies, of such records and proceedings of the Authority and such other documents, including a certificate of the Authority relating to certain federal income tax matters (the "Tax Certificate"), and other matters deemed necessary to render the opinions set forth herein.

Based on the foregoing, we are of the opinion that:

(1) The Notes constitute the valid and binding obligations of the Authority.

(2) As provided in the Act, the Notes and the interest thereon are general obligations of the Authority. Pursuant to the Act and the Resolution, the Authority has pledged the taxes, income, revenue, cash receipts and other moneys of the Authority (including moneys deposited in inactive or term deposits (but excepting certain moneys which, when received by the Authority, will be encumbered for a special purpose unless an equivalent amount of the proceeds from the Notes is set aside for and used for said special purpose)) received or accrued by the Authority for the General Fund of the Authority during the Fiscal Year 2015-16 that are lawfully available for payment of the Notes and the interest thereon (the "Unrestricted Revenues") as security for the Notes.

(3) Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations.

In rendering the opinions in this paragraph (3), we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact, contained in the Tax Certificate delivered on the date hereof by the Authority, and (ii) compliance by the Authority with procedures and covenants set forth in the Tax Certificate as to such matters.

(4) Interest on the Notes is exempt from State of California personal income tax.

The Code establishes certain requirements which must be met subsequent to the issuance of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. On the date of issuance of the Notes, the Authority will execute a Tax Certificate containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the Authority covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest on the Notes will, for federal income tax purposes, be excluded from gross income. Noncompliance with such requirements may cause interest on the Notes to be included in gross income of the owners thereof for federal income tax purposes retroactive to their date of issue, irrespective of the date on which such noncompliance is ascertained.

The foregoing opinions are qualified to the extent that the enforceability of the Notes and the Resolution may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California.

Except as stated in paragraphs (3) and (4) above, we express no opinion regarding any other Federal, state or local tax consequences with respect to the Notes or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion herein as the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Notes, or under state and local tax law.

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate") is dated and made as of July 1, 2015 by the Orange County Fire Authority (the "Authority") in connection with the issuance of the Authority's $36,260,000 principal amount of Orange County Fire Authority 2015-2016 Tax and Revenue Anticipation Notes (the "Notes"). Capitalized terms used in this Certificate which are not otherwise defined in the Resolution approving the issuance of the Notes adopted by the Authority (the "Resolution") shall have the respective meanings specified above or in Article IV hereof. Pursuant to Section 203 of the Resolution, the Authority agrees as follows:

ARTICLE I
THE CERTIFICATE

Section 1.1. Purpose. This Certificate shall constitute a written undertaking for the benefit of the holders of the Notes, and is being executed and delivered to assist the Underwriter in complying with subsection (b)(5) of the Rule.

Section 1.2. Listed Event Notices. (a) If a Listed Event occurs, the Authority shall provide or cause to be provided, in a timely manner not in excess of ten (10) Business Days after the occurrence of such Listed Event, notice of such Listed Event to the MSRB.

Section 1.3. Additional Disclosure Obligations. The Authority acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended, may apply to the Authority, and that under some circumstances compliance with this Certificate, without additional disclosures or other action as may be additionally required under such other state or federal securities laws, may not fully discharge all duties and obligations of the Authority under such laws.

Section 1.4. Additional Information. Nothing in this Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Listed Event Notice, in addition to that which is required by this Certificate. If the Authority chooses to include any information in any Listed Event Notice in addition to that which is specifically required by this Certificate, the Authority shall have no obligation under this Certificate to update such information or include it in any future Listed Event Notice.

ARTICLE II
OPERATING RULES

Section 2.1. Listed Event Notices. Each Listed Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Notes.

Section 2.2. Transmission of Information and Notices. Unless otherwise required by law and, in the Authority's sole determination, subject to technical and economic feasibility, the Authority shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of the Authority's information and notices.

Section 2.3. Filing with Certain Dissemination Agents. The Authority may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Authority under this Certificate, and revoke or modify any such designation.

Section 2.4. Transmission of Information. (a) Unless otherwise required by the MSRB or the SEC, all notices, documents and information provided to the MSRB shall be provided to the MSRB's EMMA system, the current internet address of which is emma.msrb.org.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

ARTICLE III
TERMINATION, AMENDMENT AND ENFORCEMENT

Section 3.1. Effective Date; Termination (a) This Certificate and the provisions hereof shall be effective upon the execution and delivery of the Notes.

(b) The Authority's obligations under this Certificate shall terminate upon payment in full of all of the Notes. The Authority shall have no obligation to file a Listed Event Notice upon payment in full of all of the Notes.

(c) This Certificate, or any provision hereof, shall be null and void in the event that the Authority (1) receives an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the effect that those portions of the Rule which require this Certificate, or any of the provisions hereof, do not or no longer apply to the Notes, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB through its EMMA system within ten (10) Business Days from the execution thereof.

Section 3.2. Amendment. (a) This Certificate may be amended by the Authority without the consent of the holders of the Notes (except to the extent required under clause 3.2(a)(4)(ii) below), if all of the following conditions are satisfied:

(1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Authority or the type of business conducted thereby;

(2) this Certificate as so amended would have complied with the requirements of the Rule as of the date of this Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(3) the Authority shall have received an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the same effect as set forth in clause 3.2(a)(2) above;

(4) either (i) the Authority shall have received an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the effect that the amendment does not materially impair the interests of the holders of the Notes or (ii) the holders of the Notes consent to the amendment to this Certificate pursuant to the same procedures as are required for amendments to the Resolution with consent of holders of the Notes pursuant to the terms of the Resolution as in effect on the date of this Certificate; and

(5) the Authority shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system within ten (10) Business Days from the execution thereof.

(b) In addition to subsection 3.2(a) above, this Certificate may be amended and any provision of this Certificate may be waived, by written certificate of the Authority, without the consent of the holders of the Notes, if all of the following conditions are satisfied:

(1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Certificate which is applicable to this Certificate;

(2) the Authority shall have received an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the effect that performance by the Authority under this Certificate as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule; and

(3) the Authority shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Certificate shall constitute a contract with and inure solely to the benefit of the holders of the Notes, except that beneficial owners of Notes shall be third-party beneficiaries of this Certificate.

(b) Except as expressly provided in this subsection (b), the provisions of this Certificate shall create no rights in any person or entity. The obligations of the Authority to comply with the provisions of this Certificate shall be enforceable, in the case of enforcement of obligations to provide notices, by any holder of Notes. Such holders' rights to enforce the provisions of this Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Authority's obligations under this Certificate. In consideration of the third-party beneficiary status of beneficial owners of Notes pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Notes for purposes of this subsection (b).

(c) Any failure by the Authority to perform in accordance with this Certificate shall not constitute a default under the Notes.

(d) This Certificate shall be construed and interpreted in accordance with the laws of the State; provided, however, that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof. If any party initiates any legal or equitable action to enforce the terms of this Certificate, to declare the rights of any party under this Certificate or which relates to this Certificate in any manner, each such party agrees that the place of making and for performance of this Certificate shall be Irvine, California, State of California, and the proper venue for any such action is the Superior Court of the State of California, in and for the Orange County Fire Authority.

ARTICLE IV
DEFINITIONS

Section 4.1. Definitions. The following terms used in this Certificate shall have the following respective meanings:

(a) "Business Day" means any day other than (a) a Saturday or Sunday, or (b) a day on which the Authority is required by law to close.

(b) "EMMA" means the MSRB's Electronic Municipal Market Access system or any other repository so designated by the MSRB or the SEC.

(c) "Listed Event" means any of the following events with respect to the Notes:

i. principal and interest payment delinquencies;

ii. non-payment related defaults, if material;

iii. modifications to rights of holders, if material;

iv. Bond calls, if material and tender offers;

v. defeasances;

vi. rating changes;

vii. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (Internal Revenue Service Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

viii. unscheduled draws on the debt service reserves reflecting financial difficulties;

ix. unscheduled draws on the credit enhancements reflecting financial difficulties;

x. release, substitution or sale of property securing repayment of the Notes, if material;

xi. bankruptcy, insolvency, receivership or similar event of the Authority (such event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority;

xii. substitution of credit or liquidity providers, or their failure to perform;

xiii. the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

xiv. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(d) "Listed Event Notice" means written or electronic notice of a Listed Event.

(e) "MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

(f) "Official Statement" means the "final official statement," as defined in paragraph (f)(3) of the Rule, relating to the Notes.

(g) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Certificate, including any official interpretations thereof.

(h) "SEC" means the Securities and Exchange Commission of the United States of America.

(i) "State" means the State of California.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Certificate as of the date first written above.

ORANGE COUNTY FIRE AUTHORITY

By: ______________________________
Treasurer