

CAFR 2019

FISCAL YEAR ENDED JUNE 30



COMPREHENSIVE ANNUAL FINANCIAL REPORT
ORANGE COUNTY FIRE AUTHORITY
ORANGE COUNTY, CALIFORNIA
BUSINESS SERVICES DEPARTMENT / FINANCE DIVISION



Orange County Fire Authority Comprehensive Annual Financial Report Year ended June 30, 2019

Board of Directors As of June 2019

Joseph Muller, Chair
City of Dana Point
(Board Member Since 2015)

Shelley Hasselbrink, Vice Chair
City of Los Alamitos
(Board Member Since 2015)

Dave Harrington
City of Aliso Viejo
(Board Member Since 2017)

Don Sedgwick
City of Laguna Hills
(Board Member Since 2015)

Kathy Ward
City of San Clemente
(Board Member Since 2019)

Vince Rossini
City of Villa Park
(Board Member Since 2017)

Elizabeth Swift
City of Buena Park
(Board Member Since 2011)

Sandy Rains
City of Laguna Niguel
(Board Member Since 2019)

Sergio Farias
City of San Juan Capistrano
(Board Member Since 2017)

Tri Ta
City of Westminster
(Board Member Since 2009)

Rob Johnson
City of Cypress
(Board Member Since 2013)

Noel Hatch
City of Laguna Woods
(Board Member Since 2013)

Juan Villegas
City of Santa Ana
(Board Member Since 2016)

Gene Hernandez
City of Yorba Linda
(Board Member Since 2013)

Melissa Fox
City of Irvine
(Board Member Since 2017)

Neeki Moatazed
City of Lake Forest
(Board Member Since 2019)

Thomas Moore
City of Seal Beach
(Board Member Since 2019)

Lisa Bartlett
County of Orange
(Board Member Since 2015)

Michele Steggell
City of La Palma
(Board Member Since 2015)

Ed Sachs
City of Mission Viejo
(Board Member Since 2015)

David Shawver
City of Stanton
(Board Member Since 1995)

Donald Wagner
County of Orange
(Board Member Since 2019)

Carol Gamble
City of Rancho Santa
Margarita
(Board Member Since 2011)

Letitia Clark
City of Tustin
(Board Member Since 2019)

Brian Fennessy
Fire Chief

Prepared by OCFA Finance Division

Photos provided by OCFA Multimedia

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

Customer Service Motto

We visualize problems and solutions through the eyes of those we serve.

ORANGE COUNTY FIRE AUTHORITY
Comprehensive Annual Financial Report
Year ended June 30, 2019

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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
(714) 573-6000 **www.ocfa.org**

October 21, 2019

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, 2019. This report consists of management's representations concerning the finances of the OCFA and is presented using the financial reporting model outlined in statements issued by the Governmental Accounting Standards Board (GASB). 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). Because the cost of a control should not exceed the benefits to be derived, 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.

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 that the OCFA's financial statements for the fiscal year ended June 30, 2019, 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

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. OCFA is an independent entity similar to a special district. The service area includes twenty-three member cities and the unincorporated areas of Orange County. A twenty-four member Board of Directors governs the OCFA, including an elected official appointed to represent each member city, with the exception of the City of Placentia, and two representatives from the County Board of Supervisors. The City of Placentia does not currently have a representative on the OCFA Board of Directors since the city issued a notice of withdrawal to the OCFA, as allowed per the Joint Powers Agreement, prior to June 30, 2018. OCFA is managed by an appointed Fire Chief who reports to the Board of Directors.

The annual budget serves as the foundation for 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 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. A Budgetary Comparison Statement for the General Fund is 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 Orange County and the Local Economy



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

Orange County Profile:

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. Orange County covers an area of 799 square miles, with 42 miles of coastline along the Pacific Ocean, and is home to over 3.2 million people.¹ There are thirty-four cities in Orange County. OCFA provides regional fire services to twenty-three of those cities, along with the unincorporated areas throughout the county.

Employment and Income:

Orange County's unemployment rate in June 2019 was 3.0%, which was well below the March 2010 high of 10.1% during the most recent recession.² In 2018, over 1.6 million people were employed in Orange County. The largest employment sectors – business/professional services, trade/transportation/utility services, education/health services, and leisure/hospitality services – all experienced positive job growth during the last year, adding a combined 27,000 jobs to the local economy in 2018.³ Households in Orange County have a median annual income of \$86,217, which exceeds state and national levels.⁴

Housing Affordability:

There continues to be a shortage of affordable housing in Orange County. Salaries are not keeping up with rising home prices and there are not enough single-family and multi-family residences available to meet demand. The median price for a single-family home in Orange County was \$815,319 in 2018, an increase of 4.8% over the prior year. As home prices have continued to rise, the number of Orange County households that can afford to purchase at this price has fallen to 64.3% in 2018. At the same time, the number of residential building permits issued in the last year has dropped 18.2% from 10,294 permits in 2017 to 8,417 permits in 2018.⁵ As housing and rental markets remain undersupplied, those with lower-paying jobs continue to be priced out of the market. Like other areas in the state, many middle-aged adults and families are migrating to other parts of the country in search of more affordable housing and a lower cost of living. This trend places a greater social burden on the remaining workforce to support the growing older adult population.

¹ California Department of Finance, <http://www.dof.ca.gov/forecasting/demographics/estimates>, Table E-5 *Population and Housing Estimates for Cities, Counties, and the State, January 2011-2019*

² Bureau of Labor Statistics, https://www.bls.gov/eag/eag.ca_santaana_md.htm, Local Area Unemployment Statistics, Anaheim-Santa Ana-Irvine, CA Metropolitan Division

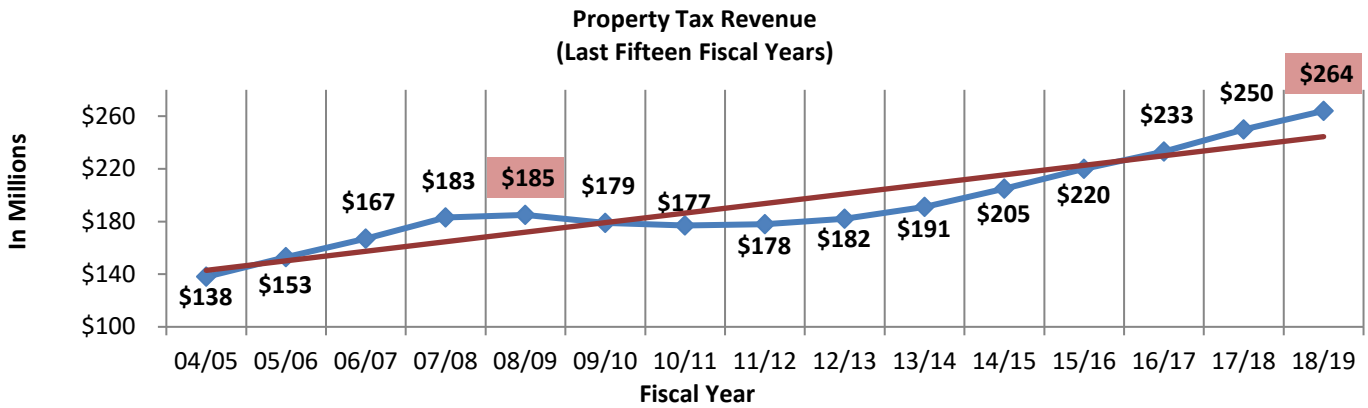
³ Chapman University, *Economic & Business Review*, June 2019, Table 11 *Orange County Variables, Annual History and Forecasts: 2014-2019*

⁴ Data USA, <https://datausa.io/profile/geo/orange-county-ca/#economy/>

⁵ Chapman University, *Economic & Business Review*, June 2019, Table 11 *Orange County Variables, Annual History and Forecasts: 2014-2019*

Property Taxes:

The most significant local economic factor impacting OCFA is Orange County’s housing market, including fluctuations in new construction activities and housing prices. Property taxes derived from these activities comprised 63.9% of the OCFA’s total governmental funds revenues in Fiscal Year 2018/19. As shown in the chart below, OCFA’s property tax revenues have been steadily increasing post-recession for the last eight fiscal years.



Property tax revenues in Fiscal Year 2018/19 totaling \$264 million surpassed the pre-recession peak from Fiscal Year 2008/09 by over \$79 million (43.1%). This increase is attributed primarily to appreciation in Orange County’s housing prices and housing development. Orange County’s real estate market continues to remain active. Housing prices have risen substantially and exceed the levels that existed prior to the 2007 housing downturn. In 2018, Orange County’s median single-family home price was \$815,319. For comparison purposes, the price peak was \$747,260 in April 2007, and the price low was \$432,100 in January 2009.

Long-term Financial Planning

Since its formation in 1995, OCFA has been preparing multi-year projections of its revenues and expenditures. 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, 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. OCFA’s method of projecting its property tax revenue is to increase the value of existing structures by the 2% constitutional maximum, increase these values to account for re-sales, and add in the value of any new development.

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). The policy was updated in 2017 to include guidance on facilitating the accelerated payment of OCFA’s unfunded liabilities for improved fiscal health.

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 and amended effective July 2014, 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.

Capital Projects Fund Policy – This policy, which was effective July 2014, defines the types of allowable activities that may be accounted for in OCFA’s capital projects funds, as defined by Governmental Accounting Standard Board (GASB) Statement No. 54.

Major Initiatives Expected to Affect Future Financial Position

Highlights of select initiatives that have the potential to impact OCFA’s future financial position are described below.

Accelerated Pay-Down of Pension Liability with the Orange County Employees Retirement System – OCFA continues its policy efforts and Board actions to reduce its unfunded liabilities, thereby improving the sustainability of services. In September 2013, the Board of Directors approved several strategies to accelerate funding OCFA’s Unfunded Actuarial Accrued Liability (UAAL) with the Orange County Employees Retirement System (OCERS). Those strategies, referred to as the “Snowball Plan,” have been subsequently revised to currently include the following:

- (A) Use unencumbered fund balance available at the close of each fiscal year to make annual lump sum payments, estimated at an average amount of \$3 million annually;
- (B) Include savings from reduced retirement rates resulting from the implementation of the Public Employees’ Pension Reform Act;
- (C) Budget an additional \$1 million beginning in Fiscal Year 2016/17, and increase by \$2 million each subsequent fiscal year until reaching an annual amount of \$15 million;
- (D) Contribute \$1 million annually for five years, beginning in Fiscal Year 2016/17, from surplus fund balance available from the General Fund’s fund balance assignment for workers’ compensation; and
- (E) Contribute 50% of General Fund surplus, if any, annually beginning in Fiscal Year 2017/18 in accordance with the Financial Stability Budget Policy.

In November 2016, the Board of Directors also authorized modifications of the “Snowball Plan” to (1) alter the funding target from 100% to 85%; and (2) to redirect expedited payments from the UAAL to the OCFA’s unfunded liability for the Retiree Medical Plan after achieving that 85% target. OCFA has been making additional payments toward its UAAL annually since Fiscal Year 2013/14, with additional payments made during Fiscal Year 2018/19 totaling \$22.8 million. The Board of Directors is updated annually on the status of the pay-down plan. As of November 2018, estimates received from the OCERS actuary indicated that accelerated payments have saved OCFA \$18.3 million in interest, and that OCFA will achieve 85% funding by December 31, 2020, and 100% funding by December 31, 2026. Following is a summary of additional payments made toward the UAAL under the “Snowball Plan” since Fiscal Year 2013/14:

	Part A	Part B	Part C	Part D	Part E			
Fiscal Year	Available Fund Balance	Annual PEPRA Savings	Annual Budget Increases	Budget Increases from Workers Comp Assignment	50% of General Fund Surplus	Total Snowball Plan Payments	Other UAAL Rate Savings Payments	Total Additional Payments Toward the UAAL
2013/14	\$ 3,000,000	\$ 2,235,753	\$ -	\$ -	\$ -	\$ 5,235,753	\$ -	\$ 5,235,753
2014/15	21,290,238	86,061	-	-	-	21,376,299	-	21,376,299
2015/16	12,609,380	2,802,122	-	-	-	15,411,502	-	15,411,502
2016/17	9,814,477	1,653,114	1,000,000	1,000,000	-	13,467,591	3,128,369	16,595,960
2017/18	13,174,516	1,886,420	3,000,000	1,000,000	870,041	19,930,977	3,164,819	23,095,796
2018/19	10,000,000	3,167,397	5,000,000	1,000,000	-	19,167,397	3,665,549	22,832,946
Total	\$69,888,611	\$11,830,867	\$9,000,000	\$3,000,000	\$870,041	\$94,589,519	\$9,958,737	\$104,548,256

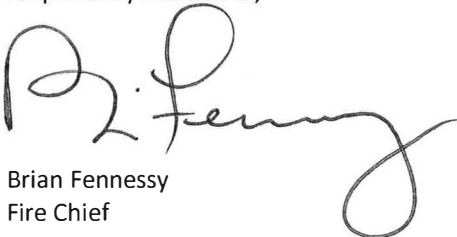
Settlement Agreement with the City of Irvine – Negotiation teams from OCFA and the City of Irvine (Irvine) worked collaboratively throughout Fiscal Year 2018/19 to formulate a Settlement Agreement, which was approved by OCFA’s Board of Directors on March 28, 2019, and Irvine’s City Council on April 9, 2019. The Settlement Agreement rescinded Irvine’s previous notice of withdrawal and ensures that Irvine will remain a member of OCFA through at least June 30, 2030. Under the terms of the Settlement Agreement, OCFA will provide approximately \$50 million in funding over an eleven-year period to support various programs benefitting the citizens of Orange County and enhancing services throughout OCFA’s jurisdiction, provide for the construction of a new training facility, and strengthen the security of OCFA’s pension programs.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the OCFA for its Fiscal Year 2017/18 Comprehensive Annual Financial Report (CAFR), the twenty-first consecutive year OCFA has received this prestigious award. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements. The certificate is valid for a period of one year. We believe our Fiscal Year 2018/19 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 CAFR was made possible by the dedicated efforts of the staff of the Finance Division. We acknowledge the support and direction provided to OCFA staff by the accounting firm of Lance, Soll & Lunghard, LLP. We would also like to express our appreciation to the Board of Directors and 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,

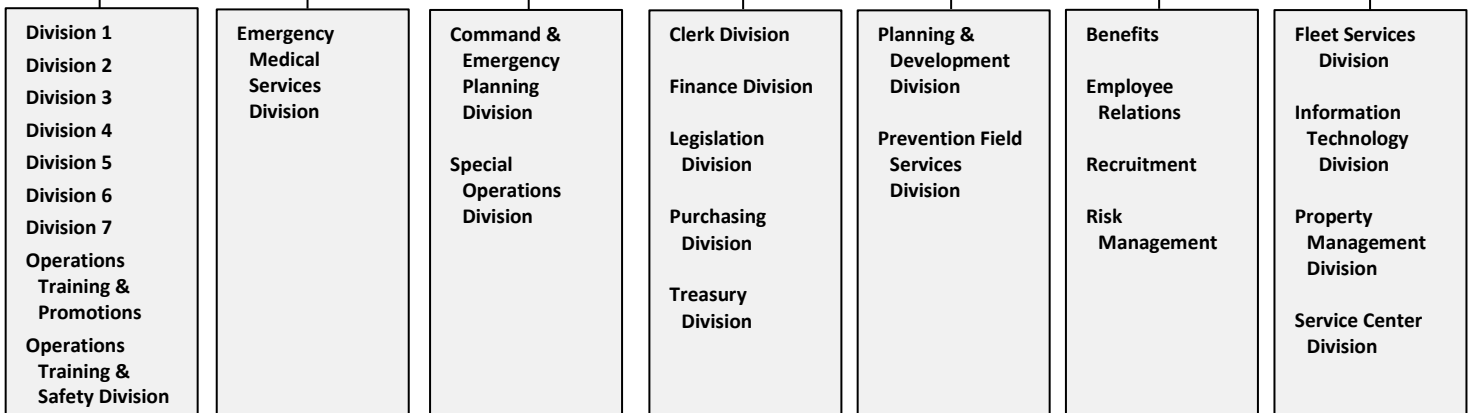
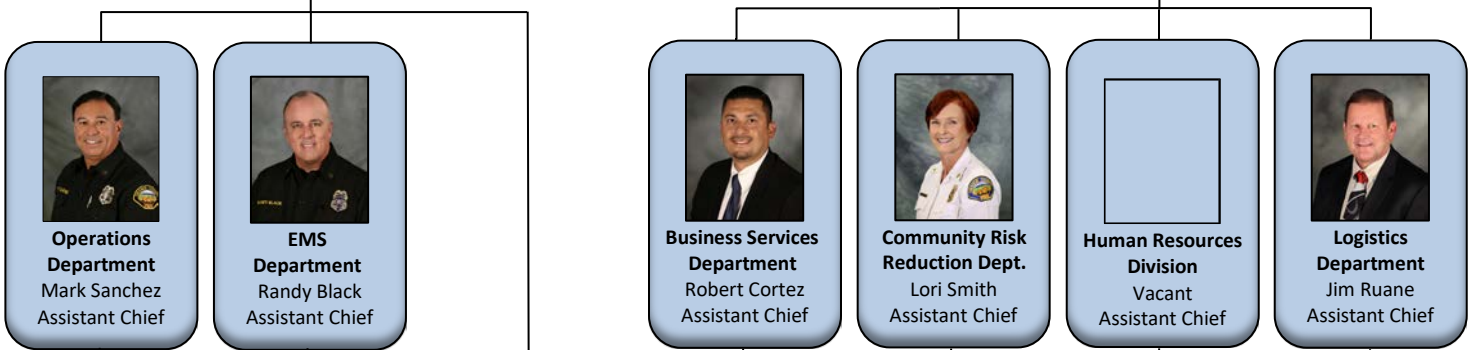
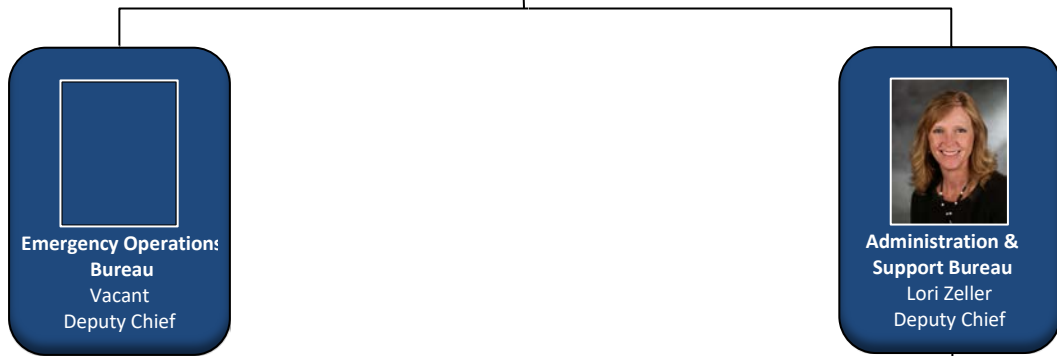
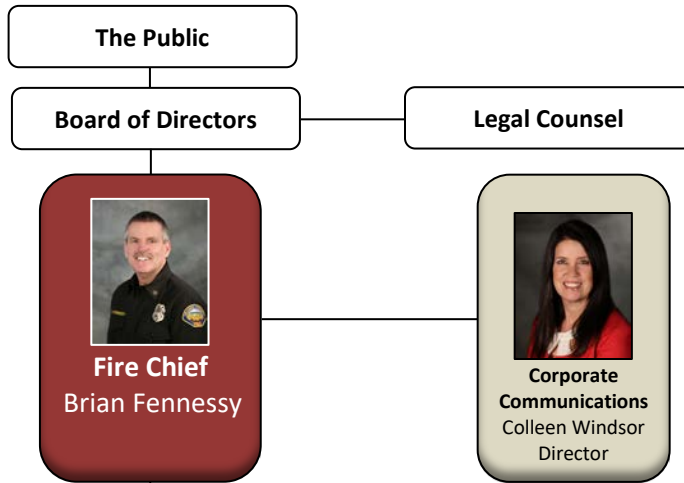


Brian Fennessy
Fire Chief



Lori Zeller
Deputy Chief, Administration & Support Bureau

ORANGE COUNTY FIRE AUTHORITY
 Organization Chart
 As of June 30, 2019



ORANGE COUNTY FIRE AUTHORITY
Management Staff and Appointed Officials
As of June 30, 2019

Executive Management

Fire Chief

Brian Fennessy

Deputy Chiefs

Vacant	Emergency Operations
Lori Zeller	Administration & Support

Assistant Chiefs

Mark Sanchez	Operations
Randy Black	EMS
Robert Cortez	Business Services
Lori Smith	Community Risk Reduction
Vacant	Human Resources
Jim Ruane	Logistics

Directors

Colleen Windsor	Corporate Communications
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Appointed Officials

Patricia Jakubiak	Treasurer
Jim Ruane	Auditor
Sherry A. F. Wentz	Clerk of the Authority

Legal Counsel

Woodruff, Spradlin & Smart	General Counsel
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ORANGE COUNTY FIRE AUTHORITY
Organization of Board of Directors
As of June 30, 2019

The Orange County Fire Authority Board of Directors has twenty-four members. Twenty-two of the members represent member 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** 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, subject to the approval of the Board of Directors. At least one member of the Board of Supervisors serves on this committee. In addition, the ratio of committee members representing cash contract cities to the total committee membership will be as close as reasonably possible to the ratio of the number of cash contract cities to total member agencies. The Chair of the City Managers Technical Advisory Committee serves as an ex officio non-voting member of the Executive Committee.

The **Budget and Finance Committee** advises staff and makes recommendations to the Board of Directors on matters related to financial and budget policies, development of budgets for the General Fund and capital expenditures, 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 OCFA's audit oversight committee.

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

Presented to

**Orange County Fire Authority
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

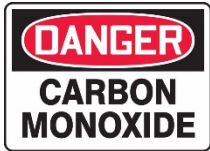
Christopher P. Morrill

Executive Director/CEO



Orange County Fire Authority Safety Message

Carbon Monoxide Alarms (Part 1 of 3)



Carbon Monoxide (CO) is a deadly, odorless, poisonous gas that can make a person feel sick. In the home, fuel-burning devices for heating and cooking can be sources of carbon monoxide.

Safety Tips

Carbon Monoxide (CO) alarms should be installed in all homes, apartments, and workplaces. They should be installed outside each sleeping area and on every level of the home. It is best to use interconnected CO alarms so when one sounds, all sound.

- ✓ Test CO alarms at least once each month.
- ✓ When a CO alarm sounds, assume that a real danger is present.
- ✓ You must get fresh air, so move all people and pets out of the structure immediately.
- ✓ Once outside, call the fire department. Do not re-enter until the fire department has declared the area safe and instructed you to do so.

(Continued on Page 4)

Financial Section



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Orange County Fire Authority, (the Authority) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority'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.



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Orange County Fire Authority, as of June 30, 2019, and the respective changes in financial position and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the OCERS Retirement Plan – schedule of OCFA's proportionate share of the net pension liability, schedule of contributions, Extra Help Retirement Plan – schedule of changes in the net pension liability and related ratios, schedule of contributions, schedule of money weighted rate of return, Retiree Medical Plan – schedule of changes in Net OPEB liability and related ratios, schedule of contributions, and schedule of money weighted rate of return 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 for the year ended June 30, 2018, were audited by another auditor, who expressed an unmodified opinion on those statements on October 15, 2018. The financial statements include summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2018, from which such summarized information was derived.

Other Information

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



CPAs AND ADVISORS

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

The combining and individual fund financial statements and 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. The 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 individual fund financial statements and 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 21, 2019 on our consideration of the Authority'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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 the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Lance, Soll & Lughard, LLP".

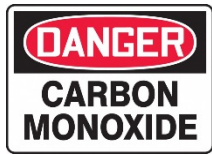
Brea, California
October 21, 2019



Orange County Fire Authority Safety Message

Carbon Monoxide Alarms (Part 2 of 3)

(Continued from Page xii)



Carbon Monoxide (CO) is a deadly, odorless, poisonous gas that can make a person feel sick. In the home, fuel-burning devices for heating and cooking can be sources of carbon monoxide.

Safety Tips

Carbon Monoxide (CO) alarms should be installed in all homes, apartments, and workplaces. They should be installed outside each sleeping area and on every level of the home. It is best to use interconnected CO alarms so when one sounds, all sound.

Prevent CO Poisoning

- ✓ Have a professional inspect your chimneys and heating equipment each year.
- ✓ Don't keep your car running inside your garage, even if your garage doors are open.
- ✓ Gas and charcoal grills and generators can produce CO. Use them outdoors in well-ventilated areas away from windows, doors, and vent openings.

(Continued on Page 23)

Management's Discussion and Analysis



Academy 47 Graduation
June 5, 2019

ORANGE COUNTY FIRE AUTHORITY
Management's Discussion and Analysis
Year ended June 30, 2019

As management of the Orange County Fire Authority (OCFA), we offer readers of OCFA's financial statements this overview and analysis of the financial activities for the fiscal year ended June 30, 2019.

Financial Highlights

Governmental Activities: OCFA's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$298,070,314 at the end of the current fiscal year. Net position consisted of net investment in capital assets totaling \$218,642,679; restricted for capital projects and other purposes totaling \$4,278,304; and an unrestricted deficit totaling \$520,991,297. The result of current fiscal year operations caused total net position to increase by \$1,383,132 from the prior fiscal year.

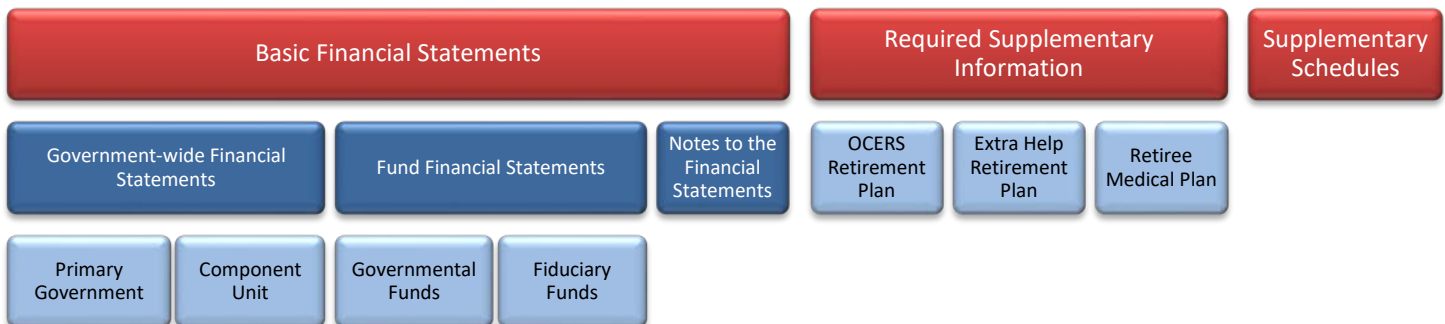
Governmental Funds: As of the close of the current fiscal year, OCFA's governmental funds showed combined ending fund balances totaling \$214,206,767, a decrease of \$4,377,749 from the prior fiscal year. Of the total ending fund balance, \$32,680,670 (15.3%) was available for funding future operational needs.

General Fund: At the end of the current fiscal year, fund balance for the General Fund was categorized as follows:

➤	Nonspendable	\$ 36,732,385
➤	Restricted	3,886,827
➤	Committed	1,338,850
➤	Assigned	94,085,894
➤	Unassigned	<u>32,680,670</u>
	Fund balance of the General Fund as of June 30, 2019	<u>\$168,724,626</u>

Overview of the Financial Statements

This discussion and analysis serves as an introduction to 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. In addition to the basic financial statements, the financial section of this report also contains required supplementary information and other supplementary schedules.



Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of OCFA's and the OCFA Foundation's finances, in a manner similar to a private-sector business. Public safety activities 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 24-25.

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

Statement of Activities: The statement of activities presents information showing how 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.

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. OCFA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. OCFA's funds 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 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.

OCFA reports four governmental funds. Information is presented separately in the fund financial statements for all four governmental funds, since 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 or 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 28-32.

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 OCFA's own programs. Combined basic fiduciary fund financial statements can be found on pages 33-34.

Notes to the Financial Statements and Required Supplementary Information (RSI): The notes to the financial statements and RSI provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements, including additional information about OCFA's retirement and other postemployment benefit plans. RSI, while not a part of the basic financial statements, is considered to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The notes to the financial statements can be found on pages 35-86, while RSI can be found on pages 87-99.

Supplementary Schedules: The budgetary schedules referred to earlier in connection with governmental funds are presented in the supplementary schedules section. Combining and individual fund schedules can be found on pages 101-113.

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, net position totaled a deficit of \$298,070,314 at the end of the most recent fiscal year, a 0.5% change from the prior fiscal year. Following is a summary of OCFA's net position as of June 30, 2019 and 2018:

ORANGE COUNTY FIRE AUTHORITY's Net Position

<u>Governmental Activities</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>%</u>
Assets:				
Current and other assets	\$ 216,331,420	\$ 217,366,652	\$ (1,035,232)	-0.5%
Capital assets, net	<u>218,642,679</u>	<u>209,205,540</u>	<u>9,437,139</u>	4.5%
Total assets	<u>434,974,099</u>	<u>426,572,192</u>	<u>8,401,907</u>	2.0%
Deferred outflows of resources:				
Related to pensions/OPEB	<u>159,936,990</u>	<u>114,184,983</u>	<u>45,752,007</u>	40.1%
Total deferred outflows of resources	<u>159,936,990</u>	<u>114,184,983</u>	<u>45,752,007</u>	40.1%
Liabilities:				
Long-term liabilities	790,687,641	707,604,967	83,082,674	11.7%
Other liabilities	<u>17,541,839</u>	<u>13,956,836</u>	<u>3,585,003</u>	25.7%
Total liabilities	<u>808,229,480</u>	<u>721,561,803</u>	<u>86,667,677</u>	12.0%
Deferred inflows of resources:				
Related to pensions/OPEB	<u>84,751,923</u>	<u>118,648,818</u>	<u>(33,896,895)</u>	-28.6%
Total deferred inflows of resources	<u>84,751,923</u>	<u>118,648,818</u>	<u>(33,896,895)</u>	-28.6%
Net position:				
Net investment in capital assets	218,642,679	207,951,822	10,690,857	5.1%
Restricted for capital projects	403,489	536,207	(132,718)	-24.8%
Restricted for drought augmentation activities	1,950,806	3,371,348	(1,420,542)	-42.1%
Restricted for greenhouse gas reduction activities	677,340	-	677,340	100.0%
Restricted for grants, donations, and other programs	1,246,669	46,329	1,200,340	2590.9%
Unrestricted	<u>(520,991,297)</u>	<u>(511,359,152)</u>	<u>(9,632,145)</u>	-1.9%
Total net position	<u>\$(298,070,314)</u>	<u>\$(299,453,446)</u>	<u>\$ 1,383,132</u>	0.5%

Net Investment in Capital Assets: At June 30, 2019, the largest portion of OCFA's net position reflects its investment in capital assets, less related outstanding debt used to acquire those assets. OCFA uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although 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. OCFA cannot sell the assets to obtain funding.

Net Position Restricted for Capital Projects and Other Purposes: An additional portion of OCFA's net position represents resources that are subject to external restrictions on how they may be used. As of June 30, 2019, restricted net position relates to CALFIRE contract revenues that are legally restricted for new fire station development or improvements to existing fire stations; state funding restricted for drought augmentation and greenhouse gas reduction activities; donations received for specific programs; and unperformed purchase orders for grant-funded programs.

Unrestricted Net Position: The remaining balance of net position is considered unrestricted. A positive unrestricted balance would represent amounts that may be used to meet OCFA's ongoing obligations to citizens and creditors. A deficit unrestricted balance, as reported on June 30, 2019 and June 30, 2018, indicates that OCFA's obligations currently exceed its resources. This deficit is due to the implementation of Governmental Accounting Standards Board (GASB) Statements No. 68 and No. 75 during Fiscal Year 2014/15 and Fiscal Year 2017/18, respectively. These statements required OCFA to begin reporting its net pension liabilities and the full amount of its net other postemployment benefit liabilities (OPEB) on the Statement of Net Position.

Changes in Net Position: Governmental activities from the current year's activities increased OCFA's net position by \$1,383,132 during the most recent fiscal year, an indication that OCFA's financial position has improved. As previously noted, the reason for the overall deficit in net position is due to a change in financial reporting requirements under GASB Statements No. 68 and No. 75, not the result of a change in OCFA's financial situation.

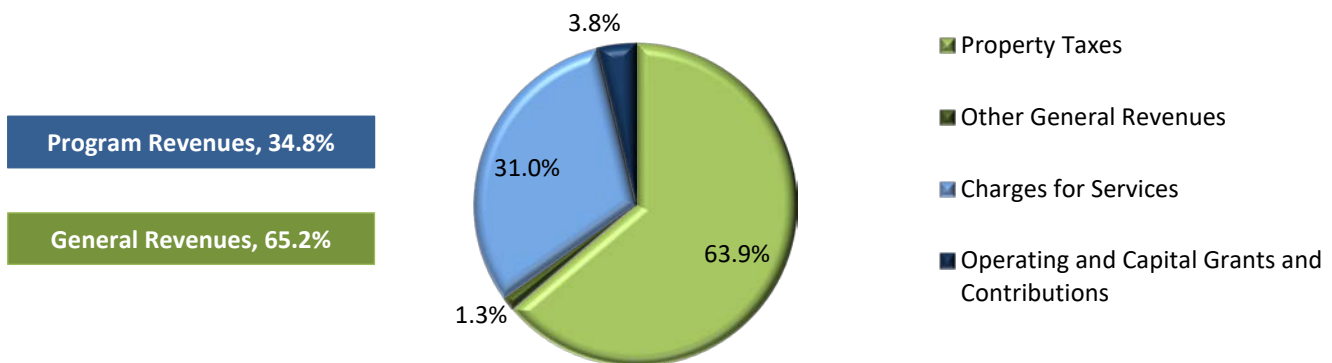
**FY 2018 / 2019
Comprehensive Annual Financial Report**

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 OCFA’s changes in net position for Fiscal Year 2018/19 and Fiscal Year 2017/18, followed by explanations for the increases or decreases in revenues and expenses between fiscal years.

ORANGE COUNTY FIRE AUTHORITY’s Changes in Net Position

<u>Governmental Activities</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>%</u>
Program revenues:				
Charges for services	\$ 128,320,646	\$ 132,634,280	\$ (4,313,634)	-3.3%
Operating grants and contributions	15,454,060	13,920,686	1,533,374	11.0%
Capital grants and contributions	454,200	16,875,139	(16,420,939)	-97.3%
Total program revenues	<u>144,228,906</u>	<u>163,430,105</u>	<u>(19,201,199)</u>	-11.7%
General revenues:				
Property taxes	264,267,387	250,326,172	13,941,215	5.6%
Investment income	4,236,800	2,188,611	2,048,189	93.6%
Gain on disposal of capital assets	-	719,372	(719,372)	-100.0%
Miscellaneous	1,320,364	5,089,603	(3,769,239)	-74.1%
Total general revenues	<u>269,824,551</u>	<u>258,323,758</u>	<u>11,500,793</u>	4.5%
Total revenues	<u>414,053,457</u>	<u>421,753,863</u>	<u>(7,700,406)</u>	-1.8%
Public safety expenses:				
Salaries and benefits	339,249,853	323,845,042	15,404,811	4.8%
Services and supplies	62,877,930	57,275,465	5,602,465	9.8%
Depreciation and amortization	10,531,098	10,084,196	446,902	4.4%
Total public safety expenses	412,658,881	391,204,703	21,454,178	5.5%
Interest on long-term debt	11,444	70,751	(59,307)	-83.8%
Total expenses	<u>412,670,325</u>	<u>391,275,454</u>	<u>21,394,871</u>	5.5%
Change in net position	1,383,132	30,478,409	(29,095,277)	
Net position, beginning of year	(299,453,446)	(176,774,047)	(122,679,399)	
Prior period adjustment	-	(153,157,808)	153,157,808	
Net position, end of year	<u>\$(298,070,314)</u>	<u>\$(299,453,446)</u>	<u>\$ 1,383,132</u>	0.5%

**Revenues of Governmental Activities - By Source
Fiscal Year 2018/19**



Program Revenues: Program revenues, which totaled \$144,228,906 for Fiscal Year 2018/19 and accounted for 34.8% of total revenues, decreased by \$19,201,199 from the prior fiscal year.

Charges for Services include amounts received from those who purchase, use, or directly benefit from or are affected by a program. These revenues decreased by \$4,313,634 from the prior fiscal year.

Amount (Rounded)	Reason for Increase / Decrease
-\$9,925,000	Reimbursements for state and federal incidents vary each year depending on fire and emergency response activity. Assistance performed for CALFIRE, the California Emergency Management Agency (CAL EMA), and the Cleveland National Forest decreased by \$8,980,000. Reimbursements were higher in the prior fiscal year due to the in-county Canyon and Canyon 2 Fires from September to October 2017, as well as the Ventura County Thomas Fire in December 2017. Federal responses to national emergency incidents also decreased by \$945,000 due to the response for Hurricanes Irma and Harvey in September 2017, as well as federal public assistance received for the in-county Canyon 2 Fire.
+\$6,305,000	Fire service contracts increased for cash contract city charges per terms of the Joint Powers Agreement (+\$5,445,000) and the Airport Rescue Firefighting (ARFF) Services contract with John Wayne Airport (+\$210,000). As part of the fire service transition to occur in August 2019, OCFA also incurred certain start-up costs that are reimbursable by the City of Garden Grove (+\$650,000).
-\$915,000	Revenues for ambulance transport and supplies reimbursement were lower in Fiscal Year 2018/19 due to a decrease in transport activity, as well as discontinuation of OCFA's emergency transport services in the City of San Clemente effective September 2017.
+\$120,000	Road maintenance, fuel reduction, and other contract revenues generated by the hand crew increased due to more work performed for Southern California Edison and the Orange County Parks Department.
+\$100,000	Fee-based fire prevention revenues increased primarily due to an increase in the number of fees charged for repetitive false alarm incidents.
-\$4,315,000	Program Revenues: Charges for Services – Net Decrease

Operating Grants and Contributions include grants, contributions, donations, and similar items that are restricted to one or more specific program. These revenues increased by \$1,533,374 over the prior fiscal year.

Amount (Rounded)	Reason for Increase / Decrease
+\$1,015,000	Tax increment passed through from member cities and the County of Orange increased by \$1,015,000. In Fiscal Year 2011/12, the State of California dissolved its sixty 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.
+\$370,000	Federal and state operating grants increased primarily due to a one-time federal grant to conduct a Southern Wind Urban Search & Rescue Task Force Radioactive Dispersal Device (RDD) "Dirty Bomb" Exercise.
+\$150,000	Other miscellaneous operating revenues increased, primarily due to an increase in the number of reimbursable instructional hours per a contract with Santa Ana College and reimbursable projects approved by the California Firefighter Joint Apprenticeship Committee.
+\$1,535,000	Program Revenues: Operating Grants and Contributions – Net Increase

Comprehensive Annual Financial Report

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 \$16,420,939 from the prior fiscal year.

Amount (Rounded)	Reason for Increase / Decrease
-\$13,330,000	Capital assets contributed to OCFA decreased due to Fire Station No. 20 (Irvine), which was acquired from The Irvine Company in June 2018 at a value of \$13,330,000. This permanent facility replaced a temporary fire station facility that had previously served the Great Park area in the City of Irvine.
-\$3,090,000	Revenues from developers decreased per the terms of various Secured Fire Protection Agreements. Contributions varied between prior and current fiscal years primarily based on construction projects in the cities of Irvine and Lake Forest. The individual developments having the greatest impact on the decrease were the Great Park and Fire Station No. 20 (Irvine).
-\$16,420,000	Program Revenues: Capital Grants and Contributions – Net Decrease

General Revenues: General revenues, which totaled \$269,824,551 for Fiscal Year 2018/19 and accounted for 65.2% of total revenues, increased by \$11,500,793 over the prior fiscal year.

Amount (Rounded)	Reason for Increase / Decrease																				
+\$13,940,000	The largest general revenue, property taxes, increased by \$13,940,000 over the prior fiscal year, primarily due to increases in secured property taxes.																				
-\$3,770,000	Miscellaneous revenues decreased by nearly \$3.8 million primarily due to amounts received from the Orange County Professional Firefighters Association IAFF Local 3631 in connection with the contract governing OCFA’s contributions to the firefighter medical trust (-\$2,275,000); final receipt of bankruptcy loss recoveries from the County of Orange in Fiscal Year 2017/18 (-\$830,000); and the net recognition of insurance settlements from the loss of non-capital items, including those related to a fire that destroyed Fire Station No. 61 (Buena Park) in January 2017 (-\$455,000). Other revenue declines related to the sale of non-capital surplus, a one-time fire service fee from the City of Garden Grove, and a one-time hazardous materials class hosted by OCFA.																				
+\$2,050,000	Investment income increased by \$2,050,000. OCFA’s year-to-date effective rate of return on its investment portfolio was 2.35% as of June 30, 2019, as compared to 1.78% as of June 30, 2018. This increase in the annual rate of return created a \$1,315,000 increase to overall portfolio earnings. However, OCFA adjusts its investments to market value as of June 30 each year. This resulted in an overall investment gain in Fiscal Year 2018/19 and generated a \$675,000 increase in total investment income as compared to the prior fiscal year’s market value loss. The market value adjustment is a “paper only” transaction, and no actual investment gains or losses have been recognized since OCFA typically holds its investments to maturity. These components of investment income, including interest earned from the County of Orange on property taxes, are summarized below: <table border="1" style="margin-left: 40px;"> <thead> <tr> <th></th> <th>FY 2018/19</th> <th>FY 2017/18</th> <th>Increase (Decrease)</th> </tr> </thead> <tbody> <tr> <td>Portfolio earnings</td> <td>\$3,478,985</td> <td>\$2,162,548</td> <td>\$1,316,437</td> </tr> <tr> <td>Market value gain (loss)</td> <td>510,309</td> <td>(162,490)</td> <td>672,799</td> </tr> <tr> <td>Interest on property taxes</td> <td>247,506</td> <td>188,553</td> <td>58,953</td> </tr> <tr> <td>Total investment income</td> <td>\$4,236,800</td> <td>\$2,188,611</td> <td>\$2,048,189</td> </tr> </tbody> </table>		FY 2018/19	FY 2017/18	Increase (Decrease)	Portfolio earnings	\$3,478,985	\$2,162,548	\$1,316,437	Market value gain (loss)	510,309	(162,490)	672,799	Interest on property taxes	247,506	188,553	58,953	Total investment income	\$4,236,800	\$2,188,611	\$2,048,189
	FY 2018/19	FY 2017/18	Increase (Decrease)																		
Portfolio earnings	\$3,478,985	\$2,162,548	\$1,316,437																		
Market value gain (loss)	510,309	(162,490)	672,799																		
Interest on property taxes	247,506	188,553	58,953																		
Total investment income	\$4,236,800	\$2,188,611	\$2,048,189																		
-\$720,000	There was a \$720,000 gain on disposal of capital assets during Fiscal Year 2017/18 primarily due to the trade-in of 108 cardiac monitors. The trade-in credit received from the vendor for these items exceeded their net book value, producing a combined \$620,000 gain on their disposal. The balance of the gain was comprised of vehicles and equipment sold at public auction or disposed because they were obsolete or broken beyond repair. Most of those items were fully depreciated at the time of their disposal.																				
+\$11,500,000	General Revenues – Net Increase																				



Public Safety Expenses: Total public safety expenses increased by \$21,454,178 from the prior fiscal year.

Amount (Rounded)	Reason for Increase / Decrease																
+\$19,265,000	Pension contributions remitted to the Orange County Employees Retirement System (OCERS) increased by \$465,000. Reasons for the increase in actual plan contributions are further explained in the Major Governmental Funds – General Fund portion of this Management’s Discussion and Analysis. In addition, under the requirements of GASB Statement No. 68, the amount of pension expense recognized during Fiscal Year 2018/19 in order to fully capture OCFA’s share of the net pension liability in its governmental activities, was \$18,800,000 more than the prior year.																
-\$11,835,000	Other postemployment benefit (OPEB) contributions remitted to the Defined Benefit Retiree Medical Plan Trust decreased by \$2,275,000. Reasons for the decrease in actual plan contributions are further explained in the Major Governmental Funds – General Fund portion of this Management’s Discussion and Analysis. In addition, under the requirements of GASB Statement No. 75, the amount of OPEB expense recognized during Fiscal Year 2018/19 in order to fully capture OCFA’s net OPEB liability in its governmental activities, was \$9,560,000 less than the prior year.																
+\$8,040,000	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, FICA, and Medicare (+\$3,755,000); overtime costs (+\$2,775,000); other pay (+\$950,000); employee health insurance and other benefits (+\$370,000); vacation and sick leave payouts (+\$205,000); and temporary “extra help” salaries (-\$15,000).																
-\$70,000	The net change in long-term liabilities for various employee leave balances decreased by \$70,000 as compared to the prior year and is recognized as an expense (credit) in the governmental activities.																
+\$15,400,000	Subtotal for Public Safety Salaries and Benefits – Net Increase																
+\$4,540,000	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. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">FY 2018/19</th> <th style="text-align: center;">FY 2017/18</th> <th style="text-align: center;">Increase (Decrease)</th> </tr> </thead> <tbody> <tr> <td>Actual claims paid</td> <td style="text-align: right;">\$11,960,000</td> <td style="text-align: right;">\$13,300,000</td> <td style="text-align: right;">\$(1,340,000)</td> </tr> <tr> <td>Change in actuarial estimate</td> <td style="text-align: right;">13,280,000</td> <td style="text-align: right;">7,400,000</td> <td style="text-align: right;">5,880,000</td> </tr> <tr> <td>Total fiscal year expense</td> <td style="text-align: right;">\$25,240,000</td> <td style="text-align: right;">\$20,700,000</td> <td style="text-align: right;">\$4,540,000</td> </tr> </tbody> </table>		FY 2018/19	FY 2017/18	Increase (Decrease)	Actual claims paid	\$11,960,000	\$13,300,000	\$(1,340,000)	Change in actuarial estimate	13,280,000	7,400,000	5,880,000	Total fiscal year expense	\$25,240,000	\$20,700,000	\$4,540,000
	FY 2018/19	FY 2017/18	Increase (Decrease)														
Actual claims paid	\$11,960,000	\$13,300,000	\$(1,340,000)														
Change in actuarial estimate	13,280,000	7,400,000	5,880,000														
Total fiscal year expense	\$25,240,000	\$20,700,000	\$4,540,000														
+\$700,000	Reasons for increases and decreases to the following categories of services and supplies are further explained in the Major Governmental Funds – General Fund portion of this Management’s Discussion and Analysis: professional services other than workers’ compensation (-\$1,660,000); clothing and personal supplies (-\$1,450,000); special department expenses (+\$720,000); equipment and vehicle maintenance (+\$700,000); building maintenance (+490,000); City of Garden Grove start-up costs (+\$490,000); employee travel, training, and meetings (+\$300,000); office supplies (+\$250,000); transportation (+\$250,000); insurance (+\$240,000); communications (+\$220,000); and utilities (+\$150,000).																

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Amount (Rounded)	Reason for Increase / Decrease
+\$260,000	Services and supplies relating to capital improvement projects vary each year based on the timing of one-time projects. The most significant Fiscal Year 2018/19 project was the site stabilization project at Fire Station No. 42 (Portola Hills), which incurred various non-capitalized engineering and construction expenses.
+\$100,000	There was a \$100,000 loss on disposal of capital assets during Fiscal Year 2018/19. Various equipment items were sold or traded in at amounts less than their net book value, including extrication tools and a cardiac monitor. In addition, OCFA's modular building that was used as a temporary site for Fire Station No. 61 (Buena Park) was donated to the Centralia School District after the new permanent fire station was placed into service. That modular building had a net book value of \$35,000 and was the single largest component of the overall loss.
+\$5,600,000	Subtotal for Public Safety Services and Supplies – Net Increase
+\$450,000	Public Safety Depreciation and Amortization Expense , which had no impact on OCFA's cash balances, increased by \$450,000, and pertained primarily to depreciation on buildings and vehicles. Fiscal Year 2018/19 was the first full year of depreciation expense on Fire Station No. 20 (Irvine) that was placed into service in June 2018. In addition, Fiscal Year 2018/19 vehicle depreciation included six new 100' tractor drawn aerials that were placed into service throughout the year.
+\$21,450,000	Total Public Safety Expenses – Net Increase

OCFA Foundation: OCFA reports the financial activities of the OCFA Foundation as a discretely presented component unit in its government-wide financial statements. The net position of the OCFA Foundation totaled \$144,124 at the end of the most recent fiscal year, a 3.5% increase over the prior year. Following is a summary of the OCFA Foundation's net position as of and for the changes thereof for the fiscal years ending June 30, 2019 and 2018:

OCFA FOUNDATION's Condensed Financial Activity

Component Unit	June 30, 2019	June 30, 2018	Increase (Decrease)	
			Amount	%
Assets:				
Current and other assets	\$139,209	\$127,088	\$12,121	9.5%
Capital assets, net	14,314	15,113	(799)	-5.3%
Total assets	153,523	142,201	11,322	8.0%
Liabilities:				
Other liabilities	9,399	2,978	6,421	215.6%
Total liabilities	9,399	2,978	6,421	215.6%
Net position:				
Net investment in capital assets	14,314	15,113	(799)	-5.3%
Restricted for grants, donations, and other programs	33,525	38,199	(4,674)	-12.2%
Unrestricted	96,285	85,911	10,374	12.1%
Total net position	\$144,124	\$139,223	\$ 4,901	3.5%
Program revenues:				
Operating grants and contributions	\$ 57,203	\$ 43,198	\$14,005	32.4%
Total revenues	57,203	43,198	14,005	32.4%
Public safety expenses:				
Services and supplies	51,503	44,756	6,747	15.1%
Depreciation and amortization	799	799	-	n/a
Total expenses	52,302	45,555	6,747	14.8%
Change in net position	4,901	(2,357)	7,258	
Net position, beginning of year	139,223	141,580	(2,357)	
Net position, end of year	\$144,124	\$139,223	\$ 4,901	3.5%

Net Position: At June 30, 2019, a portion of OCFA Foundation's net position reflects its investment in capital assets, which are used to provide services to citizens and are not available for future spending. An additional portion of net position represents resources that are subject to external donor-imposed restrictions that will be met through the actions of the Foundation or the

passage of time. As of June 30, 2019, restricted net position related to unspent amounts received for programs, including the Smoke Alarm Outreach Program, Drowning Prevention, the Fire Exploring Academy, the September 11th Memorial Project, and the Best & Bravest Awards Event. The remaining balance and largest portion of the OCFA Foundation’s net position is considered unrestricted and may be used to meet the ongoing obligations to citizens and creditors.

Changes in Net Position: During Fiscal Year 2018/19, operating grants and contributions included \$28,293 in general contributions and \$28,910 in donations and other revenues restricted for various OCFA Foundation programs. Services and supplies expenses included \$1,670 in administrative costs, with the balance relating to various OCFA Foundation programs.

Financial Analysis of OCFA’s Governmental Funds
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Governmental Funds: As noted earlier, OCFA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of 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 is divided into the following five categories:

- (1) Nonspendable – Not in a spendable form, or legally or contractually required to remain intact
- (2) Restricted – Subject to externally enforceable legal restrictions
- (3) Committed – Use is constrained by specific limitations that the Board of Directors imposes upon itself by a formal action
- (4) Assigned – Intended to be used by the government for specific purposes, subject to change, as established by the governing body itself or by management officials who have been delegated authority by the governing body
- (5) 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 2018/19, OCFA’s governmental funds reported combined ending fund balances of \$214,206,767, a decrease of \$4,377,749 in comparison with the prior year. Approximately 15.3% constitutes unassigned fund balance, which is available for spending for any purpose. The remaining 84.7% of fund balance is not available for spending on any new purpose, because it has already been restricted, committed, or assigned for specific purposes, or it is in a nonspendable form.

Major Governmental Funds: If the assets, liabilities, revenues, or expenditures of a governmental fund exceed 10% of the total of all governmental funds, that fund is reported as a major governmental fund in the fund financial statements. Because OCFA has elected to classify all of its governmental funds as major, regardless of the calculation, four major funds are reported during the current fiscal year. Following is a description of the changes in each fund’s revenues, expenditures, and transfers from the prior to the current fiscal year, and how those changes impacted net fund balance. ***Increases to revenues and transfers in impact fund balance positively, while increases to expenditures and transfers out impact fund balance negatively.***



The **General Fund** is the chief operating fund of OCFA. At the end of Fiscal Year 2018/19, the General Fund’s fund balance totaled \$168,724,626. Unassigned fund balance totaling \$32,680,670 (19.4%) is available for future spending. The remaining \$136,043,956 (80.6%) is not available for spending on any new purpose, because it has already been restricted, committed or assigned for specific purposes, or is in a nonspendable form. Total fund balance of OCFA’s General Fund increased by \$10,623,336 during the current fiscal year. The prior fiscal year’s fund balance increased by \$10,743,938, a difference of \$120,602. The significant reason(s) for that net difference are identified in the following table.

Impact on Fund Balance (Rounded)	Description
+\$13,940,000	Revenue from property taxes increased primarily due to secured property taxes.
-\$8,540,000	The decrease in intergovernmental revenue related primarily to state and federal assistance by hire revenues for emergency response activity and federal reimbursements for emergency response on hurricanes and other disasters. These types of emergency response activities were significantly higher in Fiscal Year 2017/18. Decreases totaled over \$9.9 million, but were offset by \$1.4 million in increases relating to tax increment passed through from member cities and the County of Orange, as well as various state and federal grants.

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Impact on Fund Balance (Rounded)	Description																						
+\$4,830,000	The most significant increase in charges for services was over \$5.3 million for operating and facilities charges to cash contract cities per terms of the Joint Powers Agreement. Other revenue increases included the Airport Rescue Firefighting (ARFF) Services contract with John Wayne Airport; contract work generated by the hand crew; and inspection and false alarm fees. The most significant decrease in charges for services was \$830,000 for private ambulance transport and supplies reimbursements. Revenue also decreased for the emergency transport program in the City of San Clemente, which was discontinued in September 2017.																						
-\$2,515,000	The change in miscellaneous revenue related primarily to a decline in amounts received from the Orange County Professional Firefighters Association IAFF Local 3631 (OCPFA) in connection with OCFA's contract governing contributions to the firefighter medical trust. Per terms of the contract and results of an annual third-party review, OCPFA was required to pay OCFA nearly \$2.3 million in Fiscal Year 2017/18 but \$0 in Fiscal Year 2018/19.																						
+\$1,535,000	The increase in use of money and property primarily pertained to increases for investment portfolio earnings, net of a market value investment loss, allocated to the fund (+\$1,475,000), as well as interest earnings related to property taxes (+\$60,000).																						
+\$9,250,000	Subtotal – Impact of Revenues																						
-\$3,755,000	Regular pay, as well as related costs such as FICA and Medicare, increased by \$3.3 million due to scheduled pay increases per labor contracts negotiated with various employee groups. Pay increases that went into effect during Fiscal Year 2018/19 included chief officers (3.30% effective July 2018), general and supervisory units (2.00% effective August 2018), administrative managers (1.84% effective August 2018), and firefighters (3.20% effective September 2018). In addition, there was a \$455,000 increase in the net year-end estimate for accrued but unpaid payroll costs. The year-end estimates vary each year depending on the timing of the bi-weekly pay period calendar.																						
-\$2,775,000	Overtime costs increased by nearly \$2.8 million, including non-discretionary backfill for open/vacant suppression positions; backfill for suppression personnel on workers' compensation or those utilizing leave balances; and overtime for mandatory training. Increases in these categories were offset by declines in overtime and backfill for suppression personnel responding to emergency incidents. There were fewer in-county and out-of-county incidents to which OCFA provided state "assistance by hire" in Fiscal Year 2018/19 as compared to the prior year.																						
+\$2,275,000	In April 2018, OCFA made an employer contribution totaling \$2,275,000 to the Defined Benefit Retiree Medical Trust. This payment was made in accordance with the terms of the updated Health Plan Agreement between OCFA and the Orange County Professional Firefighters Association (OCPFA) effective January 1, 2017, and represented "excess fund balance" held by the OCPFA health plan trust as of December 31, 2016. No "excess fund balance" was held as of December 31, 2017, so no contribution was made to the trust during Fiscal Year 2018/19.																						
-\$950,000	Other pay – which includes pay to employees on workers' compensation, educational incentives, paramedic/EMT bonuses, bilingual pay, and other specialty pay – increased or decreased as follows: <table style="width: 100%; margin-left: 20px;"> <tr> <td>➤ Paramedic specialty pay</td> <td style="text-align: right;">+\$360,000</td> </tr> <tr> <td>➤ Emergency medical technician (EMT) pay</td> <td style="text-align: right;">+\$115,000</td> </tr> <tr> <td>➤ Special assignment pay for other safety specialties</td> <td style="text-align: right;">+\$135,000</td> </tr> <tr> <td>➤ Special assignment pay for manpower coordinators and staff positions</td> <td style="text-align: right;">+\$60,000</td> </tr> <tr> <td>Subtotal – increase in specialty pay for safety employees</td> <td style="text-align: right; border-top: 1px solid black;">+\$670,000</td> </tr> <tr> <td>➤ Education incentives</td> <td style="text-align: right;">+\$200,000</td> </tr> <tr> <td>➤ Workers' compensation pay</td> <td style="text-align: right;">-\$110,000</td> </tr> <tr> <td>➤ Military leave</td> <td style="text-align: right;">+\$65,000</td> </tr> <tr> <td>➤ Night shift differential pay</td> <td style="text-align: right;">+\$55,000</td> </tr> <tr> <td>➤ Other miscellaneous taxable and nontaxable pay</td> <td style="text-align: right;">+\$70,000</td> </tr> <tr> <td>Total – net increase in expenditures</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">+\$950,000</td> </tr> </table> <p>Specialty pay for safety employees was the most significant contributor to the overall increase. These amounts are typically calculated as a percentage of regular pay, which increased during Fiscal Year 2018/19 due to scheduled pay increases for chief officers and firefighters.</p>	➤ Paramedic specialty pay	+\$360,000	➤ Emergency medical technician (EMT) pay	+\$115,000	➤ Special assignment pay for other safety specialties	+\$135,000	➤ Special assignment pay for manpower coordinators and staff positions	+\$60,000	Subtotal – increase in specialty pay for safety employees	+\$670,000	➤ Education incentives	+\$200,000	➤ Workers' compensation pay	-\$110,000	➤ Military leave	+\$65,000	➤ Night shift differential pay	+\$55,000	➤ Other miscellaneous taxable and nontaxable pay	+\$70,000	Total – net increase in expenditures	+\$950,000
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Impact on Fund Balance (Rounded)	Description																								
-\$465,000	One-time employer pension contributions decreased by \$265,000 in accordance with OCFA's "snowball" plan to expedite the paydown of its net unfunded pension liability. Actuarially required pension contributions based on employee compensation, net of savings achieved by pre-paying a portion of the subsequent fiscal year's contribution to OCERS, increased by \$730,000. That increase is due in most part to corresponding increases in employee compensation.																								
-\$370,000	Employee health insurance and other benefits increased primarily due to firefighter health insurance premiums. OCFA contributes toward the cost of firefighter health insurance premiums at a contractual rate per month, per employee. The monthly rate increased from \$1,900 to \$1,995 per month in January 2019.																								
-\$205,000	Vacation and sick leave payouts increased due to the retirement of an individual, long-term employee with significant balances during Fiscal Year 2018/19.																								
+\$15,000	Salary costs for temporary, "extra help" employees vary each year as projects and short-term vacancies arise. The net decrease in Fiscal Year 2018/19 was primarily due to an employee hired in the prior year to oversee the development of the City of Garden Grove fire service proposal, offset by an overall increase in reserve firefighter stipend payments.																								
-\$6,230,000	Subtotal – Impact of Salaries and Benefits																								
+\$3,000,000	<p>The most significant decrease in professional services pertained to partnership costs paid to the Orange County Sheriff's Department for OCFA's proportionate share of the 800 MHz Countywide-Coordinated Communications System (CCCS) replacement. The final \$2.5 million payment was made during Fiscal Year 2017/18. Another significant decrease was workers compensation claims paid. This varies each year depending on the number of open claims. These decreases were offset by an increase in the cost of pre-employment and wellness physicals and mental health counseling and training program services. Below is a summary of these and other net increases and decreases in Fiscal Year 2018/19 professional service expenditures:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">➤ 800 MHz CCCS replacement</td> <td style="text-align: right;">-\$2,470,000</td> </tr> <tr> <td style="padding-left: 20px;">➤ Workers' compensation claims paid</td> <td style="text-align: right;">-\$1,340,000</td> </tr> <tr> <td style="padding-left: 20px;">➤ Employee physicals and mental health awareness programs</td> <td style="text-align: right;">+\$600,000</td> </tr> <tr> <td style="padding-left: 20px;">➤ Service level assessments</td> <td style="text-align: right;">+\$360,000</td> </tr> <tr> <td style="padding-left: 20px;">➤ Property tax administrative fee</td> <td style="text-align: right;">-\$270,000</td> </tr> <tr> <td style="padding-left: 20px;">➤ Mission Driven Culture program</td> <td style="text-align: right;">+\$225,000</td> </tr> <tr> <td style="padding-left: 20px;">➤ Lexipol online fire policy manual and integrated daily training bulletin services</td> <td style="text-align: right;">+\$165,000</td> </tr> <tr> <td style="padding-left: 20px;">➤ "County island" agreement with the City of La Habra</td> <td style="text-align: right;">-\$145,000</td> </tr> <tr> <td style="padding-left: 20px;">➤ Legal fees</td> <td style="text-align: right;">-\$145,000</td> </tr> <tr> <td style="padding-left: 20px;">➤ Consultants for Canyon and Canyon 2 Fires independent review</td> <td style="text-align: right;">-\$110,000</td> </tr> <tr> <td style="padding-left: 20px;">➤ Other professional services</td> <td style="text-align: right;">+\$130,000</td> </tr> <tr> <td style="padding-left: 20px;">Total – net decrease in expenditures</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">-\$3,000,000</td> </tr> </table>	➤ 800 MHz CCCS replacement	-\$2,470,000	➤ Workers' compensation claims paid	-\$1,340,000	➤ Employee physicals and mental health awareness programs	+\$600,000	➤ Service level assessments	+\$360,000	➤ Property tax administrative fee	-\$270,000	➤ Mission Driven Culture program	+\$225,000	➤ Lexipol online fire policy manual and integrated daily training bulletin services	+\$165,000	➤ "County island" agreement with the City of La Habra	-\$145,000	➤ Legal fees	-\$145,000	➤ Consultants for Canyon and Canyon 2 Fires independent review	-\$110,000	➤ Other professional services	+\$130,000	Total – net decrease in expenditures	-\$3,000,000
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+\$1,450,000	Clothing and personal supply costs decreased primarily due to the purchase of firefighter turnouts in the prior year. In an effort to improve firefighter safety with regard to cancer risk, OCFA set a goal to issue a second set of turnouts to every firefighter. Roll-out of a second set to all suppression personnel occurred throughout Fiscal Year 2017/18.																								
-\$720,000	Increases in special department expenditures pertained primarily to purchases to replenish various Service Center supply and inventory items, including self-contained breathing apparatus carbon air cylinders, valve assemblies, air bottles, masks, voice amplifiers, nozzles, adapters, and valves.																								
-\$700,000	Vehicle maintenance was higher in Fiscal Year 2018/19 due to general vehicle parts and repairs, a significant repair required for Truck 979, and maintenance of the helicopter fleet. Significant helicopter maintenance in Fiscal Year 2018/19 included the five-year inspection of Helicopter 2 and the ten-year inspection of Helicopter 3. In addition, equipment maintenance was higher in Fiscal Year 2018/19 due to various exhaust system repairs at the Regional Fire Operations and Training Center (RFOTC).																								
-\$490,000	Increases in building maintenance related primarily to general construction, door, and gate projects. There were several major repair projects in Fiscal Year 2018/19, including modifications to the Emergency Operations Center; concrete repairs at the RFOTC; repair of a water main leak at the Urban Search and Rescue warehouse; and replacement of the apparatus bay door at Fire Station No. 26 (Irvine).																								

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(Continued)

Impact on Fund Balance (Rounded)	Description
-\$490,000	During Fiscal Year 2018/19, OCFA incurred \$490,000 of reimbursable services and supplies costs relating to the future transition of fire and emergency medical services from the City of Garden Grove.
-\$300,000	The cost of employee travel, training, and meetings increased for a variety of reasons, including an increase in the number of out-of-county trips for flight and helicopter maintenance training completed by personnel in the Air Operations section. In addition, there was a significant increase in the number out-of-county trips relating to new training opportunities offered by the Fire Chief, including Mission Critical Team Development training courses in Philadelphia and "staff rides" in Gettysburg and San Diego.
-\$250,000	Office supply expenditures increased primarily due to purchases of core network, switch, and other equipment required for the CAD2CAD network system; switches and network cards; and new computers needed to replenish broken or outdated stock.
-\$250,000	Transportation costs increased due to an increase in fuel prices. Fiscal Year 2017/18 diesel and regular fuel purchases averaged \$2.81 and \$2.59 per gallon, respectively. Fiscal Year 2018/19 diesel and regular fuel purchases were 15%-16% higher at average prices of \$3.24 and \$3.00 per gallon, respectively. A state gas tax increase effective November 2017 contributed to the rising fuel prices.
-\$240,000	Fiscal Year 2018/19 insurance premiums increased for excess workers' compensation and general liability coverage. There were also more out-of-pocket deductibles and payments made for vehicle and property damage.
-\$220,000	The increase in communications charges related to monthly services with Verizon and AT&T for cell phone broadband services, fax, phone, alarm, 911 boxes, and data circuits.
-\$150,000	Utility costs increased during Fiscal Year 2018/19, primarily due to electricity at the RFOTC during the four-month period from July 2018 through October 2018. Costs are generally higher during warm weather months in the summer and fall. Water costs also increased during Fiscal Year 2018/19 due to high usage during training activities at the RFOTC.
+\$640,000	<i>Subtotal – Impact of Services and Supplies</i>
-\$125,000	During Fiscal Year 2018/19, OCFA incurred \$125,000 of reimbursable capital outlay expenditures for equipment purchases relating to the future transition of fire and emergency medical services from the City of Garden Grove.
-\$70,000	Capital outlay varies each year based on organizational needs for new and replacement equipment. The most significant equipment purchase in Fiscal Year 2017/18 was for extrication tools (19 each of spreaders, cutters, rams, and power units) for use on frontline units (-\$575,000). During Fiscal Year 2018/19, significant equipment purchases included forty-five 800 MHz portable radios (+\$265,000); thirty mobile data computer tablets (+\$190,000); and six cardiac monitors (+\$190,000).
+\$65,000	Interest and fiscal charges decreased for interest on amounts borrowed by the General Fund from other funds, a mechanism OCFA utilizes to manage its short-term cash flow needs. Although the average short-term borrowing rate increased from 1.13% in Fiscal Year 2017/18 to 2.11% in Fiscal Year 2018/19, the total amount borrowed by the General Fund decreased by \$19 million based on cash flow needs.
-\$130,000	<i>Subtotal – Impact of Capital Outlay, Interest, and Fiscal Charges</i>
-\$5,720,000	<i>Subtotal – Impact of Expenditures</i>
-\$2,150,000	Transfers made from the General Fund to the capital projects funds to fund current and future projects in the Capital Improvement Program increased by a combined \$2,150,000.
-\$820,000	There was a decrease in the proceeds from sale of capital assets, primarily due to the trade-in of (294) automated external defibrillators (AED's) and cardiac monitors and (79) related chargers during Fiscal Year 2017/18.
-\$680,000	The decline in insurance recoveries was primarily due to amounts recovered during Fiscal Year 2017/18 for property damage caused by a fire at Fire Station No. 61 (Buena Park).
-\$3,650,000	<i>Subtotal – Impact of Other Financing Sources and Uses</i>
-\$120,000	General Fund – Net Impact on Fund Balance



The **Communications and Information Systems Fund** had total fund balance of \$7,907,713 at the end of Fiscal Year 2018/19. Fund balance was assigned to the Capital Improvement Program (\$7,073,163) and communications and information technologies projects (\$820,825). The remaining \$13,725 is not available for spending on any new purpose, because it is in a nonspendable form. Total fund balance decreased by \$3,158,490 during the current fiscal year. The prior fiscal year’s fund balance decreased by \$326,983, a difference of \$2,831,507. The significant reason(s) for that net difference are identified in the following table.

Impact on Fund Balance (Rounded)	Description
-\$2,780,000	<p>Expenditures for services and supplies and capital outlay increased due to four significant, multi-year capital improvement projects as follows:</p> <ul style="list-style-type: none"> ➤ The 800 MHz Countywide-Coordinated Communications (CCCS) System is administered by the Orange County Sheriff’s Department. The upgrade and replacement of the original system is being implemented in various phases. Participating agencies are responsible for purchasing their own radios and dispatch consoles that are compatible with the new system. During Fiscal Year 2017/18, OCFA utilized third-party vendors to augment in-house staff in configuring, installing, and deploying portable, mobile, and base station 800 MHz radios (-\$530,000). During Fiscal Year 2018/19, OCFA began upgrading its dispatch consoles (+\$2,520,000). ➤ OCFA is replacing its Orange County Fire Incident Reporting System (OCFIRS) and Investigations Case Management System (iCMS), as well as implement Electronic Plans Review (EPR) and Pre-Fire Management Geographic Information Systems (GIS) tools for inspections and wildland management activities. Work began in May 2018, with the majority of programming and system development costs occurring during Fiscal Year 2018/19 (+\$550,000). ➤ OCFA is in the process of developing a Disaster Recovery Co-Location Facility to store and replicate critical backup emergency and business systems data in order to maintain continuity of operations in an extended emergency scenario. The first phase of the project commenced in October 2018 with the process of identifying a local disaster recovery facility (+\$140,000). ➤ OCFA maintains a regional CAD2CAD system that integrates all fire and emergency medical dispatch centers in Orange County and functions as an intelligent “hub” that translates business rules; processes dispatch requests, mutual aid, status updates, and automatic vehicle location (AVL); and tracks every unit and incident. OCFA has incurred computer programming costs to update the CAD2CAD system to support features such as multi-threading, direct connection of AVL with each of the CAD systems, and an increase in the speed of processing transactions. The majority of work completed to-date occurred during Fiscal Year 2018/19 (+\$100,000).
-\$295,000	Miscellaneous revenues pertaining to bankruptcy proceeds decreased during Fiscal Year 2018/19, due to OCFA receiving its final share from the County of Orange during Fiscal Year 2017/18.
+\$150,000	Transfers in from the General Fund for current and future projects in the Capital Improvement program increased by \$150,000 from the amount transferred in the prior year.
+\$95,000	Revenues for use of money and property increased due to portfolio earnings, net of the market value investment loss, allocated to the fund (+\$185,000). This was offset by a decline in interfund borrowing interest earned (-\$90,000), since no amounts were borrowed by the General Fund in Fiscal Year 2018/19 as compared to \$13 million in the prior year.
-\$2,830,000	Communications and Information Systems Fund – Net Impact on Fund Balance



The **Fire Apparatus Fund** had total fund balance of \$11,631,823 at the end of Fiscal Year 2018/19. Fund balance was assigned to the Capital Improvement Program (\$8,252,067) and purchase of fire apparatus and vehicles (\$3,379,756). Total fund balance decreased by \$11,959,500 during the current fiscal year. The prior fiscal year’s fund balance decreased by \$6,412,720, a difference of \$5,546,780. The significant reason(s) for that net difference are identified in the following table.

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Impact on Fund Balance (Rounded)	Description
-\$7,205,000	Expenditures to purchase and outfit vehicles vary each fiscal year based on organizational needs for new and replacement vehicles. Expenditures were higher in Fiscal Year 2018/19 primarily due to the purchase of six 100' tractor drawn aerials and nine type 1 engines.
+\$2,000,000	Transfers in from the General Fund for current and future projects in the Capital Improvement Program increased by \$2,000,000 from the amount transferred in the prior year.
+\$1,265,000	Principal and interest on long-term debt decreased as the final debt service payments on OCFA's aircraft lease liability were made in Fiscal Year 2018/19.
-\$1,615,000	During Fiscal Year 2017/18, a developer reimbursed OCFA for its cost to purchase and outfit a new 100' tractor drawn aerial placed into service at Fire Station No. 20 (Irvine) in July 2018.
-\$180,000	Miscellaneous revenues pertaining to bankruptcy proceeds decreased during Fiscal Year 2018/19, due to OCFA receiving its final share from the County of Orange during Fiscal Year 2017/18.
+\$135,000	Charges for services for cash contract city vehicle charges increased in accordance with the terms of the Joint Powers Agreement. The most significant increase was for the City of Santa Ana, because a 90' tractor drawn aerial in service as Truck 71 was replaced with a new 100' tractor drawn aerial.
+\$50,000	Revenues for use of money and property increased due to portfolio earnings, net of the market value investment loss, allocated to the fund (+\$25,000). Interfund borrowing interest earned from the General Fund also increased primarily due to an increase the average daily interest rate and the number of days outstanding (+\$25,000).
-\$5,550,000	Fire Apparatus Fund – Net Impact on Fund Balance



The **Fire Stations and Facilities Fund** had total fund balance of \$25,942,605 at the end of Fiscal Year 2018/19. Amounts pertaining to CALFIRE revenues received for future fire station construction (\$391,477) were classified as restricted. Remaining amounts were assigned to the Capital Improvement Program (\$25,005,754) and construction projects (\$545,374). Total fund balance increased by \$116,905 during the current fiscal year. The prior fiscal year's fund balance increased by \$1,669,703, a difference of \$1,552,798. The significant reason(s) for that net difference are identified in the following table.

Impact on Fund Balance (Rounded)	Description
-\$1,475,000	Developer contribution revenue generated by Secured Fire Protection Agreements with developers vary each fiscal year based on housing development projects being completed throughout the county. Decreases in developer activity primarily related to projects in the City of Irvine that were completed in Fiscal Year 2017/18.
+\$305,000	Revenues for use of money and property increased due to portfolio earnings, net of the market value investment loss, allocated to the fund.
-\$205,000	Expenditures increased due to multi-year capital improvement projects as follows: <ul style="list-style-type: none"> ➤ After purchasing a warehouse during Fiscal Year 2014/15, OCFA began work on various tenant improvement projects to convert it into a fully-functioning, centralized facility for the Urban Search and Rescue (USAR) program. Tenant improvement include engineering, expansion and installation of roll-up doors, exhaust systems, phone and information technology upgrades, and various other facility repairs. Work was completed and the warehouse placed into service as a USAR facility in March 2018 (-\$410,000). ➤ During Fiscal Year 2017/18, OCFA began a project to stabilize the property and foundation caused by long-term soil erosion at Fire Station No. 42 (Portola Hills). Costs incurred thus far are for permits, geotechnical engineering services, and construction, with the majority of work completed during Fiscal Year 2018/19 (+\$300,000). ➤ Remaining net expenditure increases related to the timing of various other projects, including an expansion of the RFOTC training grounds, a new carport at Fire Station No. 18 (Trabuco), construction and installation of emergency power circuits at the RFOTC facility, and infrastructure security enhancements (+\$315,000).
-\$175,000	Miscellaneous revenues pertaining to bankruptcy proceeds decreased during Fiscal Year 2018/19, due to OCFA receiving its final share from the County of Orange during Fiscal Year 2017/18.
-\$1,550,000	Fire Stations and Facilities 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 2018/19.

	Original Budget	Increase (Decrease)	Final Budget	Variance Positive (Negative)	Actual Amounts
Salaries and benefits	\$328,150,457	\$20,615,861	\$348,766,318	\$ 1,812,613	\$346,953,705
Services and supplies	48,472,861	11,612,789	60,085,650	11,598,138	48,487,512
Capital outlay	3,720,701	245,560	3,966,261	1,936,242	2,030,019
Interest and fiscal charges	17,787	370,709	388,496	67,255	321,241
Transfers out	<u>2,150,000</u>	<u>-</u>	<u>2,150,000</u>	<u>-</u>	<u>2,150,000</u>
	<u>\$382,511,806</u>	<u>\$32,844,919</u>	<u>\$415,356,725</u>	<u>\$15,414,248</u>	<u>\$399,942,477</u>

Adjustments to Appropriations: Budgeted General Fund appropriations increased by \$32,844,919 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:

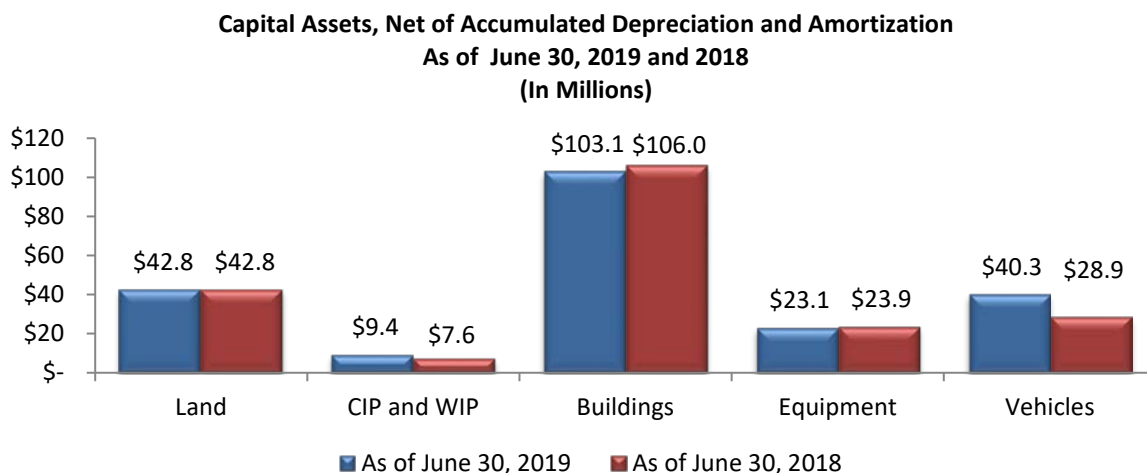
Reason for Adjustment to Original Budget	Increase (Decrease) (Rounded)
Contributions toward unfunded pension liability	\$10,000,000
Grant activities	8,330,000
Overtime and backfill for response to out-of-county and other incidents	6,330,000
Workers compensation	(4,380,000)
Various professional services	2,720,000
Various equipment and vehicles	1,660,000
Impact to pension costs for excess vacation payouts	1,320,000
Helicopter program	1,170,000
City of Garden Grove start-up costs	1,140,000
Employee training	1,120,000
Staffing changes, reconfigurations, and service enhancements	1,030,000
Employee Memorandum of Understanding changes	840,000
Various Capital Improvement Program projects	(410,000)
Interest on interfund borrowing	370,000
Facility maintenance	330,000
Vehicle maintenance	310,000
Information Technology Division maintenance and support	140,000
Station 61 fire replacement and other costs	120,000
Various other appropriations	710,000
Total adjustments	\$32,850,000

Variance Between Final Budget and Actual Amounts: Final, budgeted General Fund expenditures exceeded actual amounts, resulting in a positive budget variance totaling \$15,414,248. Nearly \$11.6 million of this variance related to various operating costs, projects, and other purchases for services and supplies that were budgeted but not completed during Fiscal Year 2018/19. In some cases, uncompleted projects were delayed due to project complexity or time requirements and will be re-budgeted, if needed, to Fiscal Year 2019/20. Individually significant services and supplies variances are summarized below:

Description	Amount (Rounded)
In October 2018, OCFA was awarded a \$5.4 million state grant passed through CALFIRE for invasive tree pest mitigation. A balance of \$5.3 million remains unspent on services and supplies as of June 30, 2019.	\$ 5,300,000
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. During Fiscal Year 2018/19, actual claims paid from the General Fund were nearly \$1.6 million more than the actuarial estimate, creating a negative budget variance.	(1,580,000)
During Fiscal year 2018/19, amounts budgeted to operate and maintain OCFA's helicopter fleet exceeded actual expenditures by \$750,000.	750,000
In September 2018, the Board of Directors authorized \$880,000 for a new Mission Driven Culture employee training program expected to take place over the course of multiple fiscal years. A balance of \$650,000 remains unspent as of June 30, 2019.	650,000
Work did not commence for various facility-related capital improvement program projects that were budgeted in Fiscal Year 2018/19, including a kitchen remodel at Fire Station No. 6 (Irvine); tarmac and dormitory repairs at Fire Station No. 41 (Fullerton Airport); dormitory repairs at Fire Station No. 53 (Yorba Linda); bathroom gender compliance upgrades; and various kitchen, flooring, and bathroom repairs at Fire Station No. 26 (Irvine).	500,000
In April 2019, the Board of Directors authorized appropriations totaling \$980,000 for services and supplies start-up costs relating to the City of Garden Grove. A balance of \$490,000 remains unspent in the General Fund and is expected to be expended in Fiscal Year 2019/20 prior to the August 16, 2019 transition of city services to OCFA.	490,000
Other variances combined	5,490,000
Total services and supplies variance	\$11,600,000

Capital Assets and Debt Administration

Capital Assets: OCFA's net investment in capital assets for its government activities at the end of Fiscal Year 2018/19 totaled \$218,642,679 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, equipment, vehicles, work in progress and construction in progress. All capital-related debt used to purchase these assets was repaid as of June 30, 2019. Net capital assets increased from the prior fiscal year by \$9,437,139 (4.5%). Following is a summary of net capital assets by type for the current and prior fiscal years.



Land and Buildings: Land and building additions totaled \$445,000 during Fiscal Year 2018/19. The addition was for a project to extend the emergency power circuits at the RFOTC to an existing generator. This building improvement now enables all buildings on the campus to be energized at 100% in the event of a power disruption.

Construction in Progress (CIP) and Work in Progress (WIP): 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. 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. WIP also includes multi-year communications and information systems projects.

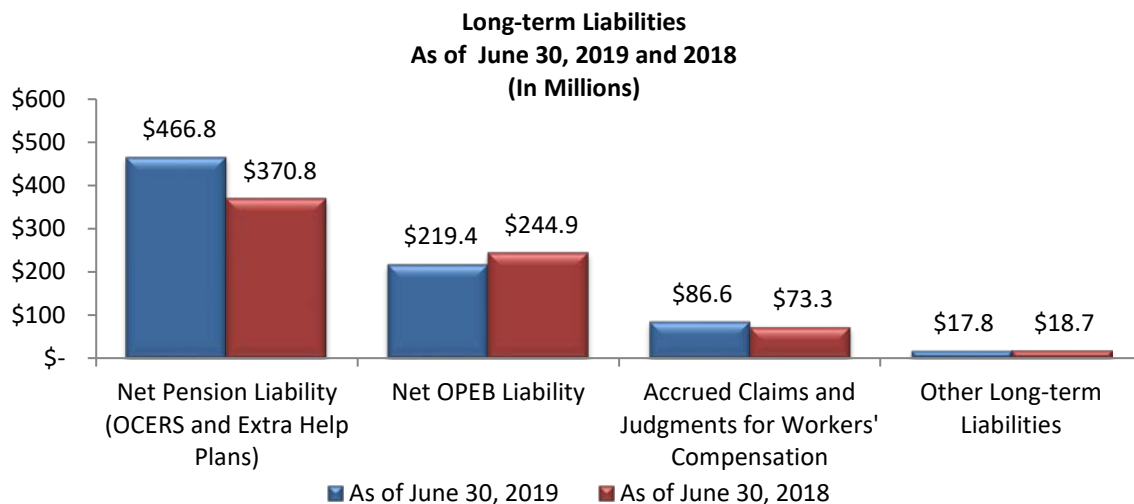
- CIP additions totaling \$180,000 related to the emergency power circuit project and additional classroom and office spaces at the USAR warehouse. The emergency power project was placed into service in July 2018, while the warehouse improvements remains in progress at fiscal year-end.
- WIP additions totaled nearly \$17.1 million during Fiscal Year 2018/19, including costs pertaining to six 100' tractor drawn aeriels (\$8.4 million); purchase and/or various outfitting costs for seventeen type one engines (\$5.3 million); two dozer transport tractors (\$375,000); two front-line Chevrolet Suburban sport utility vehicles (\$125,000); two Chevrolet Tahoe sport utility vehicles (\$40,000); dispatcher console upgrades (\$1.9 million); an incident reporting system (\$620,000); CAD2CAD network system upgrades (\$220,000); a wildfire detection monitoring system (\$60,000); and two rotary post lifts (\$40,000). As of June 30, 2019, twenty-three WIP projects were placed into service and twenty were still in progress.

Equipment: Equipment additions totaled nearly \$2.0 million for 139 items acquired during Fiscal Year 2018/19. The most individually significant additions included ten cardiac monitors (\$315,000); forty-five 800 MHz portable radios (\$265,000); two portable buildings for the RFOTC training grounds (\$250,000); thirty mobile data computer tablets (\$190,000); and a carport at Fire Station No. 18 (Trabuco) (\$140,000). Fiscal Year 2018/19 disposals totaled \$770,000 for 73 items, including twenty-six servers (\$250,000); twenty-nine extrication tools (\$200,000); two switches (\$120,000); and one modular building (\$65,000).

Vehicles: Fiscal Year 2018/19 vehicle additions relating to new purchases totaled \$825,000, including fourteen pickup trucks (\$460,000); eight vans (\$215,000); and three Chevrolet Tahoe sport utility vehicles (\$150,000). Seven vehicles were removed from OCFA's fleet during Fiscal Year 2018/19 as part of OCFA's ongoing vehicle replacement plan. Six of these vehicles had reached the end of their useful service lives and were fully or mostly depreciated. These vehicles were sold at public auction. One support vehicle was in a vehicle accident and deemed a total loss by OCFA's insurance provider.

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

Long-term Debt: Total long-term liabilities increased by net \$83,082,674 (11.7%) during Fiscal Year 2018/19.



The most significant change to long-term liabilities pertained to the net pension liability for the Orange County Employees Retirement System (OCERS) pension plan, which is reported in the financial statements as a long-term liability in conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68. As of June 30, 2019, OCFA's share of the plan's net pension liability at OCERS, as determined by an actuarial valuation for the plan as a whole, totaled \$466.7 million, a net increase of \$96.1 million from the prior fiscal year's ending balance. The increases and decreases reported for the long-term pension liability are reported using an "accounting-based approach" to fully capture OCFA's net liability and related pension expense incurred during each fiscal year. This differs from the "funding-based approach" used to calculate annual retirement rates and the amount of required employer and employee contributions due from OCFA to OCERS.

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Net pension liability represents the amount of the total pension liability that exceeds the market value of assets as of June 30. The following table summarizes the changes in the components of the OCERS net pension liability from June 30, 2019 to June 30, 2018.

Component of OCERS Net Pension Liability	As of June 30, 2019	As of June 30, 2018	Increase (Decrease) Amount	%
Safety				
Total pension liability	\$1,752,985,666	\$1,664,730,958	\$ 88,254,708	5.3%
Market value of assets	<u>1,342,090,781</u>	<u>1,343,775,794</u>	<u>(1,685,013)</u>	-0.1%
Net pension liability	<u>\$ 410,894,885</u>	<u>\$ 320,955,164</u>	<u>\$ 89,939,721</u>	28.0%
General				
Total pension liability	\$ 243,895,544	\$ 230,763,322	\$ 13,132,222	5.7%
Market value of assets	<u>188,058,903</u>	<u>181,043,818</u>	<u>7,015,085</u>	3.9%
Net pension liability	<u>\$ 55,836,641</u>	<u>\$ 49,719,504</u>	<u>\$ 6,117,137</u>	12.3%
Total				
Total pension liability	\$1,996,881,210	\$1,895,494,280	\$101,386,930	8.6%
Market value of assets	<u>1,530,149,684</u>	<u>1,524,819,612</u>	<u>5,330,072</u>	0.3%
Net pension liability	<u>\$ 466,731,526</u>	<u>\$ 370,674,668</u>	<u>\$ 96,056,858</u>	25.9%

Additional information on the OCFA's long-term liabilities can be found in Note 19 of the accompanying Notes to the Financial Statements.

Next Year's Budget

The Fiscal Year 2019/20 General Operating Fund adopted expenditure budget is approximately \$407.2 million, which is a net increase of \$35.7 million (9.6%) from the final Fiscal Year 2018/19 General Operating Fund budget totaling \$371.5 million. (These amounts exclude one-time and grant-related items, as well as unspent, encumbered appropriations from the prior fiscal year that are effectually re-appropriated in the ensuing year's budget). Highlights of the Fiscal Year 2019/20 General Operating Fund Budget are as follow:

- Budgeted salaries and benefits increased by \$35.9 million. The budget reflects annual salary costs in accordance with approved Memorandums of Understanding with all labor groups and a 2% salary increase for members of Executive Management. The proposed budget also reflects the addition of 104 positions relating to City of Garden Grove front-line and support positions, as well as 23 new positions unrelated to the City of Garden Grove transition. The retirement budget for Fiscal Year 2019/20 is based on rates provided by the Orange County Employees Retirement System (OCERS).
- Budgeted services and supplies, capital outlay, and debt service decreased by \$200,000. Overall, budgets were held flat as compared to Fiscal Year 2018/19, with any increases approved by OCFA management on a case-by-case basis. Increases related to the City of Garden Grove have been included. In general, the base Fiscal Year 2019/20 budget excludes one-time, grant-related, and assistance by hire expenditures at the time of adoption, as these projects will be budgeted as-needed throughout the upcoming fiscal year.

Requests for Information

This financial report is designed to provide a general overview of OCFA's and the OCFA Foundation'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



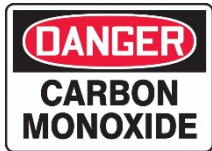
Chief Officer Retirements
Spring 2019



Orange County Fire Authority Safety Message

Carbon Monoxide Alarms (Part 3 of 3)

(Continued from Page 4)



Carbon Monoxide (CO) is a deadly, odorless, poisonous gas that can make a person feel sick. In the home, fuel-burning devices for heating and cooking can be sources of carbon monoxide.

Safety Tips

Carbon Monoxide (CO) alarms should be installed in all homes, apartments, and workplaces. They should be installed outside each sleeping area and on every level of the home. It is best to use interconnected CO alarms so when one sounds, all sound.

Prevent CO Poisoning, (Continued)

- ✓ Clear all debris from dryer, furnace, stove, and fireplace vents.
- ✓ Open the damper when using a fireplace for adequate ventilation.
- ✓ Never use your oven or stove to heat your home.
- ✓ Do not cover the bottom of natural gas or propane ovens with aluminum foil. Doing so blocks the combustion air flow through the appliance and can produce carbon monoxide.

ORANGE COUNTY FIRE AUTHORITY
Statement of Net Position
June 30, 2019
(With Comparative Data for Prior Year)

	Primary Government		Component Unit	
	Governmental Activities		OCFA Foundation	
	2019	2018	2019	2018
Assets:				
Cash and investments (Note 4)	\$ 179,712,898	\$ 176,445,670	\$ 139,105	\$ 126,642
Accounts receivable, net (Note 5)	3,875,095	5,360,817	-	-
Accrued interest receivable	539,528	431,089	-	-
Prepaid costs and other assets (Note 6)	20,704,660	19,677,189	104	446
Due from other governments, net (Note 7)	11,499,239	15,451,887	-	-
Capital assets (Note 8):				
Land	42,757,850	42,757,850	-	-
Construction in progress	294,365	608,020	-	-
Work in progress	9,104,582	7,026,302	-	-
Capital assets, net of accumulated depreciation/amortization	<u>166,485,882</u>	<u>158,813,368</u>	<u>14,314</u>	<u>15,113</u>
Total assets	<u>434,974,099</u>	<u>426,572,192</u>	<u>153,523</u>	<u>142,201</u>
Deferred outflows of resources:				
Deferred outflows of resources related to pensions/OPEB (Note 23)	<u>159,936,990</u>	<u>114,184,983</u>	-	-
Total deferred outflows of resources	<u>159,936,990</u>	<u>114,184,983</u>	-	-
Liabilities:				
Accounts payable	7,031,219	3,361,546	8,199	178
Accrued liabilities	10,183,314	8,899,638	-	-
Accrued interest	-	700	-	-
Unearned revenue (Note 9)	29,120	27,927	1,200	2,800
Due to other governments (Note 10)	298,186	1,667,025	-	-
Compensated absences due within one year (Note 19)	3,674,575	3,606,855	-	-
Claims and judgments due within one year (Note 19)	14,128,312	14,800,435	-	-
Long-term obligations due within one year (Note 19)	-	1,253,718	-	-
Compensated absences due in more than one year (Note 19)	14,113,156	13,791,216	-	-
Claims and judgments due in more than one year (Note 19)	72,488,674	58,531,209	-	-
Net OPEB liability (Notes 19)	219,437,807	244,860,819	-	-
Proportionate share net pension liability (Notes 19)	<u>466,845,117</u>	<u>370,760,715</u>	-	-
Total liabilities	<u>808,229,480</u>	<u>721,561,803</u>	<u>9,399</u>	<u>2,978</u>
Deferred inflows of resources:				
Deferred inflows of resources related to pensions/OPEB (Note 23)	<u>84,751,923</u>	<u>118,648,818</u>	-	-
Total deferred outflows of resources	<u>84,751,923</u>	<u>118,648,818</u>	-	-
Net position:				
Net investment in capital assets (Note 8b)	218,642,679	207,951,822	14,314	15,113
Restricted for capital projects	403,489	536,207	-	-
Restricted for drought augmentation activities	1,950,806	3,371,348	-	-
Restricted for greenhouse gas reduction activities	677,340	-	-	-
Restricted for grants, donations, and other programs	1,246,669	46,329	33,525	38,199
Unrestricted	<u>(520,991,297)</u>	<u>(511,359,152)</u>	<u>96,285</u>	<u>85,911</u>
Total net position	<u>\$ (298,070,314)</u>	<u>\$ (299,453,446)</u>	<u>\$ 144,124</u>	<u>\$ 139,223</u>

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Statement of Activities
Year ended June 30, 2019
(With Comparative Data for Prior Year)

	Primary Government		Component Unit	
	Governmental Activities		OCFA Foundation	
	2019	2018	2019	2018
Expenses:				
Public safety:				
Salaries and benefits	\$ 339,249,853	\$ 323,845,042	\$ -	\$ -
Services and supplies	62,877,930	57,275,465	51,503	44,756
Depreciation and amortization (Note 8d)	10,531,098	10,084,196	799	799
Interest on long-term debt	11,444	70,751	-	-
Total program expenses	412,670,325	391,275,454	52,302	45,555
Program revenues:				
Public safety:				
Charges for services	128,320,646	132,634,280	-	-
Operating grants and contributions	15,454,060	13,920,686	57,203	43,198
Capital grants and contributions	454,200	16,875,139	-	-
Total program revenues	144,228,906	163,430,105	57,203	43,198
Net program (expenses) revenues	(268,441,419)	(227,845,349)	4,901	(2,357)
General revenues:				
Property taxes	264,267,387	250,326,172	-	-
Investment income	4,236,800	2,188,611	-	-
Gain on disposal of capital assets	-	719,372	-	-
Miscellaneous	1,320,364	5,089,603	-	-
Total general revenues	269,824,551	258,323,758	-	-
Change in net position	1,383,132	30,478,409	4,901	(2,357)
Net position at beginning of year	(299,453,446)	(329,931,855)	139,223	141,580
Net position at end of year	\$ (298,070,314)	\$ (299,453,446)	\$ 144,124	\$ 139,223

See Notes to the Financial Statements



Orange County Fire Authority Safety Message

Planning for Disaster (Part 1 of 3)



Be prepared for the unexpected. Take steps now to protect your family and your home before the next earthquake, wildfire, or other disaster strikes.

Safety Tips

Planning in advance helps families survive and recover from disasters.

Make a Family Disaster Plan

Discuss how to prepare for and respond to a disaster. Plan to share responsibilities and work together as a team.

- ✓ Consider special needs for elderly or disabled family members, children, and pets.
- ✓ Choose meeting places outside your home and outside your neighborhood. Discuss what to do in an evacuation, and plan multiple routes in case of road closures.
- ✓ Choose an out-of-state contact person who can relay information to and from everyone in your household.
- ✓ Register for AlertOC, Orange County's emergency notification system, to receive information during and after an emergency.
- ✓ Enroll in CPR and first aid classes so you can take care of yourself and your family while you wait for first responders to arrive.

(Continued on Page 27)

Fund Financial Statements



New Facilities
Fire Station 20, Fire Station 61, and the US&R Warehouse
Fiscal Year 2018-2019



Orange County Fire Authority Safety Message

Planning for Disaster (Part 2 of 3)

(Continued from Page 26)



Be prepared for the unexpected. Take steps now to protect your family and your home before the next earthquake, wildfire, or other disaster strikes.

Safety Tips

Planning in advance helps families survive and recover from disasters.

Create Emergency Supply Kits

Your emergency supply kits should have enough supplies to last you and your family for at least three days.

- ✓ Make sure your family kit is portable in case you need to evacuate.
- ✓ Consider individual and family needs.
- ✓ Include supplies for your pets.
- ✓ Create smaller, portable kits for your car and workplace.

(Continued on Page 36)

ORANGE COUNTY FIRE AUTHORITY
Governmental Funds
Balance Sheet
June 30, 2019
(With Comparative Data for Prior Year)

	General Fund	Capital Projects Funds			Total Governmental Funds	
		Communications and Information Systems	Fire Apparatus	Fire Stations and Facilities	2019	2018
Assets:						
Cash and investments (Note 4)	\$ 132,646,495	\$ 8,155,297	\$12,725,056	\$26,186,050	\$ 179,712,898	\$ 176,445,670
Accounts receivable, net (Note 5)	3,875,095	-	-	-	3,875,095	5,360,817
Accrued interest receivable	364,028	28,160	43,070	104,270	539,528	431,089
Prepaid costs and other assets (Note 6)	36,758,935	13,725	-	-	36,772,660	34,851,189
Due from other governments, net (Note 7)	11,461,876	-	37,363	-	11,499,239	15,451,887
Total assets	\$ 185,106,429	\$ 8,197,182	\$12,805,489	\$26,290,320	\$ 232,399,420	\$ 232,540,652
Liabilities:						
Accounts payable	\$ 5,220,369	\$ 289,469	\$ 1,173,666	\$ 347,715	\$ 7,031,219	\$ 3,361,546
Accrued liabilities	10,183,314	-	-	-	10,183,314	8,899,638
Unearned revenue (Note 9)	29,120	-	-	-	29,120	27,927
Due to other governments (Note 10)	298,186	-	-	-	298,186	1,667,025
Total liabilities	15,730,989	289,469	1,173,666	347,715	17,541,839	13,956,136
Deferred inflows of resources:						
Unavailable revenue (Note 9)	650,814	-	-	-	650,814	-
Total deferred inflows of resources	650,814	-	-	-	650,814	-
Fund balances:						
Nonspendable:						
Prepaid costs (Note 6)	36,732,385	13,725	-	-	36,746,110	34,825,898
Restricted (Note 11):						
Capital improvement program	-	-	-	391,477	391,477	433,080
Various departments	3,874,815	-	-	-	3,874,815	3,417,677
Communications/IT projects	12,012	-	-	-	12,012	2,975
Fire station construction	-	-	-	-	-	100,152
Committed to SFF cities (Note 12)	1,338,850	-	-	-	1,338,850	1,496,954
Assigned (Note 13):						
Capital improvement program	3,408,234	7,073,163	8,252,067	25,005,754	43,739,218	46,885,104
Workers' compensation	88,772,530	-	-	-	88,772,530	80,515,844
Various departments	1,391,734	-	-	-	1,391,734	603,301
Facilities projects	216,020	-	-	-	216,020	102,875
Communications/IT projects	175,111	820,825	-	-	995,936	689,239
Fire apparatus and vehicles	-	-	3,379,756	-	3,379,756	14,089,842
Construction projects	122,265	-	-	545,374	667,639	69,319
Unassigned (Note 14)	32,680,670	-	-	-	32,680,670	35,352,256
Total fund balances	168,724,626	7,907,713	11,631,823	25,942,605	214,206,767	218,584,516
Total liabilities, deferred inflows of resources, and fund balances	\$ 185,106,429	\$ 8,197,182	\$12,805,489	\$26,290,320	\$ 232,399,420	\$ 232,540,652

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2019
(With Comparative Data for Prior Year)

	2019	2018
Fund balances of governmental funds	\$ 214,206,767	\$ 218,584,516
<u>Capital Assets</u>		
The cost of capital assets used in governmental activities are recorded as expenditures in governmental funds when purchased or constructed. The Statement of Net Position includes those capital assets among the assets of OCFA as a whole, net of accumulated depreciation/amortization.		
Capital assets	366,465,122	347,912,465
Accumulated depreciation/amortization	(147,822,443)	(138,706,925)
<u>Long-term Liabilities and Receivables</u>		
Long-term liabilities applicable to governmental activities are not due and payable in the current period and are not reported as governmental fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.		
OCERS pension plan:		
Net pension liability	(466,731,526)	(370,674,668)
Prepaid costs and other assets	(16,068,000)	(15,174,000)
Deferred outflows of resources	157,497,646	111,040,750
Deferred inflows of resources	(59,178,911)	(116,561,628)
Extra Help pension plan:		
Net pension liability	(113,591)	(86,047)
Deferred outflows of resources	18,646	5,157
Deferred inflows of resources	(12,234)	(33,664)
Other postemployment benefits (OPEB):		
Net OPEB liability	(219,437,807)	(244,860,819)
Deferred outflows of resources	2,420,698	3,139,076
Deferred inflows of resources	(25,560,778)	(2,053,526)
Capital lease purchase agreements	-	(1,253,718)
Accrued claims and judgments	(86,616,986)	(73,331,644)
Compensated absences	(17,787,731)	(17,398,071)
<u>Accrued Interest</u>		
Accrued interest for the current portion of interest due on long-term liabilities has not been reported in the governmental funds, but has been calculated and reported in the Statement of Net Position.		
	-	(700)
<u>Unavailable Revenues</u>		
Unavailable revenues are reported in the governmental funds if not collected or expected to be collected within OCFA's availability period. 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 - Garden Grove start-up costs	650,814	-
Net position of governmental activities	\$ (298,070,314)	\$ (299,453,446)

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, 2019
(With Comparative Data for Prior Year)

	Capital Projects Funds				Total Governmental Funds	
	General Fund	Communications and Information Systems			2019	2018
		Fire Apparatus	Fire Stations and Facilities			
Revenues:						
Taxes	\$ 264,267,387	\$ -	\$ -	\$ -	\$ 264,267,387	\$ 250,326,172
Intergovernmental	28,521,605	-	-	-	28,521,605	37,063,147
Charges for services	112,272,830	-	1,446,217	-	113,719,047	108,750,420
Use of money and property	3,277,839	245,373	410,983	623,846	4,558,041	2,576,401
Miscellaneous	1,428,134	-	-	-	1,428,134	4,594,285
Developer contributions	-	-	-	454,200	454,200	3,545,139
Total revenues	409,767,795	245,373	1,857,200	1,078,046	412,948,414	406,855,564
Expenditures:						
Current - public safety:						
Salaries and benefits	346,953,705	-	-	-	346,953,705	340,720,267
Services and supplies	48,487,512	614,707	-	386,082	49,488,301	49,871,973
Capital outlay	2,030,019	2,939,156	14,550,838	575,059	20,095,072	9,970,652
Debt service:						
Principal retirement	-	-	1,253,718	-	1,253,718	2,459,589
Interest and fiscal charges	321,241	-	12,144	-	333,385	459,924
Total expenditures	397,792,477	3,553,863	15,816,700	961,141	418,124,181	403,482,405
Excess (deficiency) of revenues over (under) expenditures	11,975,318	(3,308,490)	(13,959,500)	116,905	(5,175,767)	3,373,159
Other financing sources (uses):						
Transfers in (Note 16)	-	150,000	2,000,000	-	2,150,000	-
Transfers out (Note 16)	(2,150,000)	-	-	-	(2,150,000)	-
Sale of capital assets	22,548	-	-	-	22,548	844,512
Insurance recoveries	775,470	-	-	-	775,470	1,456,267
Total other financing sources (uses)	(1,351,982)	150,000	2,000,000	-	798,018	2,300,779
Net change in fund balances	10,623,336	(3,158,490)	(11,959,500)	116,905	(4,377,749)	5,673,938
Fund balances, beginning of year	158,101,290	11,066,203	23,591,323	25,825,700	218,584,516	212,910,578
Fund balances, end of year	\$ 168,724,626	\$ 7,907,713	\$ 11,631,823	\$ 25,942,605	\$ 214,206,767	\$ 218,584,516

See Notes to the Financial Statements

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, 2019
(With Comparative Data for Prior Year)

	2019	2018
Net change in fund balances - total governmental funds	\$ (4,377,749)	\$ 5,673,938
<u>Capital Assets</u>		
Governmental funds report capital outlays as expenditures. The cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense in the Statement of Activities.		
Capital outlay	20,095,072	9,970,652
Depreciation/amortization expense	(10,531,098)	(10,084,196)
Capital assets received through grant or donation are recognized as revenue in the Statement of Activities at their estimated acquisition value at time of receipt.		
From developers, grantors, and donors	-	13,330,000
Governmental funds report proceeds from disposal of capital assets as other financing sources. In the Statement of Activities, those proceeds are offset by the net book value of the assets, resulting in a gain or loss on the sale.		
Capital asset disposals	(1,542,415)	(3,018,976)
Accumulated depreciation/amortization on disposals	1,415,580	2,864,286
<u>Long-term Liabilities and Receivables</u>		
Repayment of principal on the capital lease purchase agreement is reported as an expenditure in governmental funds. Principal payments reduce the long-term liability in the Statement of Net Position.		
	1,253,718	2,459,589
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.		
OCERS pension plan	6,888,755	25,643,214
Extra Help pension plan	7,375	54,993
Other postemployment benefits (OPEB)	1,197,382	(8,362,751)
Accrued claims and judgments - workers' compensation	(13,285,342)	(7,403,492)
Compensated absences - other leave balances	(389,660)	(460,231)
<u>Accrued Interest</u>		
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.		
	700	1,383
<u>Unavailable Revenues</u>		
Certain receivables 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.		
Charges for services - Garden Grove start-up costs	650,814	-
Insurance recoveries - Station 61 fire insurance claim	-	(190,000)
<u>Interfund Transactions</u>		
Transactions between governmental funds are eliminated for presentation in the government-wide financial statements.		
Transfers in	(2,150,000)	-
Transfers out	2,150,000	-
Use of money and property	(321,241)	(387,790)
Interest and fiscal charges	321,241	387,790
Change in net position of governmental activities	\$ 1,383,132	\$ 30,478,409

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
General Fund
Budgetary Comparison Statement
Year ended June 30, 2019
(With Comparative Data for Prior Year)

	2019			Variance with Final Budget Positive (Negative)	2018
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 158,101,290	\$ 158,101,290	\$ 158,101,290	\$ -	\$ 147,357,352
Resources (inflows):					
Taxes	260,069,047	261,339,047	264,267,387	2,928,340	250,326,172
Intergovernmental	20,286,643	35,280,317	28,521,605	(6,758,712)	37,063,147
Charges for services	111,444,977	111,189,530	112,272,830	1,083,300	107,440,415
Use of money and property	2,819,840	2,352,220	3,277,839	925,619	1,742,245
Miscellaneous	1,009,235	1,034,238	1,428,134	393,896	3,944,042
Sale of capital assets	12,147	22,321	22,548	227	844,512
Insurance recoveries	-	215,248	775,470	560,222	1,456,267
Total resources (inflows)	<u>395,641,889</u>	<u>411,432,921</u>	<u>410,565,813</u>	<u>(867,108)</u>	<u>402,816,800</u>
Amounts available for appropriations	<u>553,743,179</u>	<u>569,534,211</u>	<u>568,667,103</u>	<u>(867,108)</u>	<u>550,174,152</u>
Charges to appropriation (outflows):					
Salaries and benefits	328,150,457	348,766,318	346,953,705	1,812,613	340,720,267
Services and supplies	48,472,861	60,085,650	48,487,512	11,598,138	49,127,349
Capital outlay	3,720,701	3,966,261	2,030,019	1,936,242	1,837,456
Interest and fiscal charges	17,787	388,496	321,241	67,255	387,790
Transfers out	2,150,000	2,150,000	2,150,000	-	-
Total charges to appropriations	<u>382,511,806</u>	<u>415,356,725</u>	<u>399,942,477</u>	<u>15,414,248</u>	<u>392,072,862</u>
Budgetary fund balance, June 30	\$ <u>171,231,373</u>	\$ <u>154,177,486</u>	\$ <u>168,724,626</u>	\$ <u>14,547,140</u>	\$ <u>158,101,290</u>

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2019
(With Comparative Data for Prior Year)

	Pension and Other Employee Benefit Trust Funds	Total Fiduciary Funds	
		2019	2018
Assets:			
Cash and investments (Note 4):			
Local Agency Investment Fund:			
Domestic fixed income	\$ 57,548	\$ 57,548	\$ 62,324
Pooled amounts held in trust with OCERS	39,397,934	39,397,934	40,111,053
Total cash and investments	39,455,482	39,455,482	40,173,377
Receivables:			
Other receivables	8,423	8,423	537,657
Total assets	39,463,905	39,463,905	40,711,034
Liabilities:			
Accrued liabilities	375,019	375,019	317,648
Total liabilities	375,019	375,019	317,648
Net position restricted for pensions and other postemployment benefits	\$ 39,088,886	\$ 39,088,886	\$ 40,393,386

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
Year ended June 30, 2019
(With Comparative Data for Prior Year)

	Pension and Other Employee Benefit Trust Funds	Total Fiduciary Funds	
		2019	2018
Additions:			
Contributions:			
Employer	\$ 4,003,199	\$ 4,003,199	\$ 1,605,056
Plan members	<u>2,268,990</u>	<u>2,268,990</u>	<u>2,396,306</u>
Total contributions	<u>6,272,189</u>	<u>6,272,189</u>	<u>4,001,362</u>
Net investment income:			
Total investment income	(455,999)	(455,999)	5,328,967
Investment fees and expenses	<u>(270,315)</u>	<u>(270,315)</u>	<u>(210,977)</u>
Total net investment income	<u>(726,314)</u>	<u>(726,314)</u>	<u>5,117,990</u>
Total additions	<u>5,545,875</u>	<u>5,545,875</u>	<u>9,119,352</u>
Deductions:			
Benefits and refunds paid to plan members and beneficiaries	6,820,071	6,820,071	5,605,841
Administrative expenses	<u>30,304</u>	<u>30,304</u>	<u>27,068</u>
Total deductions	<u>6,850,375</u>	<u>6,850,375</u>	<u>5,632,909</u>
Change in net position	(1,304,500)	(1,304,500)	3,486,443
Net position, beginning of year	<u>40,393,386</u>	<u>40,393,386</u>	<u>36,906,943</u>
Net position, end of year	<u>\$ 39,088,886</u>	<u>\$ 39,088,886</u>	<u>\$ 40,393,386</u>

See Notes to the Financial Statements

Notes to the Financial Statements



Open House
October 6, 2018

ORANGE COUNTY FIRE AUTHORITY
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Year ended June 30, 2019

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Orange County Fire Authority Safety Message

Planning for Disaster (Part 3 of 3)

(Continued from Page 27)



Be prepared for the unexpected. Take steps now to protect your family and your home before the next earthquake, wildfire, or other disaster strikes.

Safety Tips

Planning in advance helps families survive and recover from disasters.

Prepare Your Home

Identify and find solutions for any hazards in your home.

- ✓ Bolt or brace water heaters, major appliances, bookcases, and other top-heavy furniture to wall studs.
- ✓ Anchor or brace overhead fixtures such as lights and ceiling fans.
- ✓ Use flexible connections where gas lines meet appliances.
- ✓ Secure televisions, computers, and other electronics.
- ✓ Secure or relocate heavy pictures or mirrors over beds and furniture.
- ✓ Know where and how to shut off gas, water, and electricity.

ORANGE COUNTY FIRE AUTHORITY
Notes to the Financial Statements
Year ended June 30, 2019

(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 (JPA) 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 also joined as members.

The purpose of OCFA is to provide fire protection, prevention, suppression, 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. OCFA's governing board consists of one representative from each member city, except for the City of Placentia, and two from the County. As of June 30, 2019, a representative from the City of Placentia no longer serves on the governing board in accordance with the provisions of the JPA because the city issued notice of withdrawal from OCFA. Issuance of the notice of withdrawal (1) does not become effective until July 1, 2020; (2) can be rescinded by the member agency at any time before July 1, 2020, upon approval by the OCFA Board of Directors; and (3) results in removal of the member agency's representative from the OCFA Board of Directors until the notice is rescinded.

OCFA's operations 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 cash contract cities. The County pays all Structural Fire Fund taxes it collects to OCFA. Cash contract cities make cash contributions based on OCFA's annual budget. Upon dissolution, all surplus money and property of OCFA will be conveyed or distributed to each member in proportion to all funds provided to 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 OCFA as the primary government, as well as any of its component units. A component unit is an entity for which a primary government entity is considered financially accountable.

- The primary government is considered 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 discretely presented 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 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 OCFA by conducting fundraising activities and securing non-government grant funds, services, materials, and contributions that support OCFA’s mission. 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 OCFA’s Board appointed the first three Foundation Directors. As of June 30, 2019, 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 OCFA, because the nature and significance of its relationship with OCFA is such that its exclusion would cause 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 OCFA as a whole, excluding its fiduciary activities. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. During the course of operations, OCFA has activity between its governmental funds for various purposes. Residual balances at the end of the fiscal year, interfund transfers, and other transactions between governmental funds, if any, are eliminated in the preparation of the government-wide financial 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. 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 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. OCFA has elected to report all of its governmental funds as major funds.

- The **General Fund** is the primary operating fund of 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 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 **Communications and Information Systems Fund** is a capital projects fund used to account for the significant acquisition, improvement, or replacement of specialized communications and information technology systems and/or equipment.
- The **Fire Apparatus Fund** is a capital projects fund used to account for the significant acquisition, improvement, or replacement of fire apparatus, including vehicles, trailers, and helicopters.
- The **Fire Stations and Facilities Fund** is a capital projects fund used to account for the significant acquisition, improvement, replacement, or construction of fire stations and facilities.

Fiduciary Fund Types

- **Pension and Other Employee Benefit 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 postemployment benefit plans, or other employee benefit plans. OCFA's pension and other employee benefit trust funds account for the extra help postemployment defined benefit retirement plan, and a postemployment health care plan trust established under Internal Revenue Code section 401(h) to pay health allowances to eligible retired members of the OCFA. The postemployment healthcare plan is presented in accordance with the plan year-end of December 31.

(d) Cash and Investments

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 price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants), in accordance with GASB Statement No. 72. 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 bills and collects the property taxes and distributes them to OCFA in installments during the year. Accordingly, 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) Inventories and Prepaid Costs

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

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 prepaid items (i.e., warranties, annual maintenance fees, and professional memberships) under the "consumption method," whereby 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.

Effective July 1, 2018, OCFA has established a dollar threshold for the review and establishment of prepaid items. Individual invoices and charges greater than or equal to \$5,000 are evaluated for reporting under the consumption method. Individual invoices and charges less than \$5,000 are reported under the "purchase method." At the discretion of OCFA Finance Division management, exceptions to the \$5,000 threshold may include travel-related items or situations where failing to report a prepaid item under the consumption method may cause an individual division or section to materially exceed its appropriated budget for a given fiscal year.

(g) Capital Assets

Capital assets of governmental activities, which include property, plant, and equipment assets, are reported in the government-wide financial statements. Capital assets are defined by OCFA as assets with an estimated useful life in excess of one year and with an initial, individual cost of \$5,000 or more. 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 acquisition value at the date of donation. The costs of normal maintenance and repairs that do not materially add to the value of the asset or materially extend the asset's useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets received in a service concession arrangement, if any, are reported at acquisition value. OCFA's capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

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

(h) 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 currently reports deferred outflows pertaining to pensions and other postemployment benefits on the Statement of Net Position of governmental activities.

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. Unavailable revenue in the governmental funds, which arises under the modified accrual basis of accounting, is currently the only item that qualifies for reporting as a deferred inflow. These amounts will be recognized as an inflow of resources in the period that the amounts become available. OCFA also currently reports deferred inflows pertaining to pensions and other postemployment benefits on the Statement of Net Position of governmental activities.

(i) Compensated Absences

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 under their respective Memorandums of Understanding (MOU's) have been accrued when incurred in the government-wide 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).

(j) 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 effective interest 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.

(k) Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Orange County Employees Retirement System (OCERS) plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by OCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(l) Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Retiree Medical Plan and additions to/deductions from OCFA's fiduciary net position have been determined on the same basis. For this purpose, OCFA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(m) 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 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 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 Deputy Chief of the Administration & Support Bureau, or his/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. The General Fund should be the only fund that reports a positive unassigned fund balance. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, 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, OCFA’s policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

(n) Operating Contingency

In June 1998, OCFA established a General Fund Contingency Reserve (“operating contingency”), which was subsequently revised to 10% of budgeted non-grant operating expenditures. 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.

(o) 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.

(p) 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

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

Perspective differences occur when the framework used for budgeting differs from the fund structure used for financial reporting. OCFA’s General Fund consists of four separately-budgeted sub-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, 2019.

	Fund Balance as of June 30, 2019
Budgetary basis:	
General Operating Fund	\$ 74,828,539
General Fund Capital Improvement Program (CIP)	3,784,707
Structural Fire Entitlement	1,338,850
Self Insurance	<u>88,772,530</u>
General Fund for financial statement presentation	<u>\$168,724,626</u>

The adopted budget can be amended by the Board to change both appropriations and estimated revenues as unforeseen circumstances come to management’s attention. Increases and decreases in revenue and appropriations and transfers between funds require the Board’s approval; however, division and section managers, Assistant Chiefs, Directors, and Deputy Chiefs may authorize changes within funds and/or their respective authorized budgets. Expenditures may not exceed total appropriations at the individual fund level. It is the practice of OCFA to review the budgets mid-year and, if necessary, recommend changes to the Board.

(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.

(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 OCFA's governmental 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 fiscal 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, 2019, OCFA implemented the following new accounting standards as required by the Governmental Accounting Standards Board (GASB):

- **GASB Statement No. 83** *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset.
- **GASB Statement No. 88** *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

(4) Cash and Investments

(a) Financial Statement Presentation

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 balance sheet as cash and investments. Pooled investments held in trust with OCERS (presented within the Fiduciary Funds of these financial statements) are reported as of the December 31, 2018 plan year-end date. Additional investment information is provided within these notes as Note 26.

Cash and investments as of June 30, 2019, are reported in the financial statements as follows:

Statement of Net Position:	
Governmental activities	\$179,712,898
Discretely presented component unit – OCFA Foundation	139,105
Statement of Fiduciary Net Position:	
Fiduciary funds	<u>39,455,482</u>
Total	<u>\$219,307,485</u>

Cash and investments consist of the following as of June 30, 2019:

Petty cash / cash on hand	\$ 13,404
Demand deposits	170,133
Investments	<u>219,123,948</u>
Total	<u>\$219,307,485</u>

(b) Demand Deposits

At June 30, 2019, the carrying amount of OCFA's demand deposits was \$170,133 and the bank balance was \$1,061,589. The \$891,456 difference represents outstanding checks and other reconciling items.

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 investment types that are authorized by OCFA's investment policy and by California Government Code Section 53600 et seq. and Section 5922(d). The table also identifies provisions of the California Government Code (or 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 OCFA rather than the general provisions of 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 OCFA's investment policy.

Investment Types	Maximum Maturity	Maximum % of Portfolio in Investment Type	Maximum % of Portfolio in 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	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) Local Agency Investment Fund

OCFA is a voluntary participant in the 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 and the Pooled Money Investment

Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the State and invests the cash. The fair value of OCFA's investment in this pool, which approximates cost, is reported in the accompanying financial statements based on OCFA's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis and reported as cash equivalents in the Statement of Net Position. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. Deposits and withdrawals to and from LAIF are made on the basis of \$1 and not at fair value. Accordingly, under the fair value hierarchy, the investment with LAIF is uncategorized.

The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized. The value of OCFA's LAIF deposits as of June 30, 2019, was \$65,111,266 and had a weighted average maturity of 173 days. LAIF is not rated as to credit risk by a nationally recognized statistical rating organization. LAIF is administered by the State Treasurer's Office and audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office, 915 Capitol Mall, Sacramento, California 95814.

(e) Internal Revenue Code Section 115 Trust

On May 23, 2019, OCFA's Board of Directors approved the adoption of the Public Agencies Post-Employment Benefits Trust, an Internal Revenue Service (IRS) Section 115 irrevocable trust (115 Trust) as required under the terms of a Settlement Agreement with the City of Irvine. The 115 Trust is administered by Public Agency Retirement Services (PARS) per the terms of an Agreement for Administrative Services (AAS) between OCFA and PARS for the term May 23, 2019 through May 23, 2022. Under the terms of the AAS, PARS holds a private letter ruling from the IRS that assures the tax-exempt status of the investment. OCFA maintains control over the assets in the 115 Trust, which are not comingled with other agencies. PARS has entered into a Public Agencies Post-Employment Benefits Trust Arrangement with U.S. Bank National Association (U.S. Bank) effective November 5, 2014, whereby PARS serves as the Trust Administrator and U.S. Bank serves as the Trustee for a public agency that executes a 115 Trust agreement with PARS. Additional 115 Trust information, including the funding timeline required per OCFA's Settlement Agreement with the City of Irvine, is provided within these notes as Note 15 and Note 29.

(f) GASB Statement No. 72

GASB Statement No. 72, *Fair Value Measurement and Application*, establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. OCFA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. For Level 2 inputs, OCFA's custodian Union Bank uses the services of ICE Data Services to obtain the pricing information. Level 3 inputs are significant unobservable inputs. OCFA has the following fair value measurements as of June 30, 2019:

	Fair Value Hierarchy Level			Total
	Level 1	Level 2	Level 3	
U.S. Treasury obligations	\$23,844,540	\$ -	\$ -	\$ 23,844,540
Federal agency securities	-	80,761,520	-	80,761,520
Money market mutual funds	-	<u>10,008,688</u>	-	<u>10,008,688</u>
	<u>\$23,844,540</u>	<u>\$90,770,208</u>	<u>\$ -</u>	114,614,748
Uncategorized investments:				
LAIF				65,111,266
Pooled amounts held in trust with OCERS				<u>39,397,934</u>
Total				<u>\$219,123,948</u>

U.S. Treasury obligations and federal agency securities are valued using institutional bond quotes. Money market investments that have a remaining maturity at the time of purchase of one year or less and are held by governments other than external investment pools, and investments held by 2a7-like external investment pools, are measured at amortized cost as provided in GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

(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, OCFA's investment policy, or debt agreements, as well as the actual rating as of year-end for each investment type.

	Minimum Rating Required	Rating at Year-End		
		Aaa/ A-1+	Unrated	Total
U.S. Treasury obligations	N/A	\$ 23,844,540	\$ -	\$ 23,844,540
Federal agency securities	N/A	80,761,520	-	80,761,520
Money market mutual funds	Aaa/AAA	10,008,688	-	10,008,688
LAIF	N/A	-	65,111,266	65,111,266
Pooled amounts held in trust with OCERS	N/A	-	39,397,934	39,397,934
Total		<u>\$114,614,748</u>	<u>\$104,509,200</u>	<u>\$219,123,948</u>

(h) Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. OCFA's investment policy requires that collateral be held by an independent third party with whom 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. 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 OCFA's bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. As of June 30, 2019, none of the OCFA's deposits or investments was exposed to disclosable custodial credit risk.

(i) Concentration of Credit Risk

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, 2019, OCFA is in compliance with the investment policy's restrictions. In addition, GASB Statement No. 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 and OCERS). Investments guaranteed by the U.S. government, mutual funds, and external investment pools are excluded from this requirement. Investments with issuers exceeding 5% of the total investment portfolio at June 30, 2019, are summarized below.

Issuer	Fair Value	% of Portfolio
Federal Home Loan Bank (FHLB)	\$46,851,850	26.1%
Federal Home Loan Mortgage Corp (Freddie Mac)	\$17,998,920	10.0%
Federal Farm Credit Bank (FFCB)	\$15,910,750	8.9%

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(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. OCFA's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. 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. OCFA has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2019, the OCFA had the following investments and maturities:

	Investment Maturities in Months				Total
	6 or Less	7 to 12	13 to 60	N/A	
U.S. Treasury obligations	\$ 23,844,540	\$ -	\$ -	\$ -	\$ 23,844,540
Federal agency securities	71,746,400	-	9,015,120	-	80,761,520
Money market mutual funds	10,008,688	-	-	-	10,008,688
LAIF	65,111,266	-	-	-	65,111,266
Pooled amounts held in trust with OCERS	-	-	-	39,397,934	39,397,934
Total	\$170,710,894	\$ -	\$9,015,120	\$39,397,934	\$219,123,948

As of June 30, 2019, OCFA's investments included the following callable investments, which are exposed to interest rate risk:

Issuer	Call Date(s)	Yield to Call	Maturity Date	Fair Value
Federal Home Loan Mortgage Corp (Freddie Mac)	10/18/2019	2.520%	10/18/2021	\$9,015,120
Federal Farm Credit Bank (FFCB)	Anytime	1.375%	8/1/2019	\$6,994,540

(5) Accounts Receivable, Net

Accounts receivable, net of allowance for doubtful accounts, consists of the following as of June 30, 2019:

	Governmental Funds	Primary Governmental
	General Fund	Governmental Activities
Fire prevention and late fees	\$1,000,224	\$1,000,224
Ambulance and other reimbursements	2,182,048	2,182,048
Station 61 fire insurance claim	896,000	896,000
Other/miscellaneous	84,210	84,210
Accounts receivable	4,162,482	4,162,482
Allowance for doubtful accounts	(287,387)	(287,387)
Accounts receivable, net	<u>\$3,875,095</u>	<u>\$3,875,095</u>

(6) Prepaid Costs, Other Assets, and Nonspendable Fund Balance of Governmental Funds

In January 2018, OCFA prepaid a portion of its Fiscal Year 2018/19 retirement contributions to the Orange County Employees Retirement System (OCERS) totaling \$32,876,217. In January 2019, OCFA prepaid a portion of its Fiscal Year 2019/20 retirement contributions to OCERS totaling \$34,814,808. In the governmental funds, the unamortized balance of the January 2018 prepayment totaled \$1,264,470 as of June 30, 2019, due to the timing of the pay period calendar. The entire amount of the January 2019 prepayment was unamortized as of June 30, 2019. In the governmental activities, a portion of Fiscal Year 2019/20 prepaid retirement contributions totaling \$16,068,000 is reported as a deferred outflow of resources related to pensions, since

the contributions will reduce the net pension liability with OCERS prior to the Plan's next measurement date. Other prepaid costs and assets as of June 30, 2019, included annual maintenance and support fees, subscriptions, and professional memberships; and deposits with the third-party administrator of an employee benefit flexible health spending program.

Prepaid costs and other assets consist of the following as of June 30, 2019:

	Governmental Funds		Primary Government	Component Unit
	General Fund	Communications and Information Systems	Governmental Activities	OCFA Foundation
Prepaid costs:				
Retirement contributions:				
Fiscal Year 2019/20	\$34,814,808	\$ -	\$18,746,808	\$ -
Fiscal Year 2018/19	1,264,470	-	1,264,470	-
Maintenance and support	621,790	13,725	635,515	-
Subscriptions and memberships	7,346	-	7,346	-
Other	<u>23,971</u>	<u>-</u>	<u>23,971</u>	<u>104</u>
Total prepaid costs	36,732,385	13,725	20,678,110	104
Other assets:				
Health spending deposits	<u>26,550</u>	<u>-</u>	<u>26,550</u>	<u>-</u>
Total	<u>\$36,758,935</u>	<u>\$13,725</u>	<u>\$20,704,660</u>	<u>\$104</u>

Prepaid costs are reported as an asset until the expenditures are recognized proportionately over the future period in which the services are to be provided. An amount equal to the asset is reported as nonspendable fund balance in the governmental funds, since these amounts are not in a spendable form. As of June 30, 2019, nonspendable fund balance totaled \$36,746,110 and is reported in the General Fund (\$36,732,385) and the Communications and Information Systems Fund (\$13,725).

(7) Due from Other Governments

Amounts due from other governments consist of the following as of June 30, 2019:

	Governmental Funds		Primary Government
	General Fund	Fire Apparatus	Governmental Activities
Fire protection and other services:			
Cash contract cities	\$ 2,570,033	\$37,363	\$ 2,607,396
State responsibility area	<u>1,266,070</u>	<u>-</u>	<u>1,266,070</u>
Subtotal	3,836,103	37,363	3,873,466
Assistance by hire/activation	2,964,050	-	2,964,050
Grants	1,722,246	-	1,722,246
Property tax/tax increment	4,256,859	-	4,256,859
Other/miscellaneous	<u>5,257</u>	<u>-</u>	<u>5,257</u>
Subtotal	12,784,515	37,363	12,821,878
Allowance for grants receivable	<u>(1,322,639)</u>	<u>-</u>	<u>(1,322,639)</u>
Total	<u>\$11,461,876</u>	<u>\$37,363</u>	<u>\$11,499,239</u>

(8) Capital Assets

(a) Changes in Capital Asset Balances by Asset Class

Capital asset activity for the year ended June 30, 2019, was as follows:

<u>Primary Government/ Governmental Activities</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Capital assets not depreciated/amortized:					
Land	\$ 42,757,850	\$ -	\$ -	\$ -	\$ 42,757,850
Construction in progress	608,020	180,155	(49,156)	(444,654)	294,365
Work in progress	<u>7,026,302</u>	<u>17,088,408</u>	<u>-</u>	<u>(15,010,128)</u>	<u>9,104,582</u>
Total capital assets not depreciated/amortized	<u>50,392,172</u>	<u>17,268,563</u>	<u>(49,156)</u>	<u>(15,454,782)</u>	<u>52,156,797</u>
Capital assets depreciated/amortized:					
Buildings	152,849,049	-	-	444,654	153,293,703
Equipment	63,683,350	1,994,089	(768,327)	230,655	65,139,767
Vehicles	<u>80,987,894</u>	<u>832,420</u>	<u>(724,932)</u>	<u>14,779,473</u>	<u>95,874,855</u>
Subtotal	<u>297,520,293</u>	<u>2,826,509</u>	<u>(1,493,259)</u>	<u>15,454,782</u>	<u>314,308,325</u>
Less accumulated depreciation/amortization:					
Buildings	(46,851,487)	(3,377,777)	-	-	(50,229,264)
Equipment	(39,798,372)	(2,889,977)	694,683	-	(41,993,666)
Vehicles	<u>(52,057,066)</u>	<u>(4,263,344)</u>	<u>720,897</u>	<u>-</u>	<u>(55,599,513)</u>
Subtotal	<u>(138,706,925)</u>	<u>(10,531,098)</u>	<u>1,415,580</u>	<u>-</u>	<u>(147,822,443)</u>
Total capital assets depreciated/amortized, net	<u>158,813,368</u>	<u>(7,704,589)</u>	<u>(77,679)</u>	<u>15,454,782</u>	<u>166,485,882</u>
Capital assets, net	<u>\$209,205,540</u>	<u>\$ 9,563,974</u>	<u>\$ (126,835)</u>	<u>\$ -</u>	<u>\$218,642,679</u>

<u>Component Unit/ OCFA Foundation</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Capital assets depreciated/amortized:					
Equipment	\$ 15,979	\$ -	\$ -	\$ -	\$ 15,979
Less accumulated depreciation/amortization:					
Equipment	<u>(866)</u>	<u>(799)</u>	<u>-</u>	<u>-</u>	<u>(1,665)</u>
Capital assets, net	<u>\$ 15,113</u>	<u>\$ (799)</u>	<u>-</u>	<u>-</u>	<u>\$ 14,314</u>

(b) Net Investment in Capital Assets

The portion of net position that is invested in net capital assets is calculated as follows:

	Primary Government Governmental Activities	Component Unit OCFA Foundation
Capital assets, net of accumulated depreciation/amortization	<u>\$218,642,679</u>	<u>\$14,314</u>

(c) Capital Assets Acquired Under Capital Lease

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

Asset Class	As of June 30, 2019			Fiscal Year 2018/19 Depreciation Expense
	Capital Assets	Less Accumulated Depreciation	Capital Assets, Net	
Equipment	\$21,750,630	\$(11,296,610)	\$10,454,020	\$1,079,687
Vehicles	<u>15,607,286</u>	<u>(14,375,532)</u>	<u>1,231,754</u>	<u>604,064</u>
Total	<u>\$37,357,916</u>	<u>\$(25,672,142)</u>	<u>\$11,685,774</u>	<u>\$1,683,751</u>

(d) Depreciation/Amortization Expense

Depreciation/amortization expense in the amounts of \$10,531,098 and \$799 were charged to public safety in the Statement Activities of the primary government and the component unit, respectively.

(9) Unearned and Unavailable Revenue

Revenue amounts that have been collected but are *unearned* are reported as liabilities of both the governmental activities and the governmental funds. Revenue amounts that have been earned but are considered *unavailable* to finance the expenditures of the current fiscal period are reported as deferred inflows of resources of the governmental funds. Unearned and unavailable revenues consist of the following as of June 30, 2019:

	Governmental Funds	Primary Government Governmental Activities	Component Unit OCFA Foundation
Unearned revenue:			
Helicopter hangar rental deposits	\$ 16,612	\$ 16,612	\$ -
Cell tower rent – July 2019	3,905	3,905	-
Miscellaneous cash advances	<u>8,603</u>	<u>8,603</u>	<u>1,200</u>
Total	<u>\$ 29,120</u>	<u>\$29,120</u>	<u>\$1,200</u>
Unavailable revenue:			
City of Garden Grove start-up costs	<u>\$650,814</u>		
Total	<u>\$650,814</u>		

(10) Due to Other Governments

Amounts due to other governments consist of the following as of June 30, 2019:

	Governmental Funds	Primary Government
	General Fund	Governmental Activities
Bankruptcy proceeds:		
County of Orange	\$194,404	\$194,404
Pass-through payments for activations and exercises:		
City of Anaheim	51,704	51,704
City of Orange	<u>52,078</u>	<u>52,078</u>
Total	<u>\$298,186</u>	<u>\$298,186</u>

(11) Fund Balance of Governmental Funds – Restricted

Restricted fund balance consists of the following as of June 30, 2019:

Description	Governmental Funds		
	General Fund	Fire Stations and Facilities	Total
Capital improvement program	\$ -	\$391,477	\$ 391,477
Various departments	3,874,815	-	3,874,815
Communications/IT projects	<u>12,012</u>	-	<u>12,012</u>
Total	<u>\$3,886,827</u>	<u>\$391,477</u>	<u>\$4,278,304</u>
Type/Source of Restriction			
CalFire drought augmentation funding	\$1,950,806	\$ -	\$1,950,806
Encumbrances	1,256,203	-	1,256,203
CalFire greenhouse gas reduction funding	677,340	-	677,340
CalFire contract revenues	-	391,477	391,477
Donations	<u>2,478</u>	-	<u>2,478</u>
Total	<u>\$3,886,827</u>	<u>\$391,477</u>	<u>\$4,278,304</u>

Restricted fund balance in the General Fund includes grant-funded or other restricted, unexpended encumbrances outstanding at year-end; donations for specific programs; and CalFire funding restricted for drought augmentation and greenhouse gas reduction activities. Restricted fund balance in the Fire Stations and Facilities Fund includes CalFire contract revenues that are legally restricted for new fire station development or improvements to existing fire stations, including related encumbrances that are outstanding at year-end.

(12) Fund Balance of Governmental Funds – Committed

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 member agencies. In January 2012 and November 2017, the Board of Directors authorized an additional \$622,106 and \$1,000,000, respectively, to be set aside for the same purpose. As of June 30, 2019, the remaining unspent amount, plus accrued interest earnings, totaling \$1,338,850 was reported as a fund balance commitment in the General Fund. The funds are committed for projects in the following member agencies:

Member Agency	Governmental Funds General Fund
County of Orange	\$ 61,509
Dana Point	104,884
Irvine	1,028,102
Laguna Niguel	100,331
Lake Forest	20,262
Rancho Santa Margarita	15,690
San Juan Capistrano	935
Villa Park	7,137
Total	\$1,338,850

(13) Fund Balance of Governmental Funds – Assigned

Assigned fund balance includes the following as of June 30, 2019:

Capital Improvement Program	\$ 43,739,218
Workers' compensation	88,772,530
Assigned, unexpended encumbrances	6,651,085
Total	\$139,162,833

The Board of Directors has established a *Fund Balance Assignment Policy* authorizing the assignment of fund balance to the Capital Improvement Program and self-insured workers' compensation claims.

- The assignment to the Capital Improvement Program reflects cumulative amounts transferred from the General Fund to the capital projects funds, net of actual cumulative project expenditures and other revenue sources accounted for in those funds. The assignment may also include net resources accumulated within the General Fund itself to fund purchases and projects that are capital in nature but do not necessarily meet the criteria to be reported in one of OCFA's capital projects funds. The assignment may not exceed the net cost of future identifiable projects. Fund balance assigned for the Capital Improvement Program totaled \$43,739,218 as of June 30, 2019, and is reported in the General Fund (\$3,408,234), Communications and Information Systems Fund (\$7,073,163), Fire Apparatus Fund (\$8,252,067) and Fire Stations and Facilities Fund (\$25,005,754).
- 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 \$88,772,530 as of June 30, 2019.

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Assigned fund balance pertaining to unexpended encumbrances outstanding as of June 30, 2019, totaled \$6,651,085 and is summarized below for each governmental fund:

Purpose of Encumbrance	Communications and Information Systems	Fire Apparatus	Fire Stations and Facilities
	Communications/IT Projects	Fire Apparatus and Vehicles	Construction Projects
Type 3 engines	\$ -	\$ 1,629,096	\$ -
Water tenders	-	881,980	-
Trucks, sport utility vehicles, and vans	-	681,857	-
800 MHz radio project	678,809	-	-
Station No. 42 (Portola Hills) site stabilization	-	-	525,319
Other vehicles and improvements	-	186,823	-
Next Generation CAD2CAD project	142,016	-	-
Warehouse improvements	-	-	12,023
RFOTC training grounds	-	-	8,032
Total	<u>\$820,825</u>	<u>\$3,379,756</u>	<u>\$545,374</u>

Purpose of Encumbrance	General Fund				
	Various Departments	Facilities Projects	Communications/IT Projects	Construction Projects	Total
City of Garden Grove start-up costs	\$ 420,629	\$ -	\$ -	\$ -	\$ 420,629
Service level assessment	343,532	-	-	-	343,532
Station phone, alarm, sound systems	-	-	124,349	-	124,349
Fire Station No. 6 (Irvine) kitchen remodel	-	-	-	112,920	112,920
Exhaust extraction system upgrades	-	100,291	-	-	100,291
HIPPA risk assessment	99,187	-	-	-	99,187
Helicopter inspection	71,500	-	-	-	71,500
RFOTC workstations	-	60,356	-	-	60,356
Other	456,886	55,373	50,762	9,345	572,366
Total	<u>\$1,391,734</u>	<u>\$216,020</u>	<u>\$175,111</u>	<u>\$122,265</u>	<u>\$1,905,130</u>

(14) Fund Balance of Governmental Funds – Unassigned

Unassigned fund balance in the General Fund consists of the following as of June 30, 2019:

10% Operating Contingency	\$32,680,670
All other residual amounts available for any purpose	-
Total	<u>\$32,680,670</u>

The total amount of the 10% Operating Contingency calculation was \$35,086,880 as of June 30, 2019, which exceeded the General Fund's total unassigned fund balance by \$2,406,210.

(15) Commitments and Contingencies

(a) Settlement Agreement

On June 27, 2018, the City of Irvine (Irvine) provided OCFA with a notice of withdrawal seeking the initiation of good faith negotiations relative to its future membership with OCFA. Effective March 28, 2019, OCFA and Irvine entered into a Settlement Agreement which rescinded Irvine's notice of withdrawal and provide the following provisions benefiting the citizens of Orange County and enhancing services provided throughout OCFA's jurisdiction:

- **Joint Police-Fire Training Facility** – Irvine will plan, develop, construct, operate, and maintain a joint training center, which will include a joint emergency operations center (collectively the Joint Training Facility) for use by the City and OCFA for no less than fifty years from completion of the facility's construction. Irvine will contribute the land and will operate and maintain the real property that comprises the Joint Training Facility. In exchange for its use, OCFA will contribute \$20,500,000 to be used by Irvine toward the Joint Training Facility's design, construction, furnishing, and the provision of fixtures or equipment for facilities. Upon Irvine's execution of design contracts, OCFA will pay Irvine \$1,000,000 for the exclusive use of making payments on the design contracts and for other expenses relating to the design of the Joint Training Facility as mutually agreed upon by Irvine and OCFA. Upon Irvine's execution of a construction contract, OCFA will pay Irvine additional amounts as follows: (1) a combined \$19,500,000 for the construction, furniture, fixtures, and equipment of the training center (\$18,500,000) and the emergency operations center (\$1,000,000); and (2) the cost of any facility enhancements OCFA requested during the design process that would cause OCFA's total financial contributions to collectively exceed \$20,500,000.
- **Drone Program** – Irvine will establish and operate a program under which Irvine personnel will use drones to monitor open space areas in Irvine. Drones will be available to OCFA upon request to monitor open space or active fires or other hazards and disasters throughout OCFA's jurisdictional boundaries. Irvine must certify on or prior to July 1, 2019, that it has established and budgeted for the Drone Program, including anticipated costs of personnel, equipment, space, and other direct costs, totaling at least \$500,000 per year. OCFA will pay Irvine \$500,000 annually on July 1 beginning July 1, 2019, and ending July 1, 2029. If Irvine has not provided the annual certification of program and budget as previously described by June 1 of any year, then OCFA's annual payment will not be due until thirty days after such certification is provided. On or prior to May 1 each fiscal year beginning May 1, 2020, and ending May 1, 2030, Irvine will certify to OCFA the actual fiscal year-to-date costs incurred and anticipated costs to be incurred prior to the close of the fiscal year. If those costs are less than OCFA's annual \$500,000 payment, the difference will be deducted from OCFA's subsequent year payment.
- **Bi-Directional Amplifiers** – OCFA will reimburse Irvine \$500,000 for the purchase and installation of bi-directional amplifiers at nine locations within Irvine's municipal boundaries. Reimbursement payments will be made upon documentation that the amplifiers are installed and operating.
- **OCFA Training of Irvine Police Department (IPD) Emergency Medical Technicians (EMT)** – OCFA personnel will provide IPD personnel with EMT training at a cost to OCFA of \$50,000 per fiscal year through June 30, 2030. Training will be provided as requested by IPD personnel and unused training sessions will not carry over to future fiscal years. OCFA's obligation to provide EMT training commences on the latter of July 1, 2019, and the date IPD identifies personnel that are either specifically employed to serve as EMT's for Irvine or that have EMT functions integrated into their job duties.
- **Public Safety Community Emergency Response Team (CERT) Coordinator** – OCFA will pay Irvine \$118,000 per fiscal year toward the cost of one Irvine-employed, full-time CERT Coordinator. Irvine must certify on or prior to July 1, 2019, that it has established and budgeted for a CERT Coordinator position, including anticipated costs of salary, benefit, and other direct costs, totaling at least \$118,000 per year. OCFA will pay Irvine \$118,000 annually on July 1 beginning July 1, 2019, and ending July 1, 2029. If Irvine has not provided the certification of program and budget as previously described by June 1, 2019, then the first payment will not be due to Irvine until thirty days after such certification is provided. On or prior to May 1 each fiscal year beginning May 1, 2020, and ending May 1, 2030, Irvine will certify to OCFA the actual fiscal year-to-date costs incurred and anticipated

costs to be incurred prior to the close of the fiscal year. If those costs are less than OCFA’s annual \$118,000 payment, the difference will be deducted from OCFA’s subsequent year payment.

- Pension Funding Annual Deposits to 115 Trust** – OCFA will pay \$2,000,000 per year into an Internal Revenue Code Section 115 Trust (115 Trust) to be established with the Public Agency Retirement Services (PARS), the Orange County Employees Retirement System (OCERS), or another mutually-agreed upon administrator (Trust Administrator). On or prior to July 1, 2019, OCFA will establish the 115 Trust with the Trust Administrator. The annual \$2,000,000 115 Trust payment will be due on July 1 of each fiscal year beginning July 1, 2019, and ending July 1, 2029; however, if OCFA has not funded 85% of its pension liability as determined by OCERS by June 30, 2020, then the required 115 Trust payment will be reduced to \$1,500,000 per fiscal year until OCFA achieves the targeted 85% funding level. The \$500,000 reduction will instead be contributed to OCERS as an additional employer pension contribution. The first 115 Trust payment due on July 1, 2019, will not be reduced even if the 85% target funding has not been achieved. Sub-accounts will be established within the 115 Trust to attribute on a pro-rata basis portions of each payment to Structural Fire Fund members whose revenues were greater than the cost of providing fire services during the prior fiscal year. If OCFA is dissolved in the manner described in California Government Code Section 6508.2, then as part of the dissolution process OCFA will apportion retirement liabilities among all of its member agencies. The amounts deposited into the 115 Trust and attributed by sub-accounts will not be utilized in making this apportionment calculation. Upon completion of the apportionment calculation, the 115 Trust will be liquidated and the amounts used toward the satisfaction of the portion of liability assigned to such 115 Trust contributing members through the apportionment calculation.

OCFA’s financial commitment under the various provisions of the Settlement Agreement totals approximately \$50,348,000 over the eleven-year period July 1, 2019, through June 30, 2030, as summarized in the table below.

Settlement Agreement Service Enhancement	OCFA Financial Commitment	
	Ongoing Annual Costs	One-Time Costs
Joint Police-Fire Training Facility and Emergency Operations Center	\$ -	\$20,500,000
Drone Program	500,000	-
Bidirectional Amplifiers	-	500,000
OCFA Training of Irvine Police Department Emergency Medical Technicians	50,000	-
Public Safety Community Emergency Response Team (CERT) Coordinator	118,000	-
Pension Funding Annual Deposits to 115 Trust	<u>2,000,000</u>	-
Total	<u>\$ 2,668,000</u>	<u>\$21,000,000</u>
Total OCFA financial commitment over eleven fiscal years (Fiscal Year 2019/20 through Fiscal Year 2029/30)	\$29,348,000	\$21,000,000

(b) Commitments for Outstanding Encumbrances

As of June 30, 2019, commitments with vendors for outstanding encumbrances (unperformed purchase orders and contracts for goods and services) by major governmental fund are as follows:

General Fund	\$3,161,333
Communications and Information Systems	820,825
Fire Apparatus	3,379,756
Fire Stations and Facilities	<u>545,374</u>
Total outstanding encumbrances	<u>\$7,907,288</u>

Significant individual commitments with vendors as of June 30, 2019, are identified below.

Fund / Vendor	Description	Original Commitment	Spent-to- Date	Remaining Commitment
<i><u>General Fund:</u></i>				
Boise Mobile Equipment	(2) Crew carrier vehicles	\$606,664	\$ -	\$606,664
Citygate Associates, LLC	Service level assessment	700,725	357,193	343,532
Boise Mobile Equipment	Heavy duty service truck	208,060	-	208,060
Los Angeles Freightliner	(1) Hook-lift truck	162,216	-	162,216
Westnet	Fire station alerting system upgrades at Garden Grove fire stations	124,777	-	124,777
Meyers Construction Company	Fire Station No. 6 (Irvine) kitchen remodel	112,920	-	112,920
Air Exchange, Inc.	Exhaust extraction system upgrades	100,291	-	100,291
Focal Point Data Risk Advisors	HIPPA risk assessment	99,187	-	99,187
<i><u>Communications and Information Systems:</u></i>				
Motorola Solutions, Inc.	911 dispatcher console upgrades	2,209,652	1,894,722	314,930
Hangar One Avionics, Inc.	Helicopter multi-band radio upgrades	366,193	183,096	183,097
<i><u>Fire Apparatus:</u></i>				
KME Fire Apparatus	(3) Type 3 engines	1,629,096	-	1,629,096
KME Fire Apparatus	(2) Water tenders	881,980	-	881,980
McPeek's Chrysler, Dodge, Jeep, Ram of Anaheim	(12) Dodge Rams	482,009	-	482,009
<i><u>Fire Stations and Facilities:</u></i>				
Zusser Company, Inc.	Retaining wall and foundation remediation at Station No. 42 (Portola Hills)	857,200	331,881	525,319

(16) Interfund Transfers

Interfund transfers are used to move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them. Interfund transfers for the year ended June 30, 2019, are as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$2,150,000
Communications and Information Systems	150,000	-
Fire Apparatus	<u>2,000,000</u>	-
Total	<u>\$2,150,000</u>	<u>\$2,150,000</u>

Transfers totaling \$2,150,000 were made from the General Fund to the Communications and Information Systems (\$150,000) and Fire Apparatus (\$2,000,000) funds for current and future capital improvement projects identified in the Capital Improvement Plan.

(17) Lessor in Operating Lease Agreements

(a) Aircraft Hangar Leases

OCFA entered into Aircraft Hangar Lease agreements to provide spaces to tenants in the western portion of the OCFA-owned aircraft hangar at Fullerton Municipal Airport. The original cost of the aircraft hangar's western portion was \$2,201,950, and the net book value was \$1,908,357 as of June 30, 2019. Fiscal Year 2018/19 depreciation expense was \$48,932. Terms of the agreements are as follows:

Lessee/Tenant	Agreement Date	Term	Initial Monthly Rent	Automatic Annual Rent Increase
Ladera Aircraft, LLC	October 30, 2013	Five Years	\$4,924	2.5%
Lidar America, LLC	June 1, 2015	Five Years	\$5,391	2.5%
Hangar 21 Helicopters	January 1, 2016; Amended June 1, 2016	Three Years	\$5,750	0.0%

Rental revenue totaled \$212,027 for Fiscal Year 2018/19. Future month-to-month lease revenue under the terms of the leases are as follows:

Fiscal Year	Ladera Aircraft, LLC	Lidar America, LLC	Hangar 21 Helicopters	Total
2019/20	<u>\$5,571</u>	<u>\$5,951</u>	<u>\$25,875</u>	<u>\$37,397</u>
Total	<u>\$5,571</u>	<u>\$5,951</u>	<u>\$25,875</u>	<u>\$37,397</u>

(b) Wireless Communications Facilities Site Lease

On March 24, 2011, 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. In July 2015, the Board of Directors approved Vista's request to assign its interest in the lease to SBA Towers VI, LLC (SBA). SBA assumed the payment terms of the original agreement, and 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. Base rent, which automatically increases by 3% annually, is \$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. OCFA began collecting base rent commencing July 15, 2012, with rent for a second and third carrier commencing in June and October 2013, respectively. Rental revenue totaled \$46,097 for Fiscal Year 2018/19. Future lease payments through the July 14, 2022, renewal period are as follows:

Fiscal Year(s)	Carriers 1-3
2019/20	\$ 47,533
2020/21	48,961
2021/22	50,425
2022/23	<u>4,305</u>
Total	<u>\$151,224</u>

(18) Lessee in Operating Lease Agreements

OCFA is obligated under operating lease agreements as follows:

- On June 14, 2010, 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 the consumer price index, 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. Fiscal Year 2018/19 rent expenditures totaled \$75,374.
- 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 increases by \$18 each year. Fiscal Year 2018/19 rent expenditures totaled \$20,376.

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

Fiscal Year(s)	Airport Land Lease	Airport Training Tower	Total
2019/20	\$ 77,592	\$20,592	\$ 98,184
2020/21	79,920	20,808	100,728
2021/22	82,308	3,474	85,782
2022/23	84,780	-	84,780
2023/24	87,324	-	87,324
2024/25 - 2028/29	477,540	-	477,540
2029/30 - 2033/34	553,644	-	553,644
2034/35 - 2038/39	641,856	-	641,856
2039/40 - 2043/44	744,036	-	744,036
2044/45 - 2048/49	862,572	-	862,572
2049/50 - 2053/54	<u>285,336</u>	<u>-</u>	<u>285,336</u>
Total	<u>\$3,976,908</u>	<u>\$44,874</u>	<u>\$4,021,782</u>

(19) Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2019, is summarized in the table below. The capital lease purchase agreement is liquidated by the Fire Apparatus Fund. All other long-term liabilities are normally liquidated by the General Fund.

Primary Government/ Governmental Activities	Beginning Balances	Additions	Deletions	Ending Balances	Due Within One Year
Net pension liability:					
OCERS pension plan	\$370,674,668	\$187,142,543	\$ (91,085,685)	\$466,731,526	\$ -
Extra Help pension plan	<u>86,047</u>	<u>43,970</u>	<u>(16,426)</u>	<u>113,591</u>	<u>-</u>
	370,760,715	187,186,513	(91,102,111)	466,845,117	-
Net OPEB liability	244,860,819	-	(25,423,012)	219,437,807	-
Capital lease purchase agreement – aircraft lease refinance (2011)	1,253,718	-	(1,253,718)	-	-
Accrued claims and judgments – workers’ compensation	73,331,644	25,246,649	(11,961,307)	86,616,986	14,128,312
Compensated absences	<u>17,398,071</u>	<u>15,755,267</u>	<u>(15,365,607)</u>	<u>17,787,731</u>	<u>3,674,575</u>
Total	<u>\$707,604,967</u>	<u>\$228,188,429</u>	<u>\$(145,105,755)</u>	<u>\$790,687,641</u>	<u>\$17,802,887</u>

(20) Compensated Absences

OCFA is obligated to its employees for accumulated earned but unused leave benefits as of June 30, 2019. Sick leave includes only those amounts that OCFA is obligated to reimburse employees at the end of their active service life. Leave balances by employee type are as follows as of June 30, 2019:

	Vacation	Comp/Other	Sick Leave	Total
Safety Members	\$11,027,643	\$182,822	\$ 1,974,631	\$13,185,096
General Members	<u>2,277,201</u>	<u>460,756</u>	<u>1,864,678</u>	<u>4,602,635</u>
Total	<u>\$13,304,844</u>	<u>\$643,578</u>	<u>\$3,839,309</u>	<u>\$17,787,731</u>

(21) Insurance and Accrued Claims and Judgments

(a) Insurance Coverage Limits

OCFA has purchased commercial insurance coverage for general and auto liabilities, and excess coverage for the self-insured workers compensation. Coverage limits for Fiscal Year 2018/19 included the following:

Notable Exposure Data:	
Total Insured Values	\$325,888,079
Total Fleet Values	\$94,545,752
Liability Limits:	
Each Occurrence or Wrongful Act	\$1,000,000
Personal and Advertising Injury	\$1,000,000
Fire Damage Legal Liability	\$1,000,000
Medical Expense (each accident)	\$10,000
General Aggregate	\$10,000,000

Products/Completed Operations Annual Aggregate	\$10,000,000
Umbrella Liability	\$10,000,000
Management Liability	\$1,000,000
Cyber Liability (Claims Made)	\$1,000,000
Auto Liability (Combined Single Limit)	\$1,000,000
Garage Keepers Legal Liability	\$500,000
Excess Workers Compensation	Statutory Limits
Property Limits:	
Buildings and Contents	Not to Exceed Scheduled Value on File
Crime (Employee Dishonesty Coverage)	\$1,000,000
Deductibles:	
Management Liability	\$7,500
Business Auto (Emergency Vehicles Comp/Collision)	\$5,000
Garage Keepers	\$250 (Comprehensive); \$500 (Collision)
Property / Crime	\$5,000

There have been no significant changes in insurance coverage as compared to last year. Settlements have not exceeded coverage in each of the past three fiscal years, except as follows:

- OCFA's insurance policy limits for personal property and tools are \$50,000 and \$25,000, respectively. During Fiscal Year 2017/18, OCFA was reimbursed \$75,000 (policy maximum) for employee-owned personal property and tools that were lost in a fire at Station No. 61 in January 2017. As of June 30, 2019, the estimated loss for personal property and tools totaled \$194,000, all of which has been reimbursed by OCFA directly to its employees. Claims for this portion of the policy have exceeded insurance coverage by approximately \$119,000.

(b) Workers' Compensation Self-Insurance

OCFA transitioned its program for workers' compensation insurance from Guaranteed Cost to Self-Insurance effective March 1, 2002. 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. OCFA utilizes the services of a third-party claims administrator for administration of workers' compensation claims.

As of June 30, 2019, accrued claims and judgments for workers' compensation totaled \$86,616,986 and were recorded as a long-term liability in the government-wide financial statements. This liability reflects the present value of estimated outstanding losses at the 50% confidence level, as determined by an actuarial valuation dated December 31, 2018, 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%. Changes in accrued claims and judgments relating to workers' compensation self-insurance for the years ended June 30, 2019 and 2018, are as follows:

Primary Government/ Governmental Activities	Fiscal Year Ended	
	June 30, 2019	June 30, 2018
Unpaid claims at beginning of fiscal year	\$73,331,644	\$65,928,152
Incurred claims (including IBNR's)	25,246,649	20,709,689
Claim payments	<u>(11,961,307)</u>	<u>(13,306,197)</u>
Unpaid claims at end of fiscal year	<u>\$86,616,986</u>	<u>\$73,331,644</u>
Due within one year	\$14,128,312	\$14,800,435
Due in more than one year	<u>72,488,674</u>	<u>58,531,209</u>
Unpaid claims at end of fiscal year	<u>\$86,616,986</u>	<u>\$73,331,644</u>

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Primary Government/ Governmental Activities	Fiscal Year Ended	
	June 30, 2019	June 30, 2018
Confidence level at end of fiscal year	50%	50%
Discount rate	1%	1%

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, OCFA has established a fund balance assignment for workers' compensation in the General Fund in the amount of \$88,772,530. 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.

(22) Long-term Obligations

(a) Changes in Long-term Obligations

Changes in long-term obligations for the year ended June 30, 2019, are summarized in the table below. The capital lease purchase agreement is liquidated by the Fire Apparatus Fund.

Primary Government/ Governmental Activities	Beginning Balances	Additions	Deletions	Ending Balances	Due Within One Year
Notes from direct borrowings and direct placements:					
Capital lease purchase agreement – aircraft lease refinance (2011)	<u>\$1,253,718</u>	<u>\$ -</u>	<u>\$(1,253,718)</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$1,253,718</u>	<u>\$ -</u>	<u>\$(1,253,718)</u>	<u>\$ -</u>	<u>\$ -</u>

(b) Capital Lease Purchase Agreement – Aircraft Lease Refinance (2011)

On December 22, 2008, 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 for the acquisition of certain aircraft equipment. 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 OCFA during the term of the Agreement; accordingly, the lease has been recorded as a capital lease liability.

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, 2019, OCFA made principal and interest payments totaling \$1,253,718 and \$12,144, respectively. The outstanding balance of the capital lease liability was \$0 as of June 30, 2019.

(23) Pension Plans and Other Postemployment Benefits (OPEB)

OCFA participates in two defined benefit pension plans that are administered through a trust or equivalent arrangement. Additional plan information is provided within these notes as Note 24 and Note 25. OCFA also provides other postemployment benefits (OPEB) through the Retiree Medical Plan. Additional plan information is provided within these notes as Note 26. Following is a summary of plan balances as of and for the year ended June 30, 2019:

Description	Net Pension/ OPEB Liability	Deferred Outflows of Resources Related to Pensions/ OPEB	Deferred Inflows of Resources Related to Pensions/ OPEB	Pension/ OPEB Expense (Credit)
OCERS Pension Plan	\$466,731,526	\$157,497,646	\$59,178,911	\$82,954,245
Extra Help Pension Plan	<u>113,591</u>	<u>18,646</u>	<u>12,234</u>	<u>(6,499)</u>
Subtotal	466,845,117	157,516,292	59,191,145	82,947,746
OPEB	<u>219,437,807</u>	<u>2,420,698</u>	<u>25,560,778</u>	<u>776,647</u>
Total	<u>\$686,282,924</u>	<u>\$159,936,990</u>	<u>\$84,751,923</u>	<u>\$83,724,393</u>

(24) Retirement Plan for Full-Time Employees

(a) General Information about the Plan

Plan Description and Administration

OCFA participates in the Orange County Employees Retirement System (OCERS), a cost-sharing multiple-employer, defined benefit pension plan for the County of Orange, the City of San Juan Capistrano, and thirteen other agencies – 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; Superior Court of California; Orange County Transportation Authority; Transportation Corridor Agencies; and the University of California, Irvine Medical Center and Campus. The Orange County Department of Education and the University of California, Irvine Medical Center and Campus are closed to new member participation and only the latter has remaining active employees. Capistrano Beach, Cypress Recreation & Parks District, Orange County Vector Control District, and the City of Rancho Santa Margarita are no longer active plan sponsors, but retired members and their beneficiaries, as well as deferred members, remain in the OCERS system. OCERS is legally and fiscally independent of the County of Orange.

OCERS was established in 1945 under the provisions of the County Employees Retirement Law of 1937. OCERS is governed by a ten-member Board of Retirement, including nine voting members and one alternate member. Board membership consists of four members appointed by the County of Orange Board of Supervisors and five members elected by the members of the pension system – two by the general members, two by the safety members (one voting and one alternate), and one by the retired members. The County of Orange Treasurer-Tax Collector, who is elected by the voters registered in the county, serves as an ex-officio member. The OCERS Board of Retirement is responsible for establishing policies governing the administration of the retirement plan; making disability determinations; assuring benefit payments; establishing investment policy for the retirement system; and monitoring execution of its policies. 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.

Benefits Provided

OCERS provides retirement, disability, and death benefits to safety and general members. Safety membership includes those members serving in active law enforcement, fire suppression, and as probation officers. General membership applies to all other occupations. Plan retirement benefits are tiered based upon date of OCERS membership. Tier I members were hired prior to September 21, 1979, and use their highest one-year average salary to determine their retirement allowance. Tier II members were hired on or after September 21, 1979, and use their highest three-year

average salary to determine their retirement allowance. Member rate groups are determined by employer, bargaining unit, and benefit plan. The benefit plan represents the benefit formula and tier that will be used in calculating a retirement benefit. All regular employees scheduled to work twenty hours or more per week become members of the plan upon commencing employment with one of OCERS' plan sponsors, with the exception of a provision adopted in 2014 that allows new members over the age of 65 to opt out of the plan. Active members are vested in OCERS upon accumulating five years of accredited service or attaining the age of 70.

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 involved new retirement formulas for newly hired employees who do not establish reciprocity with OCERS. 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.

In general, the retirement benefits received by members are determined by plan formula, age at retirement, years of service, and final average salary. Members are entitled to receive a retirement allowance upon reaching the following years of service and age criteria:

Years of Service Credit	Eligible Age
10 or more	Age 50
5 or more (PEPRA Members)	Age 50
30 or more (General Members)	Any age
20 or more (Safety Members)	Any age
5 or more, and at least 10 years of active employment with a sponsoring agency covered by OCERS (Part-time Members)	Age 55
Any	Age 70

Retired member monthly allowances are adjusted annually in accordance with changes in the cost-of-living, as determined by the average annual change in the Consumer Price Index (CPI) for the prior calendar year. The cost-of-living adjustment is limited to a maximum increase or decrease of three percent per year as established by the OCERS Board of Retirement.

The OCFA's Board establishes and amends benefit plan formulas for active OCFA members through negotiations with its labor bargaining units. The provisions and benefits provided by OCFA to its safety and general members as of June 30, 2019, are summarized below:

Benefits Provided to Safety Members					
Plan	Tier	Benefit Formula	Representation / Bargaining Unit / Employee Hire Date		
			Orange County Professional Firefighters Association	Orange County Fire Authority Chief Officers Association	Unrepresented
			Firefighter Unit	Fire Management Unit	Executive Management in Safety Positions
E	I	3.0% at 50	Prior to 7/1/2012	Prior to 7/1/2012	Prior to 7/1/2011
F	II	3.0% at 50	Prior to 7/1/2012	Prior to 7/1/2012	Prior to 7/1/2011
R	II	3.0% at 55	On or After 7/1/2012 (with reciprocity)	On or After 7/1/2012 (with reciprocity)	On or After 7/1/2011 (with reciprocity)
V	II	2.7% at 57 (PEPRA)	On or After 1/1/2013 (without reciprocity)	On or After 1/1/2013 (without reciprocity)	On or After 1/1/2013 (without reciprocity)

Benefits Provided to General Members					
Plan	Tier	Benefit Formula	Representation / Bargaining Unit / Employee Hire Date		
			Orange County Employees Association	Orange County Fire Authority Managers Association	Unrepresented
			General and Supervisory Management	Administrative Management	Executive Management in General Positions
I	I	2.7% at 55	Prior to 7/1/2011	Prior to 12/1/2012	Prior to 12/1/2012
J	II	2.7% at 55	Prior to 7/1/2011	Prior to 12/1/2012	Prior to 12/1/2012
N	II	2.0% at 55	On or After 7/1/2011 (with reciprocity)	On or After 12/1/2012 (with reciprocity)	On or After 12/1/2012 (with reciprocity)
U	II	2.5% at 67 (PEPRA)	On or After 1/1/2013 (without reciprocity)	On or After 1/1/2013 (without reciprocity)	On or After 1/1/2013 (without reciprocity)

Contributions

Each year, an actuarial valuation is performed for OCERS to determine funding contributions for each agency member within their assigned rate group and plan on an actuarial basis. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability (UAAL). The table below summarizes OCFA's required employer contribution rates and employee rates (paid by OCFA) for the year ended June 30, 2019:

Category	Plan	Tier	Benefit Formula	Employer Contribution Rates			Employee Contribution Rates (See Below)
				Normal Cost	UAAL	Total	
Safety	E	I	3.0% at 50	26.84%	22.27%	49.11%	10.53% - 14.15%
Safety	F	II	3.0% at 50	26.84%	22.27%	49.11%	14.35% - 20.26%
Safety	R	II	3.0% at 55	21.86%	22.27%	44.13%	13.65% - 19.27%
Safety	V	II	2.7% at 57 (PEPRA)	14.84%	22.27%	37.11%	12.42% - 19.56%
General	I	I	2.7% at 55	13.61%	18.35%	31.96%	9.68% - 16.01%
General	J	II	2.7% at 55	13.61%	18.35%	31.96%	9.23% - 16.01%
General	N	II	2.0% at 55	12.64%	18.35%	30.99%	6.90% - 13.06%
General	U	II	2.5% at 67 (PEPRA)	8.99%	18.35%	27.34%	7.20% - 13.85%

Employees in each unit have agreed through their respective Memorandums of Understanding or Personnel and Salary Resolution to pay their full employee share of retirement costs, with those employee payments being phased in over three to four years. The retirement payment is deducted from the employee's compensation earnable and continues throughout the employee's entire term of employment with OCFA. Employee contribution rates vary depending on the individual employee's hire date and unit and are summarized below for the year ended June 30, 2019.

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Employee Hire Date	Benefit Formula	Employee Contribution Rate
<i>Safety – Firefighter Unit</i>		
Prior to 1/1/2011	3.0% at 50	17.99% as of 9/1/2017^ 19.99% as of 9/1/2018^ 20.53% as of 9/1/2019^
1/1/2011 - 6/30/2012 On or After 7/1/2012 (with reciprocity)	3.0% at 50 3.0% at 55	17.99% as of 9/1/2017^ 19.99% as of 9/1/2018^ 20.53% as of 9/1/2019^
On or After 1/1/2013 (without reciprocity)	2.7% at 57 (PEPRA)	50% of Normal Cost
<i>Safety – Firefighter Management Unit</i>		
Prior to 7/1/2012 On or After 7/1/2012 (with reciprocity)	3.0% at 50 3.0% at 55	19.29% as of 7/1/2018^ 20.22% as of 7/1/2019^ 50% of Normal Cost as of 7/1/2020^
On or After 1/1/2013 (without reciprocity)	2.7% at 57 (PEPRA)	50% of Normal Cost
<i>Safety – Executive Management</i>		
Prior to 7/1/2011 On or After 7/1/2011 (with reciprocity)	3.0% at 50 3.0% at 55	50% of Normal Cost as of 3/3/2017^
On or After 1/1/2013 (without reciprocity)	2.7% at 57 (PEPRA)	50% of Normal Cost
<i>General – General and Supervisory Management</i>		
Prior to 7/1/2011 On or After 7/1/2011 (with reciprocity)	2.7% at 55 2.0% at 55	16.50% as of 3/3/2017^
On or After 1/1/2013 (without reciprocity)	2.5% at 67 (PEPRA)	50% of Normal Cost
<i>General – Administrative Management</i>		
Prior to 12/1/2012 On or After 12/1/2012 (with reciprocity)	2.7% at 55 2.0% at 55	16.50% as of 1/6/2017^
On or After 1/1/2013 (without reciprocity)	2.5% at 67 (PEPRA)	50% of Normal Cost
<i>General – Executive Management</i>		
Prior to 12/1/2012 On or After 12/1/2012 (with reciprocity)	2.7% at 55 2.0% at 55	50% of Normal Cost as of 3/3/2017^
On or After 1/1/2013 (without reciprocity)	2.5% at 67 (PEPRA)	50% of Normal Cost

^ Capped at maximum employee contribution

For the year ended June 30, 2019, employer and employee contributions remitted to OCERS were as follows:

	Employer Contributions	Employee Contributions	Total Contributions
Contributions paid by OCFA	\$91,053,575	\$ 32,110	\$ 91,085,685
Contributions paid by employees	-	<u>22,172,868</u>	<u>22,172,868</u>
Total	<u>\$91,053,575</u>	<u>\$22,204,978</u>	<u>\$113,258,553</u>

(b) Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources

OCFA's net pension liability with OCERS is measured as the proportionate share of the net pension liability. The net pension liability of each member agency is measured as of December 31, 2018, and the total pension liability for each member agency used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to December 31, 2018, using standard update procedures. OCFA's proportion of the net pension liability was based on a projection of OCFA's long-term share of contributions to the pension plan relative to the projected contributions of all participating agencies, actuarially determined. OCFA's proportionate share of the total OCERS net pension liability as of June 30, 2019 and 2018 was as follows:

Member Type	OCFA's Proportionate Share of the Total OCERS Net Pension Liability					
	At June 30, 2018		Increase (Decrease)		At June 30, 2019	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Safety	\$320,955,164	6.5%	\$89,939,721	0.1%	\$410,894,885	6.6%
General	49,719,504	1.0%	6,117,137	(0.1%)	55,836,641	0.9%
Total	<u>\$370,674,668</u>	<u>7.5%</u>	<u>\$96,056,858</u>	<u>0.0%</u>	<u>\$466,731,526</u>	<u>7.5%</u>

For the year ended June 30, 2019, OCFA recognized pension expense of \$82,954,245. At June 30, 2019, OCFA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience in the Total Pension Liability	\$ 703,034	\$(58,320,223)
Changes in assumptions	44,462,250	(858,688)
Net differences between projected and actual earnings on plan investments	<u>61,243,362</u>	-
	106,408,646	(59,178,911)
Employer contributions subsequent to measurement date	<u>51,089,000</u>	-
Total	<u>\$157,497,646</u>	<u>\$(59,178,911)</u>

Deferred outflows of resources related to contributions subsequent to the measurement date totaling \$51,089,000 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will also be recognized as an adjustment to pension expense as follows:

Year Ended June 30	Amount
2020	\$15,998,056
2021	(2,215,414)
2022	5,226,034
2023	30,862,579
2024	<u>(2,641,520)</u>
Total	<u>\$47,229,735</u>

(c) Actuarial Assumptions

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2017
Measurement Date	December 31, 2018, rolled forward on an actuarial basis
Actuarial Cost Method	Entry age normal
Discount rate	7.00%
Inflation	2.75%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Salary increases	Inflation of 2.75% per year, plus "across the board" real salary increases of 0.50% per year
Date of experience study	Actuarial assumptions were based on the results of an experience study for the period January 1, 2014 through December 31, 2016.

Mortality:	Safety	General
<ul style="list-style-type: none"> Healthy 	Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected generationally with the two-dimensional MP-2016 projection scale, set back four years	Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected generationally with two-dimensional MP-2016 projection scale.
<ul style="list-style-type: none"> Disabled 	Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table, projected generationally with the two-dimensional MP-2016 projection scale	Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected generationally with the two-dimensional MP-2016 projection scale, set forward five years
<ul style="list-style-type: none"> Beneficiaries 	Beneficiaries are assumed to have the same mortality as a General Member of the opposite sex who is receiving a service (non-disability) retirement.	
<ul style="list-style-type: none"> Employee Contribution Rates 	Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table (separate tables for males and females), projected 20 years with the two-dimensional mortality improvement scale MP-2016 set back four years, weighted 80% male and 20% female	Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table (separate tables for males and females), projected 20 years with the two-dimensional mortality improvement scale MP-2016, weighted 40% male and 60% female

The mortality tables and adjustments as shown above reflect the mortality experience as of the measurement date. The generational projection is a provision for future mortality improvement.

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.00% and 7.00% as of December 31, 2018, and December 31, 2017, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments for 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 as of both December 31, 2018, and December 31, 2017.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin.

The target allocation (approved by the OCERS Retirement Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	35.0%	6.38%
Core Bonds	13.0%	1.03%
High Yield Bonds	4.0%	3.52%
Bank Loans	2.0%	2.86%
TIPS	4.0%	0.96%
Emerging Market Debt	4.0%	3.78%
Real Estate	10.0%	4.33%
Core Infrastructure	2.0%	5.48%
Natural Resources	10.0%	7.86%
Risk Mitigation	5.0%	4.66%
Mezzanine/Distressed Debts	3.0%	6.53%
Private Equity	8.0%	9.48%
Total	<u>100.0%</u>	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents OCFA’s proportionate share of the net pension liability with OCERS, calculated using the discount rate of 7.00%, as well as what OCFA’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Total proportionate share of net pension liability	<u>\$757,726,799</u>	<u>\$466,731,526</u>	<u>\$230,183,938</u>

(d) Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued OCERS financial report.

(25) Retirement Plan for Part-Time Employees

(a) General Information About the Plan

Plan Description and 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. Effective July 1, 2018, the Plan is closed to new entrants and all eligible extra help employees hired by OCFA are enrolled as participants in a 457(OBRA) Deferred Compensation Plan in lieu of the Extra Help Retirement Plan.

Benefits Provided

The Plan provides retirement benefits in the form of a lifetime annuity. Retirement benefits 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 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.

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During the year ended June 30, 2019, lump sum distributions totaling \$16,426 were made to nineteen participants. Currently, there are no participants collecting retirement benefits.

Plan Membership

As of June 30, 2019, Plan membership consisted of the following:

Plan Members (or Beneficiaries)	Balance as of June 30, 2019		
	\$3,500 or Less	More than \$3,500	Total
Inactive; currently receiving benefits	-	-	-
Inactive; entitled to but not yet receiving benefits	36	2	38
Active	<u>2</u>	<u>2</u>	<u>4</u>
Total	<u>38</u>	<u>4</u>	<u>42</u>

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. Employee contributions rates range from 2.5% to 7.5% based on age. After 30 years of credited service, OCFA is responsible for the employee's Plan contributions. Employee contributions are credited with 5% interest compounded semi-annually. Any interest earnings credited to the Plan in excess of actual investment earnings are reported as employer contributions. During the year ended June 30, 2019, employee and employer contributions totaled \$9,043 and \$876, respectively.

(b) Investments

Method Used to Value Investments

All Plan assets are invested in the Local Agency Investment Fund (LAIF), which is reported based on OCFA's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

Investment Policy

Contributions are deposited into 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 and the Pooled Money Investment Board. Additional LAIF information is provided within these notes as Note 4(d).

Concentrations

All Plan assets are invested in the Local Agency Investment Fund (LAIF).

(c) Net Pension Liability

Net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The Plan's fiduciary net pension liability is measured as of June 30, 2019, using an actuarial valuation as of January 1, 2019, rolled forward to June 30, 2019, using standard update procedures. A summary of components of the Plan's net pension liability as of June 30, 2019, is shown below, followed by principal assumptions and methods used to determine the net pension liability.

Total pension liability	\$171,139
Plan fiduciary net position	<u>(57,548)</u>
Net pension liability	<u>\$113,591</u>
Plan fiduciary net position as a % of the total pension liability	33.63%

Actuarial 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. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

The total pension liability in the January 1, 2019, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	January 1, 2019
Measurement Date	June 30, 2019, rolled forward on an actuarial basis
Actuarial Cost Method	Entry age normal
Discount rate	3.15%, net of pension investment expense, including inflation; average of 3-20 year municipal bond rate indices, rounded to 5 basis points (S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, Fidelity GO AA 20 Year Bond Index)
Inflation	2.75%
Investment rate of return	3.15%
Salary increases	3.00%, including merit, seniority, and inflation; annual salary for the current year assumed to be equal to the average annual salary over the last 3 years
Mortality	RP-2006 mortality table for combined participants with generational improvements beginning in 2006 based on the 2019 SSA's assumption scale. The RP-2006 mortality tables are the RP-2014 mortality tables with the MP-2014 generational projection scale removed from the central year of the study (2006) to 2014.
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. 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 0 years, Rate 30%; Service 1-3 years, Rate 50%; Service 4 years, Rate 25%; Service 5+ years, Rate 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.

Changes of Assumptions

Following is a comparison of actuarial assumptions for the years ended June 30, 2019 and 2018:

	<u>As of June 30, 2019</u>	<u>As of June 30, 2018</u>	<u>Change</u>
Discount rate	3.15%	3.50%	(0.35)%
Inflation	2.75%	2.75%	n/a
Investment rate of return	3.15%	3.50%	(0.35)%
Salary increases	3.00%	3.00%	n/a

Discount Rate

The discount rate used to measure the total pension liability was 3.15% (a decrease of 0.35% since the prior measurement date). 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. Professional judgment on future contributions has been applied in those cases where contribution patterns deviate from the actuarially determined rates. 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.

Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Local Agency Investment Fund	100.00%	3.15%

The annual money-weighted rate of return was 2.93%, and was an estimate based on mid-year timing of contributions and benefit payments. The money rated rate of return expresses investment performance, net of pension plan investment expenses, adjusted for changing amounts actually invested.

(d) Changes in the Net Pension Liability

Changes in the Plan's net pension liability for the year ended June 30, 2019, were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/ (Asset)
Balance at June 30, 2018	<u>\$148,371</u>	<u>\$62,324</u>	<u>\$ 86,047</u>
Changes in the year:			
Service cost	2,911	-	2,911
Interest	5,007	-	5,007
Differences between expected and actual experience	21,397	-	21,397
Changes of assumptions	9,879	-	9,879
Contributions – employer	-	876	(876)
Contributions – plan members	-	9,043	(9,043)
Net investment income	-	1,731	(1,731)
Benefit payments, including refunds of employee contributions	<u>(16,426)</u>	<u>(16,426)</u>	<u>-</u>
Net changes	<u>22,768</u>	<u>(4,776)</u>	<u>27,544</u>
Balance at June 30, 2019	<u>\$171,139</u>	<u>\$57,548</u>	<u>\$113,591</u>

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 3.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.15%) or one percentage point higher (4.15%) than the current rate:

	1% Decrease (2.15%)	Current Discount Rate (3.15%)	1% Increase (4.15%)
Net pension liability	<u>\$152,165</u>	<u>\$113,591</u>	<u>\$84,966</u>

(e) Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2019, OCFA recognized pension expense (credit) of \$(6,499). At June 30, 2019, OCFA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience in the Total Pension Liability	\$10,698	\$(12,234)
Changes in assumptions	6,926	-
Net differences between projected and actual earnings on plan investments	<u>1,022</u>	<u>-</u>
Total	<u>\$18,646</u>	<u>\$(12,234)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an adjustment to pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2020	\$5,887
2021	191
2022	266
2023	<u>68</u>
Total	<u>\$6,412</u>

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(f) Pension Plan Fiduciary Net Position

As previously mentioned, the Plan does not issue a separate stand-alone financial report. Below are the Plan's financial statements as of and for the year ending June 30, 2019:

	<u>Extra Help Retirement</u>
Assets:	
Cash and investments:	
Local Agency Investment Fund:	
Domestic fixed income	\$57,548
Total assets	<u>57,548</u>
Net position restricted for pensions	<u>\$57,548</u>
Additions:	
Contributions:	
Employer	\$ 876
Plan members	<u>9,043</u>
Total contributions	<u>9,919</u>
Net investment income:	
Total investment income	<u>1,731</u>
Total net investment income	<u>1,731</u>
Total additions	<u>11,650</u>
Deductions:	
Benefits and refunds paid to plan members and beneficiaries	<u>16,426</u>
Total deductions	<u>16,426</u>
Change in net position	(4,776)
Net position, beginning of year	<u>62,324</u>
Net position, end of year	<u>\$57,548</u>

(26) Other Postemployment Benefits (OPEB)

(a) General Information

Plan Description and Administration

OCFA provides other postemployment benefits (OPEB), such as healthcare benefits to eligible retirees and their dependents, through the Retiree Medical Plan (Plan). The purpose of the Plan is to assist employees hired prior to January 1, 2007, in maintaining health insurance coverage following their retirement by providing a monthly grant applied toward the cost of such health insurance coverage. The Plan is intended to qualify for the exclusion from income as an accident or health plan under sections 105(e) and 106 of the Internal Revenue Code. Employee participation is contingent on a contribution of 4% of base salary through payroll deductions to OCFA. OCFA has entered into Memorandum of Understanding with each of its four labor bargaining groups mandating this 4% employee contribution.

The single-employer Plan was established by OCFA's Board of Directors on January 1, 1997, and amended on September 28, 2006. OCFA's Board of Directors is the Plan's Board, establishing and amending all Plan provisions, including benefit terms and contribution requirements, through negotiations with labor bargaining groups. OCFA may terminate the Plan by action of its Board of Directors in its sole discretion. Amendment or termination of the plan is subject to the meet and confer requirement of the Myers-Milias-Brown Act and any other applicable law.

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). 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. The trust is presented in accordance with the Plan year, which is on a calendar basis ending December 31, 2018. The Plan's Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position (presented within the Fiduciary Funds of these financial statements) are reported as of the December 31, 2018 plan year-end date. A publicly available OCERS financial report, which includes the Plan's assets, can be obtained at 2223 Wellington Avenue, Santa Ana, California 92701 or online at <http://www.ocers.org/finance/finance.htm>. A separate, audited OPEB Plan report is not available.

All retirees and full-time employees hired on or after January 1, 2007, are not considered Plan participants; however, they are eligible to receive OPEB benefits in the form of employer contributions toward monthly healthcare premiums per the Public Employees' Medical and Hospital Care Act (PEMHCA). OCFA provides health insurance benefits to its employees and retirees through the California Public Employees' Retirement System (CalPERS), subject to the legal requirements of the PEMHCA. OCFA contributes toward the monthly payment of healthcare premiums on behalf of eligible retirees at an amount equal to the PEMHCA statutory minimum, which was \$133 for 2018 and \$136 for 2019. In addition, retirees and full-time employees hired on or after January 1, 2007, are eligible to participate in an employer-sponsored defined contribution plan. Additional information regarding the defined contribution benefit is provided within these notes as Note 27.

Eligibility

All full-time or part-time employees who were hired prior to January 1, 2007, and who are credited with at least one year (2,080 hours) of service are eligible to participate in the Plan. An eligible employee, and his or her surviving dependents, will participate in the Plan upon his or her retirement or other termination of employment with OCFA, subject to the terms and conditions contained in the Plan, as applicable for "covered retirees" and "covered former employees."

- A "covered retiree" is a retiree who receives a monthly retirement allowance from the Orange County Employees Retirement System (OCERS) and who meets all coverage and participation requirements.
- A "covered former employee" is an employee who meets the coverage and participation requirements of the Plan at the time of his or her termination of employment with OCFA.

An employee who retires and does not immediately begin receiving a retirement allowance from OCERS will not participate in the Plan until such retirement allowance commences. An employee who terminates employment with OCFA for reasons other than retirement, or who is not eligible to receive a monthly retirement allowance from OCERS, will not be eligible to receive the grant until the age of fifty-five (55) and requests that OCFA commence distribution of the grant. Such requests must be made no later than ninety (90) days from the employee's fifty-fifth birthday.

To be eligible to receive the grant, a participant must be covered under a "qualified health plan" (covered retirees), a "recognized health insurance plan" (covered former employees), or Medicare. A "qualified health plan" is a health insurance plan made available to OCFA's employees and retirees, including an OCFA health plan or a plan administered by an employee organization that the OCFA has agreed will be a "qualified health plan." A "recognized health insurance plan" means a health insurance plan other than a "qualified health plan" covering a former employee or his/her surviving dependents and which is acceptable to OCFA.

Participation of a covered retiree, a covered former employee, or his or her surviving dependents may be terminated as follows:

- Participation of a covered retiree and his or her surviving dependents will cease and eligibility for benefits will be terminated upon the earlier of (a) the failure to elect coverage under a "qualified health plan" or Medicare; (b) failure to make all required contributions or premium payments under a "qualified health plan;" (c) the participant's death; (d) amendment of the Plan to preclude such coverage; or (e) termination of the Plan.

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- Participation of a covered former employee and his or her surviving dependents will cease and eligibility for benefits will be terminated upon the earlier of (a) the failure or refusal to maintain and provide proof of coverage under a “recognized health insurance plan” or Medicare; (b) the participant’s death; (c) amendment of the Plan to preclude such coverage; or (d) termination of the Plan.

If participation in the Plan is terminated, eligibility will be extinguished, years of service will be lost, and he or she may not later again participate in the Plan.

Benefit Provisions

The Plan provides a grant toward the cost of retirees’ health insurance coverage. The grant is equal to the product of the monthly grant amount multiplied by years of credited service, up to a maximum of twenty-five years.

- The amount of the monthly grant is adjusted annually by the average increase or decrease in OCFA’s health plan premiums, not to exceed 5% per year. The amount of the monthly grant was as follows for calendar years 2017 through 2019:

<u>Calendar Year</u>	<u>Monthly Grant Amount</u>	<u>% Increase</u>
2019	\$26.42	1.4%
2018	\$26.06	2.2%
2017	\$25.50	4.8%

- The grant is applied as a credit or reimbursement to reduce the cost of the retiree’s or former employee’s monthly medical insurance premium under his or her selected health plan. If the grant amount exceeds the cost of such coverage, it may be used to offset the cost of the Medicare premium. In no case may the grant exceed the actual cost of the combined health plan and Medicare premiums.
- A surviving dependent of an eligible retiree or former employee is eligible to receive a monthly survivor benefit equal to 50% of the grant that the retiree or covered former employee was eligible to receive at the time of his or her death. A surviving dependent is (a) a surviving spouse who was legally married to an employee, retiree, or covered former employee at the time of his or her death; or (b) a dependent child, as defined by an OCFA health plan or health plan of a covered former employee, of a deceased employee, retiree, or covered former employee.

Plan Membership

The Retiree Medical Plan is closed to new entrants. Plan membership consisted of the following at December 31, 2018, the date of the latest actuarial valuation:

<u>Plan Membership Status</u>	<u>Retiree Medical Plan (Hired Prior to January 1, 2007)</u>	<u>PEMHCA Eligible Employees (Hired on or After January 1, 2007)</u>	<u>Total</u>
Inactive plan members or beneficiaries currently receiving benefit payments	745	1	746
Inactive plan members entitled to but not yet receiving benefit payments	35	-	35
Active plan members	<u>499</u>	<u>758</u>	<u>1,257</u>
Total	<u>1,279</u>	<u>759</u>	<u>2,038</u>

Contributions

Current, active employees who became employed by OCFA prior to January 1, 2007, are required to contribute 4% of their base salary through payroll deductions to OCFA, to be applied as employee contributions to the Plan, per the terms of the Plan, Memorandums of Understanding between OCFA and each of its four labor bargaining groups, and the Personnel and Salary Resolution covering unrepresented employees. Employee participation in the Plan is contingent on this 4% payroll deduction.

At the time the Plan was implemented and subsequently amended in 2006, all OCFA classifications received a salary range adjustment, which was earmarked for the required employee contribution. Employees were not given the option to receive the salary increase as cash payment. Required employee withholdings contributed to the Plan are considered employer contributions for tax purposes, because OCFA as the employer maintains the tax-exempt status for the Plan. However, these contributions are considered employee contributions for financial reporting purposes.

OCFA may also make additional employer contributions to the Plan in amounts authorized to be contributed by the Board of Directors. OCFA's employer contributions to the Plan were as follows:

<u>Type of Employer Contribution</u>	<u>Measurement Period Ending December 31, 2018</u>	<u>Fiscal Year Ending June 30, 2019</u>
Cash contributions	\$2,275,829	\$ -
Implicit subsidy	<u>1,726,494</u>	<u>1,974,029</u>
Total	<u>\$4,002,323</u>	<u>\$1,974,029</u>

(b) Plan Investments

Investment Policy

OCERS serves as trustee for the Plan's assets as established under Internal Revenue Code Section 401(h). Health care assets for the 401(h) trusts are commingled with OCERS' pension trust assets for investment purposes and are used exclusively to pay health benefits to OCFA's eligible Plan members.

State Street Bank and Trust maintains custody of the majority of OCERS' investments. The acquisition of investments is authorized by state statute and OCERS' Investment Policy Statement. The allocation of investment assets is approved by OCERS' Board of Retirement, as outlined in its Investment Policy Statement, and assets are invested solely for the benefit of plan participants and beneficiaries while attempting to minimize employer contributions and investment and administration costs. The Investment Policy Statement calls for an asset allocation plan that seeks to optimize long-term returns for the level of risk that the Board of Retirement considers appropriate. The Board of Retirement conducts a periodic review of the asset allocation plan to maintain an optimal allocation, and may also revise the asset allocation in response to significantly changing market conditions that may affect valuations and forward-looking expected returns of asset classes.

Investments are reported at fair value, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 72 *Fair Value Measurement and Application*. Plan investments consist of domestic, international and global equity securities; domestic fixed income; real estate; diversified credit; emerging markets equity and debt; real return strategies; absolute return strategies; and private equity. OCERS is authorized by its investment policy and state law to lend its investment securities, including global public equities, core fixed income, credit, and real assets to brokers/dealers in exchange for collateral in the form of either cash or securities.

The following was the Board of Retirement’s adopted asset allocation plan as of December 31, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>
Credit	13.0%
Real Assets	22.0%
Global Equities	35.0%
Private Equity	8.0%
Fixed Income	17.0%
Risk Mitigation	<u>5.0%</u>
Total	<u>100.0%</u>

Concentrations

Concentration of credit risk is the risk of loss attributed to the magnitude of OCERS’ investment in a single issuer. By policy, OCERS did not hold investments in any one issuer that represented five percent (5%) or more of net position and net investments during the year ended December 31, 2018. Investments issued or explicitly guaranteed by the U.S. Government and pooled investments are excluded from this policy requirement.

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on OCERS’ plan assets, net of investment expense, was -1.3%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the timing of cash flows and the changing amounts actually invested.

(c) Net OPEB Liability

Components of the Net OPEB Liability

Net OPEB liability is measured as the total OPEB liability, less the Plan’s fiduciary net position. The Plan’s fiduciary net position is measured as of December 31, 2018, using an actuarial valuation as of December 31, 2018, rolled forward to December 31, 2018, using standard update procedures. A summary of components of the Plan’s net OPEB liability as of the measurement date is shown below, followed by principal assumptions and methods used to determine the net OPEB liability.

Total OPEB liability	\$258,469,145
Plan fiduciary net position	<u>(39,031,338)</u>
Net OPEB liability	<u>\$219,437,807</u>

Plan fiduciary net position as a % of the total OPEB liability 15.10%

Actuarial Assumptions

The total OPEB liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2018
Measurement Date	December 31, 2018
Actuarial Cost Method	Entry age normal
Discount Rate	4.17%; Based on the blended rate of return on invested assets available to pay future benefits and the Bond Buyer 20-Bond GO index (4.11% as of December 31, 2018). The crossover year is 2025.
Inflation	2.75%
Investment Rate of Return	7.0%

Salary Increases	3.25%																					
Pre and Post-Retirement Mortality	Mortality rates from the RPH-2014 Total Dataset Mortality Tables projected fully generational using Scale MP-2018																					
Healthcare Cost Trend Rates	<table border="1"> <thead> <tr> <th>Year</th> <th>Trend</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>6.5%</td> </tr> <tr> <td>2021</td> <td>6.0%</td> </tr> <tr> <td>2022</td> <td>5.5%</td> </tr> <tr> <td>2023+</td> <td>5.0%</td> </tr> </tbody> </table>	Year	Trend	2020	6.5%	2021	6.0%	2022	5.5%	2023+	5.0%											
Year	Trend																					
2020	6.5%																					
2021	6.0%																					
2022	5.5%																					
2023+	5.0%																					
Funding Policy	Partially prefund benefits through 4% employee contributions through a 401(h) account held in trust with OCERS																					
Pre-Retirement Turnover	0.9% - 11.0% (General) 0.2% - 4.5% (Safety)																					
Retirement Age	<table border="1"> <thead> <tr> <th>Age</th> <th>General</th> <th>Safety</th> </tr> </thead> <tbody> <tr> <td>50-54</td> <td>2.0% - 5.5%</td> <td>5.0% - 15.0%</td> </tr> <tr> <td>55-59</td> <td>10.0% - 15.0%</td> <td>18.0% - 28.0%</td> </tr> <tr> <td>60-64</td> <td>12.0% - 16.0%</td> <td>30.0% - 35.0%</td> </tr> <tr> <td>65-69</td> <td>22.0% - 23.0%</td> <td>100.0%</td> </tr> <tr> <td>70-74</td> <td>25.0%</td> <td>100.0%</td> </tr> <tr> <td>75+</td> <td>100.0%</td> <td>100.0%</td> </tr> </tbody> </table>	Age	General	Safety	50-54	2.0% - 5.5%	5.0% - 15.0%	55-59	10.0% - 15.0%	18.0% - 28.0%	60-64	12.0% - 16.0%	30.0% - 35.0%	65-69	22.0% - 23.0%	100.0%	70-74	25.0%	100.0%	75+	100.0%	100.0%
Age	General	Safety																				
50-54	2.0% - 5.5%	5.0% - 15.0%																				
55-59	10.0% - 15.0%	18.0% - 28.0%																				
60-64	12.0% - 16.0%	30.0% - 35.0%																				
65-69	22.0% - 23.0%	100.0%																				
70-74	25.0%	100.0%																				
75+	100.0%	100.0%																				
Future Accruals	Current active employees are assumed to earn one year of service for each future year.																					
Participation Rates	100% of active employees eligible for the Plan grant are assumed to elect medical coverage at retirement. 35% of active employees eligible for the PEMHCA minimum required contribution are assumed to elect to continue coverage through PEMHCA at retirement.																					
Spouse Coverage	For future retirees, 65% of males and 25% females are assumed to be married at retirement or pre-retirement death. For current retirees, spouses are assumed for those enrolled in two-party and family coverage. Male spouses are assumed to be three years older than female spouses.																					
Claim Cost Development	Based on the 2018 and 2019 premiums and funding rates. Safety employees are underwritten with the active and retirees pooled together, thus an implied rate subsidy has been estimated and is included in the valuation. The rate subsidy equals the difference between the estimated cost and the actual premium for coverage. General employees are assumed to participate in a community-rated plan. This valuation includes the liability for the implied subsidy. The expected retiree cost for both Safety and General employees is determined using unisex morbidity rates.																					
Medical Grant Amount	5% annual increase																					
Minimum Required Contribution (PEMHCA)	4% annual increase																					
Actuarial Value of Assets	Market Value																					

Changes of Assumptions

Following is a comparison of changes in actuarial assumptions as of December 31, 2018 and 2017:

	<u>As of December 31, 2018</u>	<u>As of December 31, 2017</u>	<u>Change</u>
Discount rate	4.17%	3.60%	0.57%
Twenty-year bond rate	4.11%	3.44%	0.67%
Crossover year	2025	2028	3 years
Mortality rate scale	MP-2018	MP-2015	n/a
Pre-retirement turnover	0.2% - 11.0%	0.0% - 5.0%	n/a

Discount Rate

The discount rate used to measure the total OPEB liability was 4.17% (an increase of 0.57% since the prior measurement date). The projection of cash flows used to determine the discount rate assumed that plan member contributions were made at the 4.0% required contribution rate. The discount rate incorporates a municipal bond rate of 4.11% (Bond Buyer 20-Bond GO index). Based on those assumptions, the Plan's fiduciary net position is projected to be unable to make all projected future benefit payments for its current plan members in the year 2025.

Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The projections of the sharing of benefit-related costs are based on an established pattern of practice. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of December 31, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Credit	13.0%	5.0%
Real Assets	22.0%	5.0%
Global Equities	35.0%	5.0%
Private Equity	8.0%	7.0%
Fixed Income	17.0%	1.0%
Risk Mitigation	<u>5.0%</u>	4.0%
Total	<u>100.0%</u>	

The annual money-weighted rate of return was -1.3%.

(d) Changes in the Net OPEB Liability

Changes in the Plan's net OPEB liability for the year ended June 30, 2019, were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2018	<u>\$285,191,881</u>	<u>\$40,331,062</u>	<u>\$244,860,819</u>
Changes in the year:			
Service cost	7,989,994	-	7,989,994
Interest on the total OPEB liability	10,432,082	-	10,432,082
Difference between expected and actual experience	(2,909,247)	-	(2,909,247)
Changes in assumptions	(35,431,920)	-	(35,431,920)
Contributions – employer	-	4,002,323	(4,002,323)
Contributions – plan members	-	2,259,947	(2,259,947)
Net investment income (loss)	-	(728,045)	728,045
Benefit payments, including refunds of employee contributions	(6,803,645)	(6,803,645)	-
Administrative expense	-	(30,304)	30,304
Net changes	<u>(26,722,736)</u>	<u>(1,299,724)</u>	<u>(25,423,012)</u>
Balance at June 30, 2019	<u>\$258,469,145</u>	<u>\$39,031,338</u>	<u>\$219,437,807</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, calculated using the current discount rate of 4.17%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.17%) or one percentage point higher (5.17%) than the current discount rate:

	1% Decrease (3.17%)	Current Discount Rate (4.17%)	1% Increase (5.17%)
Net OPEB liability	<u>\$268,083,886</u>	<u>\$219,437,807</u>	<u>\$181,423,991</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability, calculated using the current healthcare cost trend rates (6.5% decreasing to 5.0%), as well as what the net OPEB liability would be if it were calculated using rates that are one percentage point lower (5.5% decreasing to 4.0%) or one percentage point higher (7.5% decreasing to 6.0%) than the current rates:

	1% Decrease (5.5% decreasing to 4.0%)	Current Healthcare Cost Trend Rates (6.5% decreasing to 5.0%)	1% Increase (7.5% decreasing to 6.0%)
Net OPEB liability	<u>\$206,455,626</u>	<u>\$219,437,807</u>	<u>\$228,208,898</u>

(e) OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2019, OCFA recognized OPEB expense of \$776,647. At June 30, 2019, OCFA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience in the total OPEB liability	\$ -	\$ (1,939,498)
Changes in assumptions	-	(23,621,280)
Net differences between projected and actual earnings on plan investments	<u>1,309,916</u>	<u>-</u>
	1,309,916	(25,560,778)
Contributions subsequent to measurement date	<u>1,110,782</u>	<u>-</u>
Total	<u>\$2,420,698</u>	<u>\$ (25,560,778)</u>

Deferred outflows of resources related to contributions subsequent to the measurement date totaling \$1,110,782 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. All other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will also be recognized as an adjustment to OPEB expense as follows:

Year Ended June 30	Amount
2020	\$(12,581,256)
2021	(12,581,256)
2022	199,135
2023	<u>712,515</u>
Total	<u>\$ (24,250,862)</u>

FY 2018 / 2019
Comprehensive Annual Financial Report

(f) OPEB Plan Fiduciary Net Position

As previously mentioned, the Plan does not issue a separate stand-alone financial report. Below are the Plan's financial statements as of and for the year ending June 30, 2019:

	<u>Retiree Medical Plan</u>
Assets:	
Cash and investments:	
Pooled amounts held in trust with OCERS	\$39,397,934
Total cash and investments	39,397,934
Receivables:	
Other receivables	<u>8,423</u>
Total assets	<u>\$39,406,357</u>
Liabilities:	
Accrued liabilities	<u>375,019</u>
Total liabilities	<u>375,019</u>
Net position restricted for other postemployment benefits	<u>\$39,031,338</u>
Additions:	
Contributions:	
Employer	\$ 4,002,323
Plan members	<u>2,259,947</u>
Total contributions	<u>6,262,270</u>
Net investment income:	
Total investment income (loss)	(457,730)
Investment fees and expenses	<u>(270,315)</u>
Total net investment income (loss)	<u>(728,045)</u>
Total additions	<u>5,534,225</u>
Deductions:	
Benefits and refunds paid to plan members and beneficiaries	6,803,645
Administrative expenses	<u>30,304</u>
Total deductions	<u>6,833,949</u>
Change in net position	(1,299,724)
Net position, beginning of year	<u>40,331,062</u>
Net position, end of year	<u>\$39,031,338</u>

(27) Retiree Defined Contribution Healthcare Expense Reimbursement Plan

(a) Plan Description and Administration

On September 28, 2006, OCFA's Board of Directors created the Orange County Fire Authority Retiree Defined Contribution Healthcare Expense Reimbursement Plan (Plan), an employer-sponsored defined contribution benefit plan. The Plan became effective January 1, 2007. OCFA's Board of Directors establishes and amends all Plan provisions through negotiations with labor bargaining groups, subject to all applicable requirements of the Myers-Milias-Brown Act and any other applicable law.

Plan assets are held in an irrevocable trust for the exclusive benefit of Plan participants and are administered by Further (formerly Select Account). Funds are held in a Healthcare Reimbursement Account as a "self-insured medical reimbursement plan" pursuant to Sections 105 and 106 of the Internal Revenue Code. All contributions, investment

income, and 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. The Healthcare Reimbursement Account is considered an employer-funded account for tax purposes. An individual employee may not decide to participate or not participate beyond the terms of the applicable agreement.

(b) Benefit Provisions and Eligibility

All full-time employees who were hired on or after January 1, 2007, are eligible to participate in the Plan. The Plan provides for the reimbursement of medical, dental, and other eligible healthcare expenses of retirees, their spouses, and dependents. Participants are eligible to receive Plan benefits upon reaching retirement age, including those who terminate employment with the OCFA for reasons other than retirement.

(c) Contributions

All active, full-time employees who became employed by OCFA on or after January 1, 2007, are required to contribute 4% of their base pay to the Plan through payroll deductions to the OCFA. Employees are not permitted to contribute more or less to the Plan.

At the time the Plan was implemented, all OCFA classifications received a salary range adjustment that was earmarked for the required contribution into the Healthcare Reimbursement Account. Employees were not given the option to receive the salary increase as cash payment. Required employee withholdings contributed to the Plan are considered employer contributions for tax purposes, because OCFA as the employer maintains the tax-exempt status for the Plan. However, these contributions are considered employee contributions for financial reporting purposes. Contractually required employee contributions for the fiscal year ended June 30, 2019, totaled \$2,886,429.

(d) Public Employees' Medical and Hospital Care Act

All retirees and full-time employees hired on or after January 1, 2007, are eligible for the legally required Public Employees' Medical and Hospital Care Act (PEMHCA) minimum, as stipulated by the California Public Employees' Retirement System (CalPERS). Additional information regarding other postemployment benefits (OPEB) for PEMHCA is provided within these notes as Note 26.

(28) Deferred Compensation Plans

(a) 457(b) and 401(a) Deferred Compensation Plans

All OCFA employees may participate in OCFA's 457(b) Deferred Compensation Plan, a retirement savings plan. Employees may make voluntary contributions to the Plan, including after-tax Roth 457 contributions, up to the maximum annual amounts permitted by the Internal Revenue Service. The 457(b) Deferred Compensation Plan is administered by the Nationwide Trust Company. Voluntary employee contributions to the 457(b) Deferred Compensation Plan for the fiscal year ended June 30, 2019, totaled \$10,578,541.

In accordance with OCFA's Personnel and Salary Resolution, Executive Management employees are eligible to receive deferred compensation contributions from OCFA in an amount equal to 4.5% of base salary. In accordance with OCFA's Memorandum of Understanding with the Administrative Management unit, employees at the maximum of their salary range are eligible to receive a merit-based deferred compensation contribution in the amount of \$500 per year. Contractually required employer contributions to the 457(b) Deferred Compensation Plan for the fiscal year ended June 30, 2019, totaled \$69,156 and \$11,500 for Executive Management and Administrative Management employees, respectively.

On February 28, 2019, OCFA's Board of Directors created the Orange County Fire Authority 401(a) Deferred Compensation Plan in order to provide Executive Management employees with the opportunity to defer more of their pre-tax earnings into their individual 457(b) Deferred Compensation Plans. Beginning April 12, 2019, the 4.5% employer deferred compensation contribution required for Executive Management employees per the Personnel and Salary

Resolution was made to the 401(a) Deferred Compensation Plan in lieu of the 457(b) Deferred Compensation Plan. The 401(a) Deferred Compensation Plan is also administered by Nationwide Trust Company. Contractually required employer contributions to the 401(a) Deferred Compensation Plan for the fiscal year ended June 30, 2019, totaled \$18,756 for Executive Management employees.

OCFA's Board of Directors establishes and amends all deferred compensation plan provisions, including benefit terms and contribution requirements, through negotiations with labor bargaining groups when applicable. Amendment or termination of the plans is subject to the meet and confer requirement of the Myers-Milias-Brown Act and any other applicable law.

(b) 457(OBRA) Deferred Compensation Plan

On January 26, 2017, OCFA's Board of Directors created a 457(OBRA) Deferred Compensation Plan (Plan), a mandatory retirement savings plan, for the participation of all eligible part-time employees pursuant to federal legislation. For Internal Revenue Service (IRS) tax purposes, all OCFA Board Members are considered employees and, as such, OCFA is required to provide a retirement savings plan for mandatory enrollment. The Plan satisfies OCFA's obligation to enroll all employees in a retirement savings plan. Effective July 1, 2018, all eligible extra help employees hired by OCFA are also enrolled as participants in the Plan in lieu of OCFA's Extra Help Retirement Plan, a single-employer defined benefit pension plan described within these notes as Note 25.

Plan participants are required to contribute 7.5% of their earnings to the Plan, subject to maximum annual federal limits, and may immediately receive benefits without penalty upon separation of employment from OCFA. The Plan is administered by NaCoServices, Inc., a subsidiary of the National Association of Counties and Nationwide Retirement Solutions, Inc. Required employee contributions for the fiscal year ended June 30, 2019, totaled \$13,794.

(29) Subsequent Events

(a) Deposit to 115 Trust

On July 1, 2019, OCFA deposited \$2,000,000 into the Public Agencies Post-Employment Benefits Trust (115 Trust) for the purpose of pre-funding pension and/or other post-employment benefit obligations in accordance with terms of the Settlement Agreement between OCFA and the City of Irvine. Assets of the 115 Trust are held by U.S. Bank National Association (U.S. Bank) and are administered by Public Agency Retirement Services (PARS).

(b) Next Generation Aerial Operations Based Pilot Program

On July 1, 2019, OCFA commenced a 150-day Next Generation Aerial Operations Based Pilot Program in collaboration with Southern California Edison and Coulson Aviation (USA), Inc., to enhance regional wildfire aerial response. Funding for the program is provided in the form of a donation from Southern California Edison and reimbursements from other fire agencies requesting aerial services from OCFA. Agreements with Coulson Aviation (USA), Inc. and Southern California Edison are described below.

Public Aircraft Lease and Service Agreement

On June 27, 2019, OCFA's Board of Directors approved the execution of a Public Aircraft Lease and Service Agreement (Lease Agreement) with Coulson Aviation (USA), Inc. (Coulson) for two aircraft and related operational services. The lease term is for 150 days commencing July 1, 2019. Aircraft One is a Sikorsky S-61N helicopter (type 1 heavy lift helitanker), night vision goggles certified, for use in day and night operations. Aircraft Two is a Sikorsky S-76B helicopter (command and control helicopter) restricted to night operations only. Title to the aircraft remains vested with Coulson for the duration of the Lease Agreement.

The aircraft will be exclusively operated and maintained by flight and maintenance crews supplied by Coulson. For Aircraft One, Coulson will provide crew personnel as follows: (2) pilots for day operations; (2) pilots for night operations; (2) mechanics for day operations; and (2) mechanics for night operations. For Aircraft Two, Coulson will provide crew

personnel as follows: (1) pilot for night operations and (1) mechanic for night operations. Coulson will also provide ground crew to operate the fuel truck for both aircraft for both day and night operations. For Aircraft Two, OCFA is responsible for providing (1) Air Tactical Group Supervisor and (1) camera operator for night operations. OCFA will also provide storage and other facilities as a base of operations at the Fullerton Airport.

OCFA's daily rental payment totaling \$25,000 includes the lease of both aircraft, an 8,000 gallon fuel truck and driver, and a mobile support base. OCFA will also pay for any additional operating expenses at a flight hour rate of \$4,000 per hour and \$3,000 per hour, including fuel, for Aircrafts One and Two, respectively. Coulson will invoice OCFA on a weekly basis during the term of the Lease Agreement.

Funding Agreement

On June 27, 2019, OCFA's Board of Directors approved a Funding Agreement (Funding Agreement) with Southern California Edison (SCE) to accept a donation in the amount of \$4,000,000 to fund the fixed lease cost of two helicopters and other related costs in an effort to increase the effectiveness of aerial response to wildfires. OCFA must use the \$4,000,000 payment exclusively to fund, in part, the lease and operations of the heavy lift helitanker and command helicopter, including without limitation the Air Tactical Ground Supervision staffing, for the period July 1, 2019, through November 30, 2019. SCE is not entitled to any refund of the payment in the event OCFA receives reimbursement from the state, federal government, or any other entity for use of the two aircraft. SCE's sole responsibility under the Funding Agreement is to provide funding to defray, in part, amounts payable by OCFA to Coulson Aviation (USA), Inc. under the terms of the Public Aircraft Lease and Service Agreement. OCFA will provide SCE with data and information reasonably required to evaluate the effectiveness of the Next Generation Night Operations Based Program in suppressing wildfires, protecting lives and property, and increasing firefighter safety; and to respond to information requests from the California Public Utilities Commission and other regulatory agencies.

(c) Fire Services and Emergency Medical Services Agreement with the City of Garden Grove

Effective August 16, 2019, the City of Garden Grove (City) became a member of OCFA and subject to all provisions, conditions, benefits, obligations, and liabilities set forth in the JPA Agreement. The City is represented by one representative on the OCFA Board of Directors. On August 16, 2019, OCFA began providing services to the City per the terms of the Fire Services and Emergency Medical Services Agreement (Agreement) entered into by OCFA and the City on April 9, 2019, including fire suppression, fire prevention, fire investigation, emergency medical, rescue, hazardous materials response, and community safety and education. All provisions in the JPA Agreement regarding the calculation and payment of service charges apply. In addition, the City will reimburse OCFA for one-time start-up costs not to exceed \$1,136,225, over a ten-year period commencing with Fiscal Year 2019/20. Effective August 16, 2019, the City is no longer liable for the payment of any wages or other compensation for personnel transitioning employment from the City to OCFA.

(d) Fire Integrated Real-Time Intelligence System Pilot Program

On August 22, 2019, OCFA's Board of Directors approved the execution of an Office of Emergency Services Pilot Program Grant Funds Transfer Agreement with the County of Orange for the acceptance of \$4,500,000 in state funding for the Fire Integrated Real-Time Intelligence System Pilot Program (FIRIS), a program designed to enhance regional wildfire situational awareness for first responders. The program's funding was identified as a line item in the Fiscal Year 2019/20 adopted state budget. The FIRIS program commenced on August 23, 2019, and will have a duration of 150 days. In addition, OCFA's Board of Directors authorized execution of or amendment to Professional Services Agreements with Courtney Aviation, UCSD/WIFIRE, and Air Tactical Group Supervisors to carry out the provisions of the program.

The table below estimates the costs of the pilot program which will be funded by the state grant.

<u>Vendor/Provider</u>	<u>Services/Equipment</u>	<u>Amount</u>
Courtney Aviation	Provide a multi-engine fixed-wing aircraft ten hours per day and other related services.	\$3,508,000
UCSD/WIFIRE	Provide enhanced situational awareness/fire modeling and other related services.	500,000
Air Tactical Group Supervisors	Manage incident airspace and coordinate fixed and rotary wing aircraft operations over an incident.	250,000
Intterra	Provide enhanced mapping, coordination, and consulting services.	<u>42,250</u>
OCFA	Provide project administration, communications, and other needs.	4,300,250
		<u>199,750</u>
		<u>\$4,500,000</u>

Required Supplementary Information



Best & Bravest Awards Dinner
February 22, 2019

Required Supplementary Information

OCERS Retirement Plan

OCFA participates in the Orange County Employees Retirement System (OCERS), a cost-sharing multiple-employer, defined benefit pension plan that provides retirement, disability, and death benefits to safety and general members.

Extra Help Retirement Plan

OCFA administers a single-employer, defined benefit pension plan that provides retirement benefits for OCFA's less than half-time and extra help employees hired prior to July 1, 2018. Plan assets are accounted for in the Extra Help Retirement fiduciary fund.

Retiree Medical Plan

OCFA provides a single-employer, defined benefit plan for OCFA's full-time and part-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

**OCERS Retirement Plan
A Cost-Sharing, Multiple-Employer Defined Benefit Pension Plan
As of June 30, 2019
Last Ten Fiscal Years (A)**

Schedule of OCFA's Proportionate Share of the Net Pension Liability

	Fiscal Year Ended June 30			
	2014	2015	2016	2017
OCFA's proportion of the collective net pension liability	8.366%	9.188%	9.056%	9.043%
OCFA's proportionate share of the collective net pension liability	\$ 442,651,348	\$ 466,968,323	\$ 517,669,806	\$ 469,430,660
OCFA's covered payroll	\$ 129,689,221	\$ 129,187,729	\$ 129,452,647	\$ 124,514,004
OCFA's proportionate share of the collective net pension liability as a percentage of covered payroll	341.32%	361.46%	399.89%	377.01%
Plan's fiduciary net position	\$ 10,821,318,000	\$ 11,536,106,000	\$ 11,657,318,000	\$ 12,809,208,000
Plan's fiduciary net position as a percentage of the total pension liability	67.16%	69.42%	67.10%	71.16%

Notes to Schedule:

(A) Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68; therefore, only six years of data are available for presentation. Other years will be added as they become available.

(B) Applicable measurement date 12/31/2013 12/31/2014 12/31/2015 12/31/2016

2018	2019
------	------

7.485%	7.531%
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\$ 370,674,668	\$ 466,731,526
----------------	----------------

\$ 148,890,685	\$ 155,479,486
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248.96%	300.19%
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\$ 14,801,895,000	\$ 14,481,680,000
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74.93%	70.03%
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12/31/2017	12/31/2018
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ORANGE COUNTY FIRE AUTHORITY

OCERS Retirement Plan
A Cost-Sharing, Multiple-Employer Defined Benefit Pension Plan
As of June 30, 2019
Last Ten Fiscal Years

Schedule of Contributions

	Fiscal Year Ended June 30			
	2010	2011	2012	2013
Required employer contributions (actuarially determined)	\$ 42,331,507	\$ 45,543,856	\$ 55,756,764	\$ 61,206,670
Actual employer contributions	42,331,507	45,543,856	55,756,764	61,206,670
Contribution excess (deficiency)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 106,718,627	\$ 107,268,263	\$ 111,444,130	\$ 128,121,447
Actual contributions as a percentage of covered payroll	39.67%	42.46%	50.03%	47.77%

Notes to Schedule:

(A) Beginning in Fiscal Year 2014/15, required and actual contributions presented in the above schedule exclude any employer-paid member contributions. Since it was not practical to obtain data in this format prior to Fiscal Year 2014/15, earlier periods have not been restated. Required and actual contributions presented for Fiscal Year 2013/14 and prior include any employer-paid member contributions.

2014	2015	2016	2017	2018	2019
\$ 57,795,043	\$ 61,323,319	\$ 63,297,103	\$ 66,284,815	\$ 67,135,009	\$ 68,220,529
<u>63,030,796</u>	<u>82,699,618</u>	<u>78,708,605</u>	<u>82,880,775</u>	<u>90,230,805</u>	<u>91,053,475</u>
<u>\$ 5,235,753</u>	<u>\$ 21,376,299</u>	<u>\$ 15,411,502</u>	<u>\$ 16,595,960</u>	<u>\$ 23,095,796</u>	<u>\$ 22,832,946</u>
(A)					
\$ 125,869,628	\$ 128,215,528	\$ 132,248,620	\$ 144,564,215	\$ 149,170,809	\$ 153,247,752
50.08%	64.50%	59.52%	57.33%	60.49%	59.42%

ORANGE COUNTY FIRE AUTHORITY

Extra Help Retirement Plan
A Single-Employer Defined Benefit Pension Plan
As of June 30, 2019
For the Last Ten Fiscal Years (A)

Schedule of Changes in Net Pension Liability and Related Ratios

	Fiscal Year Ended June 30			
	2014	2015	2016	2017
Total pension liability (TPL):				
Service cost	\$ 8,030	\$ -	\$ 8,331	\$ 6,050
Interest	11,484	-	11,865	6,637
Differences between expected and actual experience	(3,269)	9,728	(131,777)	-
Changes of assumptions	-	-	47,323	(27,593)
Benefit payments, including refunds of member contributions	<u>(8,676)</u>	<u>(6,459)</u>	<u>(10,642)</u>	<u>(31,370)</u>
Net change in total pension liability	7,569	3,269	(74,900)	(46,276)
Total pension liability - beginning	<u>302,551</u>	<u>310,120</u>	<u>313,389</u>	<u>238,489</u>
Total pension liability - ending	<u>310,120</u>	<u>313,389</u>	<u>238,489</u>	<u>192,213</u>
Plan fiduciary net position (FNP):				
Contributions - employer	2,117	2,481	2,267	839
Contributions - plan members	13,542	11,831	8,923	21,080
Net investment income	586	714	1,219	2,407
Benefit payments, including refunds of member contributions	<u>(8,676)</u>	<u>(6,459)</u>	<u>(10,642)</u>	<u>(31,370)</u>
Net change in plan fiduciary net position	7,569	8,567	1,767	(7,044)
Total plan fiduciary net position - beginning	<u>56,895</u>	<u>64,464</u>	<u>73,031</u>	<u>74,798</u>
Total plan fiduciary net position - ending	<u>64,464</u>	<u>73,031</u>	<u>74,798</u>	<u>67,754</u>
Net pension liability (NPL)	<u>\$ 245,656</u>	<u>\$ 240,358</u>	<u>\$ 163,691</u>	<u>\$ 124,459</u>
Plan FNP as a % of the TPL	20.79%	23.30%	31.36%	35.25%
Covered payroll	\$ 205,340	\$ 205,340	\$ 108,526	\$ 108,526
NPL as a % of covered payroll	119.63%	117.05%	150.83%	114.68%

Notes to Schedule:

(A) GASB Statements No. 67 and No. 68 were implemented during Fiscal Year 2013/14 and Fiscal Year 2014/15, respectively. Additional years will be added as they become available in the future.

(B) Change in actuarial assumptions:

Discount rate and investment rate of return	3.75%	3.75%	2.90%	3.40%
Inflation	3.00%	3.00%	2.75%	2.75%
Salary increases	3.00%	3.00%	3.00%	3.00%

2018	2019
\$ 5,386	\$ 2,911
6,297	5,007
(36,700)	21,397
5,961	9,879
<u>(24,786)</u>	<u>(16,426)</u>
(43,842)	22,768
<u>192,213</u>	<u>148,371</u>
<u>148,371</u>	<u>171,139</u>

1,519	876
16,641	9,043
1,196	1,731
<u>(24,786)</u>	<u>(16,426)</u>
(5,430)	(4,776)
<u>67,754</u>	<u>62,324</u>
<u>62,324</u>	<u>57,548</u>

\$ 86,047 \$ 113,591

42.01% 33.63%
 \$ 73,747 \$ 160,212
 116.68% 70.90%

3.50% 3.15%
 2.75% 2.75%
 3.00% 3.00%

ORANGE COUNTY FIRE AUTHORITY

Extra Help Retirement Plan
A Single-Employer Defined Benefit Pension Plan
As of June 30, 2019
For the Last Ten Fiscal Years (A)

Schedule of Contributions

	Fiscal Year Ended June 30			
	2014	2015	2016	2017
Required employer contributions (contractually determined)	\$ 2,117	\$ 2,481	\$ 2,267	\$ 839
Actual employer contributions	<u>2,117</u>	<u>2,481</u>	<u>2,267</u>	<u>839</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Actual contributions as a % of required contributions	100.00%	100.00%	100.00%	100.00%
Covered payroll	\$ 205,340	\$ 205,340	\$ 108,526	\$ 108,526
Actual contributions as a % of covered payroll	1.03%	1.21%	2.09%	0.77%

Notes to Schedule:

(A) GASB Statements No. 67 and No. 68 were implemented during Fiscal Year 2013/14 and Fiscal Year 2014/15, respectively. Additional years will be added as they become available in the future.

(B) Changes in size or composition of plan members:

Inactive; currently receiving benefits	-	-	-	-
Inactive; entitled to but not yet receiving benefits	10	39	47	46
Active	<u>59</u>	<u>41</u>	<u>17</u>	<u>31</u>
Total plan members as of June 30	<u>69</u>	<u>80</u>	<u>64</u>	<u>77</u>

	2018	2019
\$	1,519	\$ 876
	1,519	876
\$	-	\$ -
	100.00%	100.00%
\$	73,747	\$ 160,212
	2.06%	0.55%

	-	-
	37	38
	24	4
	61	42

ORANGE COUNTY FIRE AUTHORITY

Extra Help Retirement Plan
A Single-Employer Defined Benefit Pension Plan
As of June 30, 2019
For the Last Ten Fiscal Years (A)

Schedule of Money Weighted Rate of Return

<u>Fiscal Year Ended June 30</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2014	0.97%
2015	1.24%
2016	1.66%
2017	3.43%
2018	1.90%
2019	2.93%

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

**Retiree Medical Plan
A Single-Employer Defined Benefit Other Postemployment Benefit (OPEB) Plan
As of June 30, 2019
For the Last Ten Fiscal Years (A)**

Schedule of Changes in Net OPEB Liability and Related Ratios

	Fiscal Year Ended June 30	
	2018	2019
Total OPEB liability (TOPEBL):		
Service cost	\$ 7,712,349	\$ 7,989,994
Interest	10,007,111	10,432,082
Differences between expected and actual experience	-	(2,909,247)
Changes of assumptions	-	(35,431,920)
Benefit payments, including refunds of member contributions	(5,581,055)	(6,803,645)
Net change in total pension liability	12,138,405	(26,722,736)
Total OPEB liability - beginning	273,053,476	285,191,881
Total OPEB liability - ending	285,191,881	258,469,145
Plan fiduciary net position (FNP):		
Contributions - employer	1,603,537	4,002,323
Contributions - plan members	2,379,665	2,259,947
Net investment income (loss)	5,116,794	(728,045)
Benefit payments, including refunds of member contributions	(5,581,055)	(6,803,645)
Administrative expense	(27,068)	(30,304)
Net change in plan fiduciary net position	3,491,873	(1,299,724)
Total plan fiduciary net position - beginning	36,839,189	40,331,062
Total plan fiduciary net position - ending	40,331,062	39,031,338
Net OPEB liability (NOPEBL)	\$ 244,860,819	\$ 219,437,807
Plan FNP as a % of the TOPEBL	14.14%	15.10%
Covered employee payroll	\$ 68,808,979	\$ 66,697,012
NOPEBL as a % of covered employee payroll	355.86%	329.01%

Notes to Schedule:

(A) GASB Statements No. 74, No. 75, and No. 85 were implemented during Fiscal Year 2017/18. Additional years will be added as they become available in the future.

(B) Applicable measurement date	12/31/2017	12/31/2018
---------------------------------	------------	------------

(C) Change in actuarial assumptions:

Discount rate	3.60%	4.17%
Twenty-year bond rate	3.44%	4.11%
Crossover year	2028	2025
Mortality rate scale	MP-2015	MP-2018
Pre-retirement turnover	0.00% - 5.00%	0.20% - 11.00%

ORANGE COUNTY FIRE AUTHORITY

Retiree Medical Plan
A Single-Employer Defined Benefit Other Postemployment Benefit (OPEB) Plan
As of June 30, 2019
For the Last Ten Fiscal Years (A)

Schedule of Contributions

	Fiscal Year Ended June 30	
	2018	2019
Required employer contributions (contractually determined) (B)	\$ 3,941,686	\$ 1,974,029
Actual employer contributions	3,941,686	1,974,029
Contribution excess (deficiency)	\$ -	\$ -
Actual contributions as a % of contractually required contributions	100.00%	100.00%
Covered employee payroll	\$ 65,955,614	\$ 62,958,049
Actual contributions as a % of covered employee payroll	5.98%	3.14%

Notes to Schedule:

(A) GASB Statements No. 74, No. 75, and No. 85 were implemented during Fiscal Year 2017/18. Additional years will be added as they become available in the future.

(B) Required, contractually determined employer contributions include: (1) cash contributions per Section 5 of the Health Plan Agreement between OCFA and the Orange County Professional Firefighters Association; (2) cash contributions paid directly to retirees outside of the trust per the Retiree Medical Plan; and (3) the implicit subsidy in accordance with Memorandums of Understanding between OCFA and its labor groups requiring that OCFA contribute toward the payment of health care premiums on behalf of eligible retirees.

(C) Changes in size or composition of plan members:

	As of June 30	
	2018	2019
Retiree Medical Plan (Hired Prior to January 1, 2007):		
Inactive; currently receiving benefits	738	781
Inactive; entitled to but no yet receiving benefits	41	39
Active	511	457
Subtotal	1,290	1,277
PEMHCA Eligible Employees (Hired on or After January 1, 2007):		
Inactive; currently receiving benefits	1	1
Active	763	821
Subtotal	764	822
Total Plan Members as of June 30:		
Inactive; currently receiving benefits	739	782
Inactive; entitled to but no yet receiving benefits	41	39
Active	1,274	1,278
Total	2,054	2,099

ORANGE COUNTY FIRE AUTHORITY

Retiree Medical Plan
A Single-Employer Defined Benefit Other Postemployment Benefit (OPEB) Plan
As of June 30, 2019
For the Last Ten Fiscal Years (A)

Schedule of Money Weighted Rate of Return

Fiscal Year Ended June 30	As Related to Plan Year Ended December 31	Annual Money-Weighted Rate of Return, Net of Investment Expense
2018	2017	14.74%
2019	2018	-1.31%

Notes to Schedule:

(A) GASB Statement No. 74 was implemented during Fiscal Year 2017/18. Additional years will be added as they become available in the future.



Orange County Fire Authority Safety Message

Earthquake Preparedness (Part 1 of 4)



An earthquake is the sudden, rapid shaking of the earth, caused by the breaking and shifting of underground rock. Earthquakes can cause buildings to collapse and cause heavy items to fall, resulting in injuries and property damage.

Safety Tips

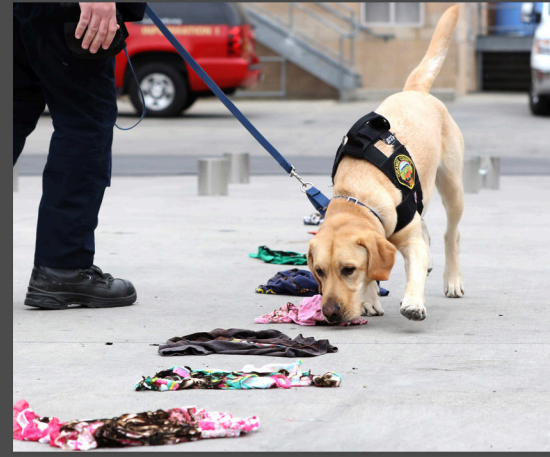
Earthquakes can bring mild to violent shaking and can occur anytime, anywhere. Use these tips to help protect yourself, your family, and your property before, during, and after an earthquake.

Preparing for an Earthquake

- ✓ Secure items, such as televisions, heavy furniture, and objects that hang on walls. Store heavy and breakable objects on low shelves and ensure cabinets have latches. Do not hang heavy items above your bed or couch where people may be seated.
- ✓ Secure your water heater, refrigerator, and other major appliances. Gas appliances should have flexible connectors to absorb shaking while reducing the risk of fire.
- ✓ Practice **Drop, Cover, then Hold On** and make a disaster supplies kit to cover for three days.
- ✓ Sign up for AlertOC notifications and CERT (Community Emergency Response Team) training.
- ✓ Visit www.ocfa.org for more information on assembling a disaster kit.

(Continued on Page 110)

Supplementary Schedules



Arson Awareness Press Conference
May 9, 2019

Major Governmental Funds

Capital Projects Funds

Communications and Information Systems

This fund is used to account for the significant acquisition, improvement, or replacement of specialized communications and information technology systems and/or equipment.

Fire Apparatus

This fund is used to account for the significant acquisition, improvement, or replacement of fire apparatus, including vehicles, trailers, and helicopters.

Fire Stations and Facilities

This fund is used to account for the significant acquisition, improvement, replacement, or construction of fire stations and facilities.

ORANGE COUNTY FIRE AUTHORITY
Communications and Information Systems
Budgetary Comparison Schedule
Year ended June 30, 2019
(With Comparative Data for Prior Year)

	2019			Variance with Final Budget Positive (Negative)	2018
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	<u>\$ 11,066,203</u>	<u>\$ 11,066,203</u>	<u>\$ 11,066,203</u>	<u>\$ -</u>	<u>\$ 11,393,186</u>
Resources (inflows):					
Use of money and property	136,770	195,302	245,373	50,071	152,409
Miscellaneous	-	-	-	-	294,763
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
Total resources (inflows)	<u>286,770</u>	<u>345,302</u>	<u>395,373</u>	<u>50,071</u>	<u>447,172</u>
Amounts available for appropriations	<u>11,352,973</u>	<u>11,411,505</u>	<u>11,461,576</u>	<u>50,071</u>	<u>11,840,358</u>
Charges to appropriation (outflows):					
Services and supplies	1,953,476	1,638,179	614,707	1,023,472	711,543
Capital outlay	<u>6,234,148</u>	<u>5,481,587</u>	<u>2,939,156</u>	<u>2,542,431</u>	<u>62,612</u>
Total charges to appropriations	<u>8,187,624</u>	<u>7,119,766</u>	<u>3,553,863</u>	<u>3,565,903</u>	<u>774,155</u>
Budgetary fund balance, June 30	<u>\$ 3,165,349</u>	<u>\$ 4,291,739</u>	<u>\$ 7,907,713</u>	<u>\$ 3,615,974</u>	<u>\$ 11,066,203</u>

ORANGE COUNTY FIRE AUTHORITY
Fire Apparatus
Budgetary Comparison Schedule
Year ended June 30, 2019
(With Comparative Data for Prior Year)

	2019			Variance with Final Budget Positive (Negative)	2018
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 23,591,323	\$ 23,591,323	\$ 23,591,323	\$ -	\$ 30,004,043
Resources (inflows):					
Charges for services	1,446,217	1,446,217	1,446,217	-	1,310,005
Use of money and property	856,452	356,327	410,983	54,656	361,452
Miscellaneous	-	-	-	-	180,883
Developer contributions	-	-	-	-	1,613,739
Transfers in	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>
Total resources (inflows)	<u>4,302,669</u>	<u>3,802,544</u>	<u>3,857,200</u>	<u>54,656</u>	<u>3,466,079</u>
Amounts available for appropriations	<u>27,893,992</u>	<u>27,393,867</u>	<u>27,448,523</u>	<u>54,656</u>	<u>33,470,122</u>
Charges to appropriation (outflows):					
Capital outlay	20,969,931	23,925,634	14,550,838	9,374,796	7,347,076
Principal retirement	1,253,718	1,253,718	1,253,718	-	2,459,589
Interest and fiscal charges	<u>12,144</u>	<u>12,144</u>	<u>12,144</u>	<u>-</u>	<u>72,134</u>
Total charges to appropriations	<u>22,235,793</u>	<u>25,191,496</u>	<u>15,816,700</u>	<u>9,374,796</u>	<u>9,878,799</u>
Budgetary fund balance, June 30	<u>\$ 5,658,199</u>	<u>\$ 2,202,371</u>	<u>\$ 11,631,823</u>	<u>\$ 9,429,452</u>	<u>\$ 23,591,323</u>

ORANGE COUNTY FIRE AUTHORITY
Fire Stations and Facilities
Budgetary Comparison Schedule
Year ended June 30, 2019
(With Comparative Data for Prior Year)

	2019			Variance with Final Budget Positive (Negative)	2018
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 25,825,700	\$ 25,825,700	\$ 25,825,700	\$ -	\$ 24,155,997
Resources (inflows):					
Use of money and property	531,056	536,925	623,846	86,921	320,295
Miscellaneous	361,800	-	-	-	174,597
Developer contributions	-	361,800	454,200	92,400	1,931,400
Total resources (inflows)	<u>892,856</u>	<u>898,725</u>	<u>1,078,046</u>	<u>179,321</u>	<u>2,426,292</u>
Amounts available for appropriations	<u>26,718,556</u>	<u>26,724,425</u>	<u>26,903,746</u>	<u>179,321</u>	<u>26,582,289</u>
Charges to appropriation (outflows):					
Services and supplies	12,616	12,616	386,082	(373,466)	33,081
Capital outlay	14,276,854	2,230,416	575,059	1,655,357	723,508
Total charges to appropriations	<u>14,289,470</u>	<u>2,243,032</u>	<u>961,141</u>	<u>1,281,891</u>	<u>756,589</u>
Budgetary fund balance, June 30	<u>\$ 12,429,086</u>	<u>\$ 24,481,393</u>	<u>\$ 25,942,605</u>	<u>\$ 1,461,212</u>	<u>\$ 25,825,700</u>

Major Governmental Funds

“Sub-Fund” Components of General Fund

The following “sub-funds” are have been combined and consolidated in order to report a single General Fund for financial statement presentation. Descriptions of each “sub-fund” component are identified below.

General Operating Fund

This sub-fund is used to account for all operating activities not accounted for in another sub-fund.

General Fund Capital Improvement Program (CIP)

This sub-fund is used to account for financial activity associated with maintenance and improvement projects that are considered “capital in nature” but do not meet the criterial to be included in a Capital Projects Fund.

Structural Fire Entitlement

This sub-fund is used to account for service enhancement funds of over-funded Structural Fire Fund members.

Self Insurance

This sub-fund is used to account the workers’ compensation self-insurance program.

ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Balance Sheet
June 30, 2019
(With Comparative Data for Prior Year)

	General Operating Fund	General Fund CIP	Structural Fire Entitlement	Self Insurance	Eliminations	Total General Fund	
						2019	2018
Assets:							
Cash and investments	\$38,222,661	\$ 3,830,489	\$1,504,659	\$89,088,686	\$ -	\$132,646,495	\$117,844,174
Accounts receivable, net	3,875,095	-	-	-	-	3,875,095	3,477,078
Accrued interest receivable	156,920	-	3,442	203,666	-	364,028	285,258
Prepaid costs and other assets	36,691,850	67,085	-	-	-	36,758,935	34,825,973
Due from other governments, net	11,461,876	-	-	-	-	11,461,876	15,384,420
Total assets	<u>\$90,408,402</u>	<u>\$ 3,897,574</u>	<u>\$1,508,101</u>	<u>\$89,292,352</u>	<u>\$ -</u>	<u>\$185,106,429</u>	<u>\$171,816,903</u>
Liabilities:							
Accounts payable	\$ 4,418,429	\$ 112,867	\$ 169,251	\$ 519,822	\$ -	\$ 5,220,369	\$ 3,121,023
Accrued liabilities	10,183,314	-	-	-	-	10,183,314	8,899,638
Unearned revenue	29,120	-	-	-	-	29,120	27,927
Due to other governments	298,186	-	-	-	-	298,186	1,667,025
Total liabilities	<u>14,929,049</u>	<u>112,867</u>	<u>169,251</u>	<u>519,822</u>	<u>-</u>	<u>15,730,989</u>	<u>13,715,613</u>
Deferred inflows of resources:							
Unavailable revenue	650,814	-	-	-	-	650,814	-
Total deferred inflows of resources	<u>650,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>650,814</u>	<u>-</u>
Fund balances:							
Nonspendable:							
Prepaid costs	36,665,300	67,085	-	-	-	36,732,385	34,800,682
Restricted:							
Various departments Communications/ IT projects	3,874,815	-	-	-	-	3,874,815	3,417,677
	-	12,012	-	-	-	12,012	2,975
Committed to SFF cities enhancements	-	-	1,338,850	-	-	1,338,850	1,496,954
Assigned:							
Capital improvement program	-	3,408,234	-	-	-	3,408,234	1,572,963
Workers' compensation	-	-	-	88,772,530	-	88,772,530	80,515,844
Various departments	1,391,734	-	-	-	-	1,391,734	603,301
Facilities projects Communications/ IT projects	216,020	-	-	-	-	216,020	102,875
	-	175,111	-	-	-	175,111	235,763
Construction projects	-	122,265	-	-	-	122,265	-
Unassigned	<u>32,680,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,680,670</u>	<u>35,352,256</u>
Total fund balances	<u>74,828,539</u>	<u>3,784,707</u>	<u>1,338,850</u>	<u>88,772,530</u>	<u>-</u>	<u>168,724,626</u>	<u>158,101,290</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$90,408,402</u>	<u>\$ 3,897,574</u>	<u>\$1,508,101</u>	<u>\$89,292,352</u>	<u>\$ -</u>	<u>\$185,106,429</u>	<u>\$171,816,903</u>

ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2019
(With Comparative Data for Prior Year)

	General	General	Structural	Self	Eliminations	Total General Fund	
	Operating		Fire			Insurance	2019
	Fund	Fund CIP	Entitlement				
Revenues:							
Taxes	\$ 264,267,387	\$ -	\$ -	\$ -	\$ -	\$ 264,267,387	\$ 250,326,172
Intergovernmental	28,521,605	-	-	-	-	28,521,605	37,063,147
Charges for services	112,272,830	-	-	17,366,238	(17,366,238)	112,272,830	107,440,415
Use of money and property	1,399,985	-	37,405	2,083,605	(243,156)	3,277,839	1,742,245
Miscellaneous	1,428,134	-	-	-	-	1,428,134	3,944,042
Total revenues	407,889,941	-	37,405	19,449,843	(17,609,394)	409,767,795	400,516,021
Expenditures:							
Current - public safety:							
Salaries and benefits	364,319,943	-	-	-	(17,366,238)	346,953,705	340,720,267
Services and supplies	35,019,886	1,310,810	195,509	11,961,307	-	48,487,512	49,127,349
Capital outlay	1,349,739	680,280	-	-	-	2,030,019	1,837,456
Debt service:							
Interest and fiscal charges	564,397	-	-	-	(243,156)	321,241	387,790
Total expenditures	401,253,965	1,991,090	195,509	11,961,307	(17,609,394)	397,792,477	392,072,862
Excess (deficiency) of revenues over over (under) expenditures	6,635,976	(1,991,090)	(158,104)	7,488,536	-	11,975,318	8,443,159
Other financing sources (uses):							
Transfers in	-	3,928,761	-	-	(3,928,761)	-	-
Transfers out	(6,078,761)	-	-	-	3,928,761	(2,150,000)	-
Sale of capital assets	22,548	-	-	-	-	22,548	844,512
Insurance recoveries	7,320	-	-	768,150	-	775,470	1,456,267
Total other financing sources (uses)	(6,048,893)	3,928,761	-	768,150	-	(1,351,982)	2,300,779
Net change in fund balances	587,083	1,937,671	(158,104)	8,256,686	-	10,623,336	10,743,938
Fund balances, beginning of year	74,241,456	1,847,036	1,496,954	80,515,844	-	158,101,290	147,357,352
Fund balances, end of year	\$ 74,828,539	\$ 3,784,707	\$ 1,338,850	\$ 88,772,530	\$ -	\$ 168,724,626	\$ 158,101,290

ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Original Budget
Year ended June 30, 2019

	General Operating Fund	General Fund CIP	Structural Fire Entitlement	Self Insurance	Eliminations	Total General Fund 2019
Budgetary fund balance, July 1	\$ 74,241,456	\$ 1,847,036	\$ 1,496,954	\$ 80,515,844	\$ -	\$ 158,101,290
Resources (inflows):						
Taxes	260,069,047	-	-	-	-	260,069,047
Intergovernmental	20,286,643	-	-	-	-	20,286,643
Charges for services	111,444,977	-	-	17,366,238	(17,366,238)	111,444,977
Use of money and property	1,036,063	-	15,425	1,781,815	(13,463)	2,819,840
Miscellaneous	1,009,235	-	-	-	-	1,009,235
Transfers in	-	3,053,761	-	-	(3,053,761)	-
Sale of capital assets	12,147	-	-	-	-	12,147
Total resources (inflows)	<u>393,858,112</u>	<u>3,053,761</u>	<u>15,425</u>	<u>19,148,053</u>	<u>(20,433,462)</u>	<u>395,641,889</u>
Amounts available for appropriations	<u>468,099,568</u>	<u>4,900,797</u>	<u>1,512,379</u>	<u>99,663,897</u>	<u>(20,433,462)</u>	<u>553,743,179</u>
Charges to appropriation (outflows):						
Salaries and benefits	345,516,695	-	-	-	(17,366,238)	328,150,457
Services and supplies	30,523,365	2,663,762	525,336	14,760,398	-	48,472,861
Capital outlay	2,024,025	1,696,676	-	-	-	3,720,701
Interest and fiscal charges	31,250	-	-	-	(13,463)	17,787
Transfers out	5,203,761	-	-	-	(3,053,761)	2,150,000
Total charges to appropriations	<u>383,299,096</u>	<u>4,360,438</u>	<u>525,336</u>	<u>14,760,398</u>	<u>(20,433,462)</u>	<u>382,511,806</u>
Budgetary fund balance, June 30	<u>\$ 84,800,472</u>	<u>\$ 540,359</u>	<u>\$ 987,043</u>	<u>\$ 84,903,499</u>	<u>\$ -</u>	<u>\$ 171,231,373</u>

ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Final Budget
Year ended June 30, 2019

	General Operating Fund	General Fund CIP	Structural Fire Entitlement	Self Insurance	Eliminations	Total General Fund 2019
Budgetary fund balance, July 1	\$ 74,241,456	\$ 1,847,036	\$ 1,496,954	\$ 80,515,844	\$ -	\$ 158,101,290
Resources (inflows):						
Taxes	261,339,047	-	-	-	-	261,339,047
Intergovernmental	35,280,317	-	-	-	-	35,280,317
Charges for services	111,189,530	-	-	17,366,238	(17,366,238)	111,189,530
Use of money and property	882,445	-	28,285	1,735,554	(294,064)	2,352,220
Miscellaneous	1,034,238	-	-	-	-	1,034,238
Transfers in	-	3,928,761	-	-	(3,928,761)	-
Sale of capital assets	22,321	-	-	-	-	22,321
Insurance recoveries	-	-	-	215,248	-	215,248
Total resources (inflows)	409,747,898	3,928,761	28,285	19,317,040	(21,589,063)	411,432,921
Amounts available for appropriations	483,989,354	5,775,797	1,525,239	99,832,884	(21,589,063)	569,534,211
Charges to appropriations (outflows):						
Salaries and benefits	366,132,556	-	-	-	(17,366,238)	348,766,318
Services and supplies	46,460,414	2,716,539	525,336	10,383,361	-	60,085,650
Capital outlay	2,736,585	1,229,676	-	-	-	3,966,261
Interest and fiscal charges	682,560	-	-	-	(294,064)	388,496
Transfers out	6,078,761	-	-	-	(3,928,761)	2,150,000
Total charges to appropriations	422,090,876	3,946,215	525,336	10,383,361	(21,589,063)	415,356,725
Budgetary fund balance, June 30	\$ 61,898,478	\$ 1,829,582	\$ 999,903	\$ 89,449,523	\$ -	\$ 154,177,486



Orange County Fire Authority Safety Message

Earthquake Preparedness (Part 2 of 4)

(Continued from Page 100)



An earthquake is the sudden, rapid shaking of the earth, caused by the breaking and shifting of underground rock. Earthquakes can cause buildings to collapse and cause heavy items to fall, resulting in injuries and property damage.

Safety Tips

Earthquakes can bring mild to violent shaking and can occur anytime, anywhere. Use these tips to help protect yourself, your family, and your property before, during, and after an earthquake.

During An Earthquake

- ✓ Drop, Cover, Then Hold On
 - ✓ Drop to your hands and knees.
 - ✓ Cover your head and neck with your arms.
 - ✓ Hold on to any sturdy furniture until the shaking stops.
 - ✓ Crawl only if you can reach better cover without going through an area with more debris.
 - ✓ You can also seek cover under a sturdy desk or a table.
 - ✓ Stay away from glass, windows, outside doors and walls, and anything that could fall, such as lighting fixtures or furniture.

(Continued on Page 114)

Fiduciary Funds

Pension and Other Employee Benefit Trust Funds

Extra Help Retirement Plan

OCFA administers a single-employer, defined benefit pension plan that provides retirement benefits for OCFA's less than half-time and extra help employees hired prior to July 1, 2018. Plan assets are accounted for in the Extra Help Retirement fiduciary fund.

Retiree Medical Plan

OCFA provides a single-employer, defined benefit plan for OCFA's full-time and part-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
Fiduciary Funds
Pension and Other Employee Benefit Trust Funds
Combining Schedule of Fiduciary Net Position
June 30, 2019
(With Comparative Data for Prior Year)

	Extra Help Retirement	Retiree Medical Plan	Total Pension and Other Employee Benefit Trust Funds	
			2019	2018
Assets:				
Cash and investments:				
Local Agency Investment Fund:				
Domestic fixed income	\$ 57,548	\$ -	\$ 57,548	\$ 62,324
Pooled amounts held in trust with OCERS	-	39,397,934	39,397,934	40,111,053
Total cash and investments	57,548	39,397,934	39,455,482	40,173,377
Receivables:				
Other receivables	-	8,423	8,423	537,657
Total assets	57,548	39,406,357	39,463,905	40,711,034
Liabilities:				
Accrued liabilities	-	375,019	375,019	317,648
Total liabilities	-	375,019	375,019	317,648
Net position restricted for pensions and other postemployment benefits	\$ 57,548	\$ 39,031,338	\$ 39,088,886	\$ 40,393,386

ORANGE COUNTY FIRE AUTHORITY
Fiduciary Funds
Pension and Other Employee Benefit Trust Funds
Combining Schedule of Changes in Fiduciary Net Position
Year ended June 30, 2019
(With Comparative Data for Prior Year)

	Extra Help Retirement	Retiree Medical Plan	Total Pension and Other Employee Benefit Trust Funds	
			2019	2018
Additions:				
Contributions:				
Employer	\$ 876	\$ 4,002,323	\$ 4,003,199	\$ 1,605,056
Plan members	<u>9,043</u>	<u>2,259,947</u>	<u>2,268,990</u>	<u>2,396,306</u>
Total contributions	<u>9,919</u>	<u>6,262,270</u>	<u>6,272,189</u>	<u>4,001,362</u>
Net investment income:				
Total investment income (loss)	1,731	(457,730)	(455,999)	5,328,967
Investment fees and expenses	<u>-</u>	<u>(270,315)</u>	<u>(270,315)</u>	<u>(210,977)</u>
Total net investment income (loss)	<u>1,731</u>	<u>(728,045)</u>	<u>(726,314)</u>	<u>5,117,990</u>
Total additions	<u>11,650</u>	<u>5,534,225</u>	<u>5,545,875</u>	<u>9,119,352</u>
Deductions:				
Benefits and refunds paid to plan members and beneficiaries	16,426	6,803,645	6,820,071	5,605,841
Administrative expenses	<u>-</u>	<u>30,304</u>	<u>30,304</u>	<u>27,068</u>
Total deductions	<u>16,426</u>	<u>6,833,949</u>	<u>6,850,375</u>	<u>5,632,909</u>
Change in net position	(4,776)	(1,299,724)	(1,304,500)	3,486,443
Net position, beginning of year	<u>62,324</u>	<u>40,331,062</u>	<u>40,393,386</u>	<u>36,906,943</u>
Net position, end of year	<u>\$ 57,548</u>	<u>\$ 39,031,338</u>	<u>\$ 39,088,886</u>	<u>\$ 40,393,386</u>



Orange County Fire Authority Safety Message

Earthquake Preparedness (Part 3 of 4)

(Continued from Page 110)



An earthquake is the sudden, rapid shaking of the earth, caused by the breaking and shifting of underground rock. Earthquakes can cause buildings to collapse and cause heavy items to fall, resulting in injuries and property damage.

Safety Tips

Earthquakes can bring mild to violent shaking and can occur anytime, anywhere. Use these tips to help protect yourself, your family, and your property before, during, and after an earthquake.

During An Earthquake, (Continued)

- ✓ Drop, Cover, Then Hold On (See page 110).
- ✓ If in bed, stay there and cover your head and neck with a pillow.
- ✓ If inside, stay there until the shaking stops. DO NOT run outside. Do not get in a doorway.
- ✓ If in a vehicle, pull over and stop car in a clear area that is away from buildings, trees, overpasses, underpasses, or utility wires.

(Continued on Page 116)

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

Earthquake Preparedness (Part 4 of 4)

(Continued from Page 114)



An earthquake is the sudden, rapid shaking of the earth, caused by the breaking and shifting of underground rock. Earthquakes can cause buildings to collapse and cause heavy items to fall, resulting in injuries and property damage.

Safety Tips

Earthquakes can bring mild to violent shaking and can occur anytime, anywhere. Use these tips to help protect yourself, your family, and your property before, during, and after an earthquake.

After an Earthquake

- ✓ Expect aftershocks to follow the largest shock of an earthquake.
- ✓ If in a damaged building, go outside and quickly move away from the building.
- ✓ If you are trapped, protect your mouth, nose, and eyes from dust. Send a text, bang on a pipe or wall, or use a whistle instead of shouting so that rescuers can locate you.

ORANGE COUNTY FIRE AUTHORITY

Financial Trends Information

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

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

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

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

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

	Fiscal Year Ended June 30			
	2010	2011	2012	2013
Governmental activities:				
Net investment in capital assets	\$ 183,717,406	\$ 186,297,543	\$ 183,584,385	\$ 181,363,364
Restricted	1,623,121	1,627,233	3,252,969	1,690,858
Unrestricted	<u>115,965,726</u>	<u>99,704,595</u>	<u>81,450,846</u>	<u>74,510,482</u>
Total governmental activities net position	<u>\$ 301,306,253</u>	<u>\$ 287,629,371</u>	<u>\$ 268,288,200</u>	<u>\$ 257,564,704</u>

SOURCE: OCFA Comprehensive Annual Financial Reports

NOTES:

(1) GASB Statement No. 68 was implemented during Fiscal Year 2014/15, which required a \$362 million restatement to beginning net position in order to fully reflect net OCFA's net pension liabilities. This adjustment contributed to an overall negative balance in unrestricted net position as of June 30, 2015 and thereafter.

(2) GASB Statements No. 74, 75, and 85 were implemented during Fiscal Year 2017/18, which required a \$153 million restatement to beginning net position in order to fully reflect net OCFA's net OPEB liabilities. This adjustment contributed to the increased negative balance in unrestricted net position.

2014	2015	2016	2017	2018	2019
\$ 180,917,654	\$ 190,800,116	\$ 187,910,677	\$ 192,430,467	\$ 207,951,822	\$ 218,642,679
1,810,134	1,840,561	2,881,910	3,897,614	3,953,884	4,278,304
<u>61,026,827</u>	<u>(361,765,050)</u>	<u>(351,456,505)</u>	<u>(373,102,128)</u>	<u>(511,359,152)</u>	<u>(520,991,297)</u>
	(1)			(2)	
<u>\$ 243,754,615</u>	<u>\$ (169,124,373)</u>	<u>\$ (160,663,918)</u>	<u>\$ (176,774,047)</u>	<u>\$ (299,453,446)</u>	<u>\$ (298,070,314)</u>

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

Governmental Activities	Fiscal Year Ended June 30			
	2010	2011	2012	2013
Expenses - public safety:				
Salaries and benefits	\$ 211,729,989	\$ 221,031,439	\$ 240,084,607	\$ 264,067,489
Services and supplies	24,318,065	30,736,034	37,069,099	45,879,501
Depreciation and amortization	8,432,793	8,970,508	9,300,853	9,793,491
Interest on long-term debt	855,577	677,910	494,014	367,701
Total program expenses	<u>245,336,424</u>	<u>261,415,891</u>	<u>286,948,573</u>	<u>320,108,182</u>
Program revenues - public safety:				
Charges for services	63,743,942	61,975,963	76,347,126	102,875,410
Operating grants and contributions	5,784,969	5,963,648	6,580,681	19,523,853
Capital grants and contributions	1,415,618	395,180	3,926,275	2,811,180
Total program revenues	<u>70,944,529</u>	<u>68,334,791</u>	<u>86,854,082</u>	<u>125,210,443</u>
Net program revenues (expenses)	<u>(174,391,895)</u>	<u>(193,081,100)</u>	<u>(200,094,491)</u>	<u>(194,897,739)</u>
General revenues:				
Property taxes	179,001,919	177,181,086	177,728,290	181,720,253
Investment income	1,006,128	611,408	524,602	(136,493)
Gain on disposal of capital assets	-	39,803	79,705	11,924
Miscellaneous	890,127	835,021	2,420,723	4,329,603
Total general revenues	<u>180,898,174</u>	<u>178,667,318</u>	<u>180,753,320</u>	<u>185,925,287</u>
Changes in net position	<u>\$ 6,506,279</u>	<u>\$ (14,413,782)</u>	<u>\$ (19,341,171)</u>	<u>\$ (8,972,452)</u>

(1)

SOURCE: OCFA Comprehensive Annual Financial Reports

NOTES:

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

(2) GASB Statement No. 68 was implemented during Fiscal Year 2014/15, which required that pension expense be adjusted annually to fully reflect the accrual-based cost incurred during the year. OCFA recognized an increase to its pension expense totaling \$39.9 million during the year ended June 30, 2015. That amount is included within salaries and benefits.

(3) GASB Statements No. 74, 75 and 85 were implemented during Fiscal Year 2017/18, which required that OPEB expense be adjusted annually to fully reflect the accrual-based cost incurred during the year. During the year ended June 30, 2018, OCFA recognized a decrease to its salary and benefits totaling \$7.2 million due to the implementation of these GASB statements.

2014	2015	2016	2017	2018	2019
\$ 266,764,367	\$ 335,419,737	\$ 316,292,785	\$ 327,515,166	\$ 323,845,042	\$ 339,249,853
47,912,808	46,073,201	35,127,573	52,819,125	57,275,465	62,877,930
9,612,453	9,050,195	9,267,982	9,512,777	10,084,196	10,531,098
311,327	582,565	917,320	133,239	70,751	11,444
<u>324,600,955</u>	<u>391,125,698</u>	<u>361,605,660</u>	<u>389,980,307</u>	<u>391,275,454</u>	<u>412,670,325</u>
106,874,513	113,150,325	117,263,679	121,875,157	132,634,280	128,320,646
10,339,966	11,410,019	12,165,015	11,992,438	13,920,686	15,454,060
1,462,540	9,182,195	3,331,088	1,040,129	16,875,139	454,200
<u>118,677,019</u>	<u>133,742,539</u>	<u>132,759,782</u>	<u>134,907,724</u>	<u>163,430,105</u>	<u>144,228,906</u>
<u>(205,923,936)</u>	<u>(257,383,159)</u>	<u>(228,845,878)</u>	<u>(255,072,583)</u>	<u>(227,845,349)</u>	<u>(268,441,419)</u>
190,873,689	205,141,237	219,840,417	232,832,758	250,326,172	264,267,387
823,010	839,864	1,654,065	990,851	2,188,611	4,236,800
21,834	63,953	6,000	657,944	719,372	-
<u>1,200,195</u>	<u>1,235,004</u>	<u>2,823,503</u>	<u>4,480,901</u>	<u>5,089,603</u>	<u>1,320,364</u>
<u>192,918,728</u>	<u>207,280,058</u>	<u>224,323,985</u>	<u>238,962,454</u>	<u>258,323,758</u>	<u>269,824,551</u>
<u>\$ (13,005,208)</u>	<u>\$ (50,103,101)</u>	<u>\$ (4,521,893)</u>	<u>\$ (16,110,129)</u>	<u>\$ 30,478,409</u>	<u>\$ 1,383,132</u>
	(2)			(3)	

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

	Fiscal Year Ended June 30			
	2010	2011	2012	2013
General Fund:				
Nonspendable	\$ 117,473	\$ 23,186,680	\$ 22,756,709	\$ 26,727,849
Restricted	111,305	111,980	1,699,787	137,676
Committed	861,116	797,935	1,372,789	1,268,160
Assigned	37,621,864	35,550,989	34,715,397	53,668,608
Unassigned	41,985,648	25,592,531	25,751,128	25,782,851
Total General Fund	<u>\$ 80,697,406</u>	<u>\$ 85,240,115</u>	<u>\$ 86,295,810</u>	<u>\$ 107,585,144</u>
All other governmental funds:				
Nonspendable	\$ 567,349	\$ 478,449	\$ 405,815	\$ 352,318
Restricted	1,015,700	1,515,253	1,553,182	1,553,182
Assigned	87,476,588	78,023,210	74,037,637	67,317,090
Total all other governmental funds	<u>\$ 89,059,637</u>	<u>\$ 80,016,912</u>	<u>\$ 75,996,634</u>	<u>\$ 69,222,590</u>

SOURCE: OCFA Comprehensive Annual Financial Reports

2014	2015	2016	2017	2018	2019
\$ 30,560,638	\$ 31,127,148	\$ 36,779,845	\$ 33,750,548	\$ 34,800,682	\$ 36,732,385
766,094	1,307,329	2,348,678	3,364,382	3,420,652	3,886,827
784,617	691,265	584,464	549,651	1,496,954	1,338,850
61,236,092	69,282,830	78,922,725	78,346,099	83,030,746	94,085,894
22,156,848	17,864,685	34,421,993	31,346,672	35,352,256	32,680,670
<u>\$ 115,504,289</u>	<u>\$ 120,273,257</u>	<u>\$ 153,057,705</u>	<u>\$ 147,357,352</u>	<u>\$ 158,101,290</u>	<u>\$ 168,724,626</u>
\$ 284,349	\$ 32,946	\$ -	\$ 4,608	\$ 25,216	\$ 13,725
1,044,040	533,232	533,232	533,232	533,232	391,477
64,340,833	56,050,351	55,779,948	65,015,386	59,924,778	45,076,939
<u>\$ 65,669,222</u>	<u>\$ 56,616,529</u>	<u>\$ 56,313,180</u>	<u>\$ 65,553,226</u>	<u>\$ 60,483,226</u>	<u>\$ 45,482,141</u>

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

	Fiscal Year Ended June 30			
	2010	2011	2012	2013
Revenues:				
Taxes	\$ 179,001,919	\$ 177,181,086	\$ 177,728,290	\$ 181,720,253
Intergovernmental	14,202,209	11,080,619	12,894,882	28,883,649
Charges for services	55,325,007	56,582,867	65,556,905	95,904,052
Use of money and property	1,341,991	822,002	660,621	(20,556)
Miscellaneous	1,370,743	1,364,034	2,800,466	5,155,759
Developer contributions	551,365	43,200	10,140	538,260
Total revenues	251,793,234	247,073,808	259,651,304	312,181,417
Expenditures:				
Current - public safety:				
Salaries and benefits	206,942,045	211,801,889	228,452,010	255,301,913
Services and supplies	28,521,125	28,207,018	30,737,551	32,613,137
Capital outlay	9,647,853	9,899,979	932,034	5,420,102
Debt service:				
Principal retirement	13,370,586	1,911,912	2,139,694	2,162,809
Interest and fiscal charges	1,459,383	890,067	635,351	484,851
Issuance costs	-	-	286,599	-
Total expenditures	259,940,992	252,710,865	263,183,239	295,982,812
Excess (deficiency) of revenues over (under) expenditures	(8,147,758)	(5,637,057)	(3,531,935)	16,198,605
Other financing sources (uses):				
Transfers in	10,608,277	4,137,811	-	381,222
Transfers out	(10,608,277)	(4,137,811)	-	(381,222)
Issuance of long-term debt	-	-	16,756,078	-
Refinanced long-term debt	-	-	(16,377,093)	-
Sale of capital assets	124,960	391,736	99,272	14,200
Insurance recoveries	71,445	8,405	89,095	53,529
Total other financing sources (uses)	196,405	400,141	567,352	67,729
Net change in fund balances	\$ (7,951,353)	\$ (5,236,916)	\$ (2,964,583)	\$ 16,266,334

Debt service as a percentage of noncapital expenditures	5.9%	1.2%	1.1%	0.9%
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SOURCE: OCFA Comprehensive Annual Financial Reports

NOTES:

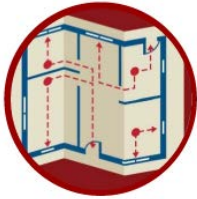
(A) Beginning in Fiscal Year 2018/19, proceeds from sale of certain non-capital assets were reported as miscellaneous revenue rather than sale of capital assets. Amounts shown on this schedule for previous fiscal years have also been updated to reflect this change and may vary from the amounts originally reported in the financial statements.

	2014	2015	2016	2017	2018	2019	
\$	190,873,689	\$ 205,141,237	\$ 219,840,417	\$ 232,832,758	\$ 250,326,172	\$ 264,267,387	
	19,111,811	23,565,214	25,978,081	29,069,065	37,063,147	28,521,605	
	97,705,183	102,000,677	103,830,436	106,061,060	108,750,420	113,719,047	
	932,284	841,522	1,671,316	1,257,155	2,576,401	4,558,041	
	1,697,087	1,701,736	2,800,713	4,611,210	4,594,285	1,428,134	(A)
	1,271,400	8,307,207	3,233,082	962,627	3,545,139	454,200	
	<u>311,591,454</u>	<u>341,557,593</u>	<u>357,354,045</u>	<u>374,793,875</u>	<u>406,855,564</u>	<u>412,948,414</u>	
	257,134,030	285,988,997	294,414,084	309,507,433	340,720,267	346,953,705	
	40,187,878	40,490,370	36,303,618	48,087,618	49,871,973	49,488,301	
	7,681,418	16,644,798	3,996,650	12,116,937	9,970,652	20,095,072	
	2,219,152	2,276,963	2,336,279	2,397,140	2,459,589	1,253,718	
	421,845	585,501	935,881	400,887	459,924	333,385	
	-	-	-	-	-	-	
	<u>307,644,323</u>	<u>345,986,629</u>	<u>337,986,512</u>	<u>372,510,015</u>	<u>403,482,405</u>	<u>418,124,181</u>	
	3,947,131	(4,429,036)	19,367,533	2,283,860	3,373,159	(5,175,767)	
	5,370,375	6,845,320	78,187	33,724,099	-	2,150,000	
	(5,370,375)	(6,845,320)	(78,187)	(33,724,099)	-	(2,150,000)	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	57,843	112,363	9,930	37,400	844,512	22,548	(A)
	360,803	32,948	121,288	1,218,433	1,456,267	775,470	
	<u>418,646</u>	<u>145,311</u>	<u>131,218</u>	<u>1,255,833</u>	<u>2,300,779</u>	<u>798,018</u>	
\$	<u>4,365,777</u>	<u>(4,283,725)</u>	<u>19,498,751</u>	<u>3,539,693</u>	<u>5,673,938</u>	<u>(4,377,749)</u>	
	0.9%	0.9%	1.0%	0.8%	0.7%	0.4%	



Orange County Fire Authority Safety Message

Home Escape Plan (Part 1 of 3)



Only 18 percent of families with children age 3-17 have practiced home fire drills.

Safety Tips

Every second counts during a fire. Create and practice a home escape plan so you and your family can get out quickly if the smoke alarm sounds.

Plan Ahead

- ✓ Make a home escape plan showing two ways out of every room. Discuss the plan with everyone in your home.
- ✓ Choose an outside meeting place in front of and a safe distance from your home.
- ✓ Practice your escape plan at least twice a year. During your drills, practice escaping from different exits. Teach children to escape on their own.
- ✓ Make sure someone is assigned to assist small children, older adults, or family members with disabilities.

(Continued on Page 136)

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 2009/10	FY 2010/11	FY 2011/12	FY 2012/13
Buena Park	\$ 7,438,787	\$ 7,478,553	\$ 7,484,717	7,602,927
Placentia	4,967,651	4,969,023	5,007,558	5,080,849
San Clemente	12,631,337	12,431,717	12,356,019	12,506,118
Santa Ana (4)	n/a	n/a	20,100,864	20,339,779
Seal Beach	4,241,221	4,282,032	4,434,345	4,480,557
Stanton	2,070,815	2,042,112	2,063,293	2,073,752
Tustin	9,501,069	9,419,294	9,378,899	9,502,173
Westminster	6,698,153	6,779,972	6,935,762	7,023,383
Total cash contract cities (3)	<u>47,549,033</u>	<u>47,402,703</u>	<u>67,761,457</u>	<u>68,609,538</u>
Aliso Viejo	7,553,177	7,459,562	7,511,408	7,605,524
Cypress	5,529,005	5,514,794	5,560,190	5,666,354
Dana Point	8,763,402	8,687,748	8,735,352	8,844,364
Irvine	47,212,001	46,538,576	47,136,231	48,646,093
Laguna Hills	5,589,417	5,460,470	5,463,649	5,513,066
Laguna Niguel	11,883,056	11,892,951	11,991,939	12,116,601
Laguna Woods	2,273,717	2,214,363	2,186,990	2,193,624
Lake Forest	10,915,562	10,744,518	10,721,083	10,885,724
La Palma	1,695,126	1,698,469	1,698,169	1,718,007
Los Alamitos	1,589,309	1,616,120	1,603,255	1,638,193
Mission Viejo	13,104,698	13,157,979	13,226,115	13,320,574
Rancho Santa Margarita	6,617,903	6,605,397	6,623,819	6,679,191
San Juan Capistrano	5,835,957	5,817,501	5,799,444	5,833,269
Villa Park	1,359,734	1,353,409	1,372,687	1,398,666
Yorba Linda	10,897,981	10,936,312	11,262,427	11,484,958
Unincorporated	21,447,511	21,485,307	21,509,471	21,332,072
Total SFF jurisdictions (2)	<u>162,267,556</u>	<u>161,183,476</u>	<u>162,402,229</u>	<u>164,876,280</u>
Percentage change from prior year	-1.76%	-0.67%	0.76%	1.52%
Total assessed valuation	<u>\$ 209,816,589</u>	<u>\$ 208,586,179</u>	<u>\$ 230,163,686</u>	<u>\$ 233,485,818</u>
Total direct tax rate	0.11%	0.11%	0.11%	0.11%

SOURCE: County of Orange, Auditor-Controller, Assessed Valuations by Fiscal Year

http://acweb1.ocgov.com/ac/txfdr_Civica/av/

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) Cities pay for services on a cash contract basis. Assessed value is shown for comparison only.
- (4) Santa Ana joined OCFA on April 20, 2012.

<u>FY 2013/14</u>	<u>FY 2014/15</u>	<u>FY 2015/16</u>	<u>FY 2016/17</u>	<u>FY 2017/18</u>	<u>FY 2018/19</u>
7,886,342	8,313,496	8,769,022	9,229,491	9,771,180	10,534,143
5,203,417	5,519,085	5,878,473	6,133,423	6,445,280	6,778,269
12,824,727	13,666,851	14,447,434	15,269,878	16,078,965	16,904,336
21,119,683	22,075,383	23,013,226	23,886,126	25,232,515	26,520,241
4,580,472	4,891,060	5,081,691	5,167,629	5,428,187	5,625,920
2,144,270	2,297,508	2,433,266	2,569,937	2,679,870	2,836,469
9,732,381	10,292,805	11,004,027	11,577,792	12,399,614	13,043,122
7,176,141	7,628,669	8,279,644	8,410,335	8,907,507	9,391,194
<u>70,667,433</u>	<u>74,684,857</u>	<u>78,906,783</u>	<u>82,244,611</u>	<u>86,943,118</u>	<u>91,633,694</u>
7,877,812	8,440,740	8,765,964	9,262,105	9,757,603	10,320,678
5,854,809	6,104,218	6,463,650	6,751,019	7,049,085	7,492,895
9,126,750	9,787,132	10,513,667	11,209,516	12,184,560	12,716,978
51,002,248	55,693,885	60,912,694	65,754,243	71,898,708	78,439,756
5,643,545	5,961,947	6,256,109	6,506,374	6,744,152	7,169,367
12,402,919	13,270,851	14,015,647	14,571,803	15,341,994	15,925,158
2,237,288	2,424,736	2,620,217	2,772,774	2,949,710	3,141,574
11,238,775	11,920,081	12,672,969	13,710,657	14,701,561	15,968,847
1,744,907	1,829,353	1,904,950	1,998,105	2,042,167	2,137,829
1,674,933	1,778,110	1,887,771	1,961,259	2,068,339	2,165,016
13,639,460	14,533,544	15,262,434	15,835,376	16,538,595	17,362,619
6,759,144	7,231,597	7,572,862	7,810,951	8,247,183	8,640,697
6,039,344	6,443,224	6,828,239	7,190,143	7,600,135	7,959,762
1,466,599	1,527,255	1,596,806	1,674,085	1,755,259	1,836,352
11,857,840	12,668,130	13,488,124	14,098,053	14,862,265	15,623,191
21,915,863	23,573,390	24,999,336	26,380,370	28,230,720	29,526,544
<u>170,482,236</u>	<u>183,188,193</u>	<u>195,761,439</u>	<u>207,486,833</u>	<u>221,972,036</u>	<u>236,427,263</u>
3.40%	7.45%	6.86%	5.99%	6.98%	6.51%
<u>\$ 241,149,669</u>	<u>\$ 257,873,050</u>	<u>\$ 274,668,222</u>	<u>\$ 289,731,444</u>	<u>\$ 308,915,154</u>	<u>\$ 328,060,957</u>
0.11%	0.11%	0.11%	0.11%	0.11%	0.11%

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

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

Fiscal Year ended June 30	County of Orange (B)			OCFA (B)
	Overlapping	Direct		Direct
	Basic Operating Levy	Debt Service	Total	Basic Operating Levy
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
2015	1.00000	0.00000	1.00000	0.0011
2016	1.00000	0.00000	1.00000	0.0011
2017	1.00000	0.00000	1.00000	0.0011
2018	1.00000	0.00000	1.00000	0.0011
2019	1.00000 (A)	0.00000 (A)	1.00000	0.0011 (C)

SOURCE:

- (A) County of Orange, Auditor-Controller, Tax Rate Books by Fiscal Year
<http://acdcweb01.ocgov.com/about/central-accounting/property-tax-accounting/tax-rate-book>
- (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)

Property Tax Payer	Fiscal Year 2009/10 (A)			Fiscal Year 2018/19 (B)		
	Actual Taxes	Rank	Percent of	Actual Taxes	Rank	Percent of
	Levied		Total Taxes	Levied		Total Taxes
Irvine Company	\$ 70,200	1	1.48%	\$ 81,402	1	1.19%
Irvine Company LLC	\$ 23,682	3	0.50%			
Irvine Apartment Communities	\$ 9,653	5	0.20%			
Irvine Community Development	\$ 7,487	7	0.16%			
	<u>\$ 111,022</u>			<u>\$ 81,402</u>		
Walt Disney Parks & Resorts U.S. (Walt Disney World Co.)	\$ 42,743	2	0.90%	\$ 55,432	2	0.81%
Southern California Edison Company (Edison International)	\$ 23,180	4	0.49%	\$ 48,649	3	0.71%
Five Points Holdings, LLC (Lennar)				\$ 27,188	4	0.40%
Sempra Energy (Southern California Gas Company)				\$ 13,288	5	0.19%
United Laguna Hills Mutual (Laguna Woods)	\$ 6,451	9	0.14%	\$ 10,673	6	0.16%
AT&T (Pacific Bell Telephone Company)	\$ 8,290	6	0.18%	\$ 9,448	7	0.14%
BEX Portfolio, Inc.				\$ 8,588	8	0.13%
Heritage Fields El Toro, LLC	\$ 7,098	8	0.15%			
Anbang Insurance Group Company (Ritz-Carlton, Montage)				\$ 6,876	9	0.10%
Bella Terra Associates, LLC	\$ 4,833	10	0.10%	\$ 6,229	10	0.09%

SOURCE:

(A) OCFA Comprehensive Annual Financial Report for Fiscal Year 2009/10

(B) County of Orange, Treasurer-Tax Collector, Tax Collector Top 20 Secured Taxpayer List for Fiscal Year 2018/19 (<http://www.ttc.ocgov.com/rptstats/stats>). Taxpayers are grouped under a parent company, if identifiable.

NOTE:

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

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

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of						Total Collection to Date	Collection of Property Tax Increment (2)		
		Levy	% of Levy	Teeter Plan	Delinquencies and Other	Delinquency Penalties	Interest		Pass-Through	RDA	H&S
2010	\$179,914	\$158,509	88.1%	\$ 3,683	\$ 493	\$ 110	\$ 100	\$162,895	90.5%	\$ -	\$ -
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
2015	\$207,775	\$202,356	97.4%	\$ 1,336	\$ 50	\$ 32	\$ 38	\$203,812	98.1%	\$ 8,110	\$ 605
2016	\$224,452	\$216,219	96.3%	\$ 1,368	\$ 157	\$ 38	\$ 73	\$217,855	97.1%	\$ 9,180	\$ 639
2017	\$237,082	\$229,934	97.0%	\$ 1,329	\$ 140	\$ 35	\$ 105	\$231,543	97.7%	\$ 9,237	\$ 662
2018	\$253,371	\$246,607	97.3%	\$ 1,461	\$ 156	\$ 36	\$ 189	\$248,449	98.1%	\$11,095	\$ 694
2019	\$267,727	\$262,561	98.1%	\$ 1,737	\$ 149	\$ 42	\$ 248	\$264,737	98.9%	\$ 9,627	\$ 732

(1)

SOURCE:

County of Orange, Auditor-Controller, Tax Ledger Detail by Fiscal Year
 Tax Ledger Selection C84 Orange County Fire Authority
http://tax.ocgov.com/acledger/choice_eGov.asp

NOTES:

- (1) 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).
- (2) 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.

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

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

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

Computation of Direct and Overlapping Bonded Debt – OCFA is not obligated for any direct, bonded debt.

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

Fiscal Year Ended June 30	Governmental Activities (A)		(B)	(C)		
	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
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
2015	\$ 8,447	\$ 8,447	\$86	9822.1%	1,755	\$5
2016	\$ 6,110	\$ 6,110	\$85	7188.2%	1,784	\$3
2017	\$ 3,713	\$ 3,713	\$88	4219.3%	1,793	\$2
2018	\$ 1,254	\$ 1,254	\$93	1348.4%	1,808	\$1
2019	\$ -	\$ -	\$98	0.0%	1,808	\$0

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/forecasgin/demographics/estimates>

NOTE:

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

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

Fiscal Year Ended June 30	(A)	(B)		Amounts Available in		Ratio of Net	
	Population (OCFA Jurisdiction Only)	Assessed Value	Gross Bonded Debt	Debt Service Fund	Net Bonded Debt	Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2010	1,403	\$ 209,816,589	\$ -	\$ -	\$ -	0.00%	\$ -
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%	\$ -
2015	1,755	\$ 257,873,050	\$ -	\$ -	\$ -	0.00%	\$ -
2016	1,784	\$ 274,668,222	\$ -	\$ -	\$ -	0.00%	\$ -
2017	1,793	\$ 289,731,444	\$ -	\$ -	\$ -	0.00%	\$ -
2018	1,808	\$ 308,915,154	\$ -	\$ -	\$ -	0.00%	\$ -
2019	1,808	\$ 328,060,957	\$ -	\$ -	\$ -	0.00%	\$ -

SOURCES:

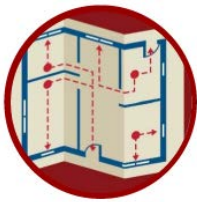
- (A) California Department of Finance, Population and Housing Estimates as of January 1
<http://www.dof.ca.gov/forecasting/demographics/estimates>
- (B) County of Orange, Auditor-Controller, Assessed Valuations by Fiscal Year
http://acweb1.ocgov.com/ac/txfdr_Civica/av/



Orange County Fire Authority Safety Message

Home Escape Plan (Part 2 of 3)

(Continued from Page 126)



Only 18 percent of families with children age 3-17 have practiced home fire drills.

Safety Tips

Every second counts during a fire. Create and practice a home escape plan so you and your family can get out quickly if the smoke alarm sounds.

Respond Safely if Fire Occurs

- ✓ Smoke and heat rise, so crawl low as you follow your escape plan.
- ✓ Close doors as you evacuate to slow the spread of smoke and fire.
- ✓ Test doors before opening. Use the back of your hand to feel the door for heat, starting at the bottom and working your way up. If the door feels warm, don't open it. Use your secondary exit to escape.
- ✓ Once you're out, stay out. Go immediately to your outside meeting place. Never go back inside for any reason.
- ✓ Call 9-1-1 once you are safely outside your home.

(Continued on Page 156)

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 County of Orange’s jurisdiction for the current fiscal year, as compared to nine fiscal years ago.

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

Calendar Year	(A)	(B)		(C)
	Population (Orange County)	Total Personal Income	Per Capita Income	Unemployment Rate
2010	3,166	\$ 147,195,100	\$ 46,492	11.8
2011	3,030	\$ 154,486,000	\$ 50,985	11.4
2012	3,056	\$ 169,584,000	\$ 55,492	10.2
2013	3,082	\$ 166,370,000	\$ 53,981	9.0
2014	3,114	\$ 179,141,000	\$ 57,528	7.6
2015	3,147	\$ 193,359,000	\$ 61,442	6.1
2016	3,183	\$ 199,442,000	\$ 62,658	5.0
2017	3,194	\$ 208,653,000	\$ 65,327	4.5
2018	3,221	\$ 220,368,000	\$ 68,416	4.2
2019	3,222	\$ 230,180,000	\$ 71,440	4.0

SOURCES:

- (A) California Department of Finance
 Population and Housing Estimates Table E-5, As of January 1
<http://www.dof.ca.gov/forecasting/demographics/estimates>

- (B) Chapman University Economic & Business Review
 Annual History and Forecasts
 Years 2014 - 2018 have been updated as of June 30, 2019.
 Most recent year (2019) is an estimate.

- (C) Bureau of Labor Statistics (<https://www.bls.gov/data/>), Local Area Unemployment Statistics, Los Angeles-Long Beach-Anaheim, CA Metropolitan Statistical Area. The 2010 - 2018 figures reflect revised inputs, re-estimation, and new statewide control. The 2019 figure is a six-month average for a partial year January - June.

NOTE:

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

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

Jurisdiction	Population			Housing Units		
	2010	2019	% Change	2010	2019	% Change
Aliso Viejo	46,123	51,372	11.4%	18,207	19,992	9.8%
Buena Park	84,141	83,384	-0.9%	24,523	25,131	2.5%
Cypress	49,981	49,833	-0.3%	16,647	16,464	-1.1%
Dana Point	37,326	34,249	-8.2%	15,983	16,118	0.8%
Irvine	217,686	280,202	28.7%	81,011	105,858	30.7%
Laguna Hills	33,593	31,572	-6.0%	11,153	11,298	1.3%
Laguna Niguel	67,666	66,748	-1.4%	25,035	26,235	4.8%
Laguna Woods	18,747	16,518	-11.9%	13,763	13,079	-5.0%
Lake Forest	78,720	86,346	9.7%	26,384	30,035	13.8%
La Palma	16,304	15,820	-3.0%	5,137	5,239	2.0%
Los Alamitos	12,270	11,721	-4.5%	4,422	4,394	-0.6%
Mission Viejo	100,725	96,434	-4.3%	34,278	34,958	2.0%
Placentia	52,305	52,333	0.1%	16,569	17,178	3.7%
Rancho Santa Margarita	49,945	48,960	-2.0%	16,792	17,345	3.3%
San Clemente	68,763	65,405	-4.9%	27,297	26,415	-3.2%
San Juan Capistrano	37,233	36,821	-1.1%	11,944	12,490	4.6%
Santa Ana (A)	357,754	337,716	-5.6%	75,943	78,563	3.4%
Seal Beach	26,010	25,073	-3.6%	14,546	14,534	-0.1%
Stanton	39,799	39,307	-1.2%	11,236	11,393	1.4%
Tustin	75,773	81,369	7.4%	26,420	28,145	6.5%
Villa Park	6,307	5,933	-5.9%	2,023	2,027	0.2%
Westminster	94,294	92,610	-1.8%	27,628	27,949	1.2%
Yorba Linda	69,273	68,706	-0.8%	22,103	23,602	6.8%
Unincorporated	120,088	129,128	7.5%	38,496	42,084	9.3%
Total OCFA, adjusted (A)	1,760,826	1,807,560	2.7%	567,540	610,526	7.6%
Total non-OCFA	1,405,635	1,414,938	0.7%	473,004	493,638	4.4%
Total Orange County	3,166,461	3,222,498	1.8%	1,040,544	1,104,164	6.1%
Total OCFA, adjusted	1,760,826			567,540		
Less: Santa Ana	(357,754)			(75,943)		
Total OCFA, actual	1,403,072	1,807,560	28.8%	491,597	610,526	24.2%

SOURCE: California Department of Finance, Population and Housing Estimates Table E-5
As of January 1, 2010 and 2019 <http://www.dof.ca.gov/forecasting/demographics/estimates>

NOTE:

(A) Before Santa Ana became an OCFA member city in April 2012, the city's data was included in the "non-OCFA" total. However, Santa Ana's 2009 data has been identified separately for comparison purposes.

ORANGE COUNTY FIRE AUTHORITY
Principal Employers
Current and Nine Years Ago

Employer	Fiscal Year 2009/10			Fiscal Year 2018/19		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Walt Disney Co.	20,000	1	1.25%	30,000	1	1.87%
University of California, Irvine	17,500	3	1.10%	23,605	2	1.47%
County of Orange	18,668	2	1.17%	18,257	3	1.14%
St. Joseph Health System	10,656	4	0.67%	13,786	4	0.86%
Kaiser Permanente				7,800	5	0.49%
Boeing Co.	8,100	5	0.51%	6,103	6	0.38%
Albertsons				6,057	7	0.38%
Walmart				6,000	8	0.37%
Hoag Memorial Hospital				5,680	9	0.35%
Target Corporation	6,100	7	0.38%	5,400	10	0.34%
Yum! Brands Inc.	7,000	6	0.44%			
Supervalu Inc.	6,082	8	0.38%			
California State University, Fullerton	5,768	9	0.36%			
Bank of America Corporation	5,500	10	0.35%			

SOURCE:

County of Orange Comprehensive Annual Financial Report for Fiscal Year 2017/18

For years ended June 30, 2018 and 2009

Amounts are reported one year in arrears due to availability of data at time of publication of this document.

<http://acdcweb01.ocgov.com/reports/cafrreports/>

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

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

Frozen Positions by Unit – Presents the number of frozen positions by unit as of June 30 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 ten fiscal years.

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

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.

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

Description of the Organization, Programs and Service Delivery – Provides an overview of the activities and responsibilities carried out by each of the OCFA’s departments.

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

Unit	As of June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Firefighter	863	863	1,010	1,011	1,011	1,011	1,023	1,023	1,048	1,153
Fire Management	41	41	45	45	45	45	45	45	45	52
General	197	196	203	205	205	205	213	213	211	252
Supervisory Management	28	28	28	28	27	27	27	27	30	32
Supported Employment	4	4	4	4	4	4	4	4	4	4
Administrative Management	42	42	42	43	44	44	43	43	43	41
Executive Management	7	7	7	7	7	8	8	8	7	10
Subtotal	<u>1,182</u>	<u>1,181</u>	<u>1,339</u>	<u>1,343</u>	<u>1,343</u>	<u>1,344</u>	<u>1,363</u>	<u>1,363</u>	<u>1,388</u>	<u>1,544</u>
Board Director	-	-	-	-	-	-	-	-	25	25
Total authorized positions	<u>1,182</u>	<u>1,181</u>	<u>1,339</u>	<u>1,343</u>	<u>1,343</u>	<u>1,344</u>	<u>1,363</u>	<u>1,363</u>	<u>1,413</u>	<u>1,569</u>
Funded positions:										
General Operating Fund	1,095	1,086	1,245	1,238	1,240	1,244	1,274	1,284	1,400	1,566
Facilities Replacement	<u>1</u>	-	-	-	-	-	-	-	-	-
Total funded positions	<u>1,096</u>	<u>1,086</u>	<u>1,245</u>	<u>1,238</u>	<u>1,240</u>	<u>1,244</u>	<u>1,274</u>	<u>1,284</u>	<u>1,400</u>	<u>1,566</u>
Unfunded positions:										
Unbudgeted positions	-	-	1	3	3	3	3	3	-	-
Frozen	<u>86</u>	<u>95</u>	<u>93</u>	<u>102</u>	<u>100</u>	<u>97</u>	<u>86</u>	<u>76</u>	<u>13</u>	<u>3</u>
Total unfunded positions	<u>86</u>	<u>95</u>	<u>94</u>	<u>105</u>	<u>103</u>	<u>100</u>	<u>89</u>	<u>79</u>	<u>13</u>	<u>3</u>
Total authorized positions	<u>1,182</u>	<u>1,181</u>	<u>1,339</u>	<u>1,343</u>	<u>1,343</u>	<u>1,344</u>	<u>1,363</u>	<u>1,363</u>	<u>1,413</u>	<u>1,569</u>
Increase (decrease) from prior fiscal year:										
Total funded positions	(36)	(10)	159	(7)	2	4	30	10	116	166
Total unfunded positions	<u>36</u>	<u>9</u>	<u>(1)</u>	<u>11</u>	<u>(2)</u>	<u>(3)</u>	<u>(11)</u>	<u>(10)</u>	<u>(66)</u>	<u>(10)</u>
Total authorized positions	<u>-</u>	<u>(1)</u>	<u>158</u>	<u>4</u>	<u>-</u>	<u>1</u>	<u>19</u>	<u>-</u>	<u>50</u>	<u>156</u>
			(1)						(2)	(3)

SOURCE: OCFA Treasury Division, Budget Section

NOTES:

- (1) 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).
- (2) During Fiscal Year 2017/18, Board Members were converted into employee positions and added to the authorized position control (25 positions).
- (3) The net increase of total authorized positions during Fiscal Year 2018/19 included 99 authorized positions for employees transitioning from the City of Garden Grove (74 Firefighter Unit, 3 Fire Management Unit, 22 General Unit).

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

Unit / Position	As of June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Firefighter Unit:										
Fire Apparatus Engineer	13	18	18	24	24	24	21	20	-	-
Fire Captain	16	24	24	27	27	27	24	22	3	1
Fire Pilot	-	-	-	-	1	1	1	1	-	-
Firefighter	15	18	18	18	18	18	18	18	-	-
Hand Crew Firefighter	22	-	-	-	-	-	-	-	-	-
Heavy Fire Equipment Operator	-	1	1	1	1	1	1	1	-	-
Total Firefighter Unit	66	61	61	70	71	71	65	62	3	1
Fire Management Unit:										
Fire Battalion Chief	2	2	2	2	2	2	2	1	-	-
Total Fire Management Unit	2	2	2	2	2	2	2	1	-	-
General Unit:										
Accountant	1	1	1	1	1	1	1	-	-	-
Administrative Assistant	-	3	5	5	5	5	4	1	1	-
Assistant Purchasing Agent	-	1	1	1	-	-	-	-	-	-
Business Analyst	-	-	-	-	1	1	1	-	-	-
Executive Assistant	-	1	-	-	-	-	-	-	-	-
Fire Equipment Technician	-	1	1	1	1	1	1	-	-	-
Fire Prevention Analyst	4	5	4	4	4	4	4	4	2	-
Fire Prevention Specialist	1	1	2	2	2	-	-	-	-	-
Human Resources Analyst	-	1	1	1	1	1	-	-	-	-
Management Assistant	-	1	1	1	-	-	-	-	-	-
Office Services Specialist	2	2	2	2	3	3	-	-	-	1
Project Specialist, Improvement	-	1	-	-	-	-	-	-	-	-
Public Relations Specialist	-	1	-	-	-	-	-	-	-	-
Senior Fire Equipment Technician	1	1	1	-	-	-	-	-	-	-
Senior Fire Prevention Specialist	4	4	3	3	2	2	2	2	2	-
WEFIT Coordinator	-	-	-	1	-	-	-	-	-	-
Total General Unit	13	24	22	22	20	18	13	7	5	1
Supervisory Management Unit:										
Accounting Support Supervisor	1	1	-	-	-	-	-	-	-	-
Assistant Fire Marshal	1	1	1	1	1	1	1	1	1	-
Information Technology Supervisor	1	1	1	1	1	1	-	-	-	-
Senior Fire Communications Supervisor	-	-	-	-	-	-	-	-	1	-
Total Supervisory Management Unit	3	3	2	2	2	2	1	1	2	-
Administrative Management Unit:										
Assistant IT Manager	-	-	-	-	-	-	1	1	1	-
Benefits Services Manager	-	1	1	1	-	-	-	1	-	-
Management Analyst	1	1	1	1	1	1	1	1	1	-
ODT Program Manager	-	1	1	1	1	-	-	-	-	1
Senior Accountant	1	1	2	2	2	2	2	2	1	-
Senior Human Resources Analyst	-	1	1	1	1	1	1	-	-	-
Total Administrative Management Unit	2	5	6	6	5	4	5	5	3	1
Total frozen positions	86	95	93	102	100	97	86	76	13	3

SOURCE: Orange County Fire Authority, Treasury Division, Budget Section

ORANGE COUNTY FIRE AUTHORITY
Jurisdiction Information
Last Ten Fiscal Years

Fiscal Year ended June 30	(A)	(B)	(C)	(A)	New and Closed Station(s)	
	Number of Member Agencies	Square Mile Area Served	Population Served	Number of Stations	+/-	Description
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	-	
2015	24	571	1,755,436	71	-	
2016	24	576	1,783,505	72	1	New Station 56 (County/Rancho Mission Viejo)
2017	24	576	1,793,040	72	-	
2018	24	576	1,807,862	72	-	
2019	24	576	1,807,560	72	-	

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/forecasting/demographics/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: 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.

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

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

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

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

SOURCE: Orange County Fire Authority, Community Risk Reduction Department

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

Fiscal Year Ended June 30 (1)	Fire	Rupture/ Explosion	Rescue/ EMS	Hazardous Condition	Service Call	Good Intent	False Alarm	Natural Disaster	Other	Total
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
2015	1,898	229	94,740	1,220	6,996	12,046	6,515	5	345	123,994
2016	2,338	197	102,994	1,314	7,921	13,261	6,575	6	9	134,615
2017	2,372	192	106,679	1,466	7,819	14,207	6,644	37	67	139,483
2018	2,651	147	110,327	1,163	7,955	14,010	6,060	3	68	142,384
2019	2,161	154	111,044	1,322	6,948	14,353	7,016	13	589	143,600

SOURCE:
Orange County Fire Authority, Community Risk Reduction Department

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

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

Member	Fiscal Year Ended June 30 (1)									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Aliso Viejo	2,005	2,094	2,071	2,226	2,194	2,420	2,511	2,654	2,810	2,871
Buena Park	5,676	5,652	5,836	5,849	6,057	6,569	7,016	7,053	7,193	7,242
Cypress	2,600	2,490	2,556	2,699	2,633	2,833	3,013	3,145	3,238	3,292
Dana Point	2,787	2,870	2,772	2,950	2,925	3,297	3,291	3,663	3,717	3,399
Irvine	11,981	12,214	11,969	12,485	12,896	13,875	14,688	15,967	16,325	16,797
La Palma	754	778	750	808	925	1,036	1,059	1,212	1,303	1,282
Laguna Hills	2,558	2,614	2,542	2,579	2,584	2,675	2,887	3,078	3,303	3,303
Laguna Niguel	3,094	3,255	3,358	3,476	3,685	3,584	3,861	4,054	3,947	4,192
Laguna Woods	4,399	4,560	4,717	4,748	4,306	4,847	5,319	5,636	5,281	5,342
Lake Forest	4,320	4,334	4,230	4,459	4,297	4,651	4,995	5,474	5,333	5,335
Los Alamitos	1,080	1,055	1,101	1,199	1,123	1,254	1,380	1,360	1,477	1,468
Mission Viejo	6,363	6,379	6,355	6,760	6,791	7,072	7,508	7,777	8,041	7,989
Placentia	2,696	2,837	2,714	2,846	2,806	2,981	3,132	3,325	3,609	3,564
Rancho Santa Margarita	2,009	2,015	2,105	1,983	2,111	2,254	2,415	2,447	2,542	2,366
San Clemente	3,961	3,813	3,999	4,187	4,334	4,668	5,080	5,311	5,239	5,069
San Juan Capistrano	2,429	2,580	2,617	2,701	2,934	3,164	3,629	3,899	3,931	3,786
Santa Ana (3)	n/a	n/a	3,654	18,915	19,303	21,465	23,455	25,074	26,707	27,518
Seal Beach	3,503	3,375	3,617	3,571	3,343	3,783	4,882	4,753	4,591	4,216
Stanton	2,401	2,597	2,660	2,878	2,879	3,113	3,413	3,396	3,284	3,343
Tustin	3,744	4,055	4,196	4,582	4,614	5,205	5,406	5,419	5,470	5,748
Villa Park	336	388	363	392	338	378	452	475	448	480
Westminster	5,724	5,882	6,012	6,486	6,201	6,880	7,442	7,560	7,702	7,772
Yorba Linda	2,937	2,928	3,125	3,277	3,185	3,547	3,716	3,747	4,059	4,146
Unincorporated	6,084	6,087	5,991	6,312	6,073	6,496	6,719	7,390	7,437	7,573
	<u>83,441</u>	<u>84,852</u>	<u>89,310</u>	<u>108,368</u>	<u>108,537</u>	<u>118,047</u>	<u>127,269</u>	<u>133,869</u>	<u>136,987</u>	<u>138,093</u>
Auto/Mutual Aid Given (2)	n/a	3,375	3,350	3,521	4,488	5,947	7,346	5,614	5,397	5,507
Total	<u>83,441</u>	<u>88,227</u>	<u>92,660</u>	<u>111,889</u>	<u>113,025</u>	<u>123,994</u>	<u>134,615</u>	<u>139,483</u>	<u>142,384</u>	<u>143,600</u>

SOURCE: Orange County Fire Authority, Community Risk Reduction Department

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 Ten Fiscal Years

Category	June 30, 2010		June 30, 2011	
	Historical Cost	Quantity	Historical Cost	Quantity
Air fill station	\$ 53,179	2	\$ 53,179	2
Aboveground storage tank	678,014	8	678,014	8
Audio visual equipment	768,132	23	754,726	23
Boat	23,412	2	23,412	2
Breathing Apparatus	-	-	-	-
Camera, thermal imaging	1,205,722	89	1,223,802	91
Camera, other	41,577	3	41,577	3
Communications equipment	1,465,264	38	1,488,213	41
Computer	82,126	5	82,126	5
Defibrillator	1,149,858	90	1,149,858	90
Exercise equipment	35,622	5	35,622	5
Fleet equipment	162,771	16	170,441	16
Forklift	102,994	3	88,098	2
Generator	553,049	24	510,078	23
GPS equipment (AVL regional interoperability projects)	1,391,000	2	1,391,000	2
Hazmat equipment	248,782	20	248,782	20
Helicopters and improvements:				
Helicopter	28,854,977	4	28,854,977	4
Helicopter, rotor blades	319,149	4	319,149	4
Helicopter, fast fin kits	-	-	-	-
Helicopter, flight director	-	-	-	-
Helicopter, multi-band radio upgrade	-	-	-	-
Helicopter equipment	747,865	40	770,085	42
Hydraulic tool	97,746	18	195,119	31
Kitchen equipment	33,403	4	33,403	4
Laptop	62,732	10	56,632	9
Manikin	73,144	12	67,452	11
Miscellaneous equipment	495,934	31	559,561	35
Mobile radio project (FY 2003/04 - FY 2004/05)	2,424,594	1	2,424,594	1
Mobile radio	116,008	18	116,008	18
Mobile radio, mobile data computer (MDC)	-	-	-	-
Network equipment	967,465	28	967,465	28
Office equipment	648,440	8	648,440	8
Portable building	226,348	13	226,348	13
Portable radio	25,640	5	25,640	5
Printer	77,218	7	77,218	7
Projector	25,838	4	25,838	4
Router	37,405	4	37,405	4
Scanner	-	-	-	-
Search equipment	211,366	15	204,105	14
Server	1,148,057	88	1,049,533	82
Software	7,068,488	55	7,068,488	55
Switch	264,893	14	282,393	16
Tablet	-	-	-	-
Tent	122,237	12	122,237	12
Trailer	423,376	16	423,376	16
Workstation	1,641,243	25	1,641,243	25
	<u>\$ 54,075,068</u>	<u>766</u>	<u>\$ 54,135,637</u>	<u>781</u>

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

June 30, 2012		June 30, 2013		June 30, 2014	
Historical Cost	Quantity	Historical Cost	Quantity	Historical Cost	Quantity
\$ 53,179	2	\$ 53,179	2	53,179	2
678,014	8	678,014	8	678,014	8
716,800	18	716,800	18	716,800	18
31,515	4	31,515	4	31,515	4
-	-	-	-	-	-
1,251,757	104	1,117,422	97	1,214,725	113
11,171	1	11,171	1	11,171	1
1,512,740	42	1,533,009	44	1,458,744	39
82,126	5	82,126	5	82,126	5
1,528,398	105	1,528,398	105	1,526,069	105
35,622	5	35,622	5	35,622	5
172,042	16	172,042	16	172,042	16
93,177	3	93,177	3	93,177	3
504,562	22	504,562	22	504,562	22
1,391,000	2	1,391,000	2	1,391,000	2
337,453	24	336,275	23	432,282	23
28,854,977	4	28,854,977	4	28,854,977	4
319,149	4	319,149	4	319,149	4
-	-	-	-	148,104	2
-	-	-	-	-	-
-	-	-	-	-	-
778,885	42	787,062	43	780,245	42
368,216	55	377,287	56	401,133	60
33,403	4	33,403	4	33,403	4
44,108	7	29,058	5	29,058	5
67,452	11	67,452	11	67,452	11
597,167	40	643,040	46	660,496	49
2,424,594	1	2,424,594	1	2,424,594	1
107,671	17	107,671	17	107,671	17
-	-	-	-	-	-
804,981	27	952,374	30	1,321,172	31
648,440	8	638,472	7	632,865	6
226,348	13	236,843	14	274,656	14
25,640	5	79,452	15	79,452	15
72,039	7	72,039	6	72,039	6
10,372	2	10,372	2	10,372	2
37,405	4	37,405	4	37,405	4
-	-	-	-	-	-
163,944	11	163,944	11	196,302	13
1,027,950	81	1,022,818	81	997,288	79
7,074,050	55	7,117,506	56	7,117,506	56
282,393	16	282,393	16	312,760	17
-	-	-	-	-	-
122,237	12	122,237	12	122,237	12
437,742	16	527,629	18	512,761	18
1,641,243	25	1,641,243	25	1,641,243	25
<u>\$ 54,569,962</u>	<u>828</u>	<u>\$ 54,832,732</u>	<u>843</u>	<u>\$ 55,555,368</u>	<u>863</u>

(Continued on next page)

ORANGE COUNTY FIRE AUTHORITY
Capital Equipment by Category
(Continued)

Category	June 30, 2015		June 30, 2016	
	Historical Cost	Quantity	Historical Cost	Quantity
Air fill station	\$ 53,179	2	53,179	2
Aboveground storage tank	678,014	8	678,014	8
Audio visual equipment	734,581	20	734,581	20
Boat	31,515	4	31,515	4
Breathing Apparatus	-	-	-	-
Camera, thermal imaging	1,167,318	107	1,115,772	102
Camera, other	33,713	4	44,264	5
Communications equipment	1,458,744	39	1,523,812	51
Computer	90,386	6	90,386	6
Defibrillator	1,526,069	105	1,526,069	105
Exercise equipment	35,622	5	35,622	5
Fleet equipment	189,888	17	252,867	24
Forklift	93,177	3	93,177	3
Generator	504,562	22	504,562	22
GPS equipment (AVL regional interoperability projects)	1,391,000	2	1,391,000	2
Hazmat equipment	479,786	26	479,786	26
Helicopters and improvements:				
Helicopter	28,854,977	4	28,854,977	4
Helicopter, rotor blades	319,149	4	319,149	4
Helicopter, fast fin kits	148,104	2	148,104	2
Helicopter, flight director	-	-	-	-
Helicopter, multi-band radio upgrade	-	-	-	-
Helicopter equipment	942,245	43	942,245	43
Hydraulic tool	468,400	67	490,913	69
Kitchen equipment	33,403	4	33,403	4
Laptop	29,058	5	23,832	4
Manikin	67,452	11	67,452	11
Miscellaneous equipment	702,500	52	735,503	55
Mobile radio project (FY 2003/04 - FY 2004/05)	2,424,594	1	2,424,594	1
Mobile radio	82,659	14	88,700	16
Mobile radio, mobile data computer (MDC)	-	-	-	-
Network equipment	1,288,223	29	1,294,452	30
Office equipment	632,865	6	632,865	6
Portable building	352,872	17	352,872	17
Portable radio	143,605	27	138,477	26
Printer	72,039	6	72,039	6
Projector	10,372	2	10,372	2
Router	37,405	4	72,745	8
Scanner	5,489	1	5,489	1
Search equipment	210,657	14	236,657	16
Server	1,000,858	69	1,211,242	72
Software	9,176,979	50	10,502,153	53
Switch	312,760	17	349,909	20
Tablet	5,455	1	24,882	4
Tent	122,237	12	122,237	12
Trailer	523,455	18	523,455	18
Workstation	1,641,243	25	1,641,243	25
	<u>\$ 58,076,609</u>	<u>875</u>	<u>\$ 59,874,567</u>	<u>914</u>

June 30, 2017		June 30, 2018		June 30, 2019	
Historical Cost	Quantity	Historical Cost	Quantity	Historical Cost	Quantity
53,179	2	53,179	2	53,179	2
678,014	8	678,014	8	678,014	8
734,581	20	734,581	20	734,581	20
64,986	6	80,606	7	80,606	7
-	-	-	-	20,394	4
1,107,655	101	1,198,258	111	1,251,200	117
44,264	5	44,264	5	44,264	5
1,702,712	83	1,689,198	81	1,696,094	82
25,900	4	25,900	4	25,900	4
5,312,042	229	3,802,620	121	4,089,086	130
40,790	6	40,790	6	40,790	6
284,885	27	261,714	28	294,849	29
134,138	4	134,138	4	134,138	4
504,562	22	504,562	22	504,562	22
1,391,000	2	1,391,000	2	1,391,000	2
479,786	26	479,786	26	500,242	30
28,854,977	4	28,854,977	4	28,854,977	4
319,149	4	319,149	4	319,149	4
148,104	2	148,104	2	213,749	3
-	-	168,804	2	168,804	2
-	-	-	-	183,096	2
995,953	46	1,003,199	47	1,003,199	47
535,309	72	1,108,303	148	905,931	119
26,394	3	26,394	3	20,395	2
17,957	3	17,957	3	17,957	3
67,452	11	75,129	12	32,371	5
798,762	59	891,816	67	978,892	74
2,424,594	1	2,424,594	1	2,424,594	1
88,700	16	88,700	16	99,592	18
196,398	30	196,398	30	385,726	60
1,294,452	30	1,294,452	30	1,294,452	30
632,865	6	642,985	7	685,053	9
352,872	17	352,872	17	687,025	20
138,477	26	138,477	26	400,892	71
68,552	6	68,552	6	77,501	7
10,372	2	5,153	1	5,153	1
72,745	8	72,745	8	72,745	8
5,489	1	5,489	1	5,489	1
258,921	18	258,921	18	258,921	18
936,541	57	1,150,118	72	944,725	48
10,491,277	52	10,491,277	52	10,538,302	56
349,909	20	356,521	21	514,813	58
24,882	4	24,882	4	24,882	4
154,551	13	180,849	15	194,207	16
465,143	18	572,659	21	656,551	22
1,641,243	25	1,641,243	25	1,647,704	26
<u>\$ 63,930,534</u>	<u>1,099</u>	<u>\$ 63,699,329</u>	<u>1,110</u>	<u>\$ 65,155,746</u>	<u>1,211</u>

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

Category	June 30, 2010		June 30, 2011	
	Historical Cost	Quantity	Historical Cost	Quantity
Air Utility	\$ 629,011	3	\$ 629,011	3
Ambulance	935,731	8	776,283	6
Battalion Chief Vehicle	1,300,458	26	1,488,518	28
Brush Chipper	34,289	2	34,289	2
Crew Cab	139,057	3	139,057	3
Crew-Carrying Vehicle	297,336	4	297,336	4
Dump Truck	66,366	1	66,366	1
Fire Command	402,755	2	402,755	2
Fire Dozer	723,403	4	723,403	4
Foam Tender	152,245	1	152,245	1
Fuel Tender	226,392	2	226,392	2
Hazmat Unit	674,962	2	674,962	2
Heavy Rescue Unit	658,107	1	658,107	1
Hose Tender	103,189	1	103,189	1
Lift Truck	71,780	1	71,780	1
Loader	-	-	-	-
Paramedic Van	1,393,496	21	1,860,604	22
Parade Engine	35,000	2	35,000	2
Patrol	1,539,901	19	1,539,901	19
Patrol, Compressed Air Foam System (CAFS)	858,456	12	858,456	12
Pickup Truck	1,590,978	41	1,590,978	41
Road Grader	102,396	1	102,396	1
Sedan	83,753	4	61,256	3
Squad	578,998	7	578,998	7
Stakeside	34,289	1	34,289	1
Sport Utility Vehicle (SUV)	2,866,442	107	2,820,880	104
Telesquirt	2,358,138	7	2,099,242	6
Transport Tractor	506,673	5	506,673	5
Truck, 90', 100' and 110' Tractor Drawn Aerials	4,428,314	5	4,428,314	5
Truck, 75' Quint	2,717,185	6	3,536,736	7
Truck, 90' Quint	4,429,851	9	4,429,851	9
Truck, 100' Quint	-	-	-	-
Truck, Other	427,613	5	427,613	5
Truck, Compressed Air Foam System (CAFS)	-	-	-	-
Type 1 Engine	26,065,677	91	25,031,630	84
Type 1 Wildland Urban Interface Engine	1,702,359	4	2,127,949	5
Type 2 Engine	1,020,651	7	305,219	2
Type 3 Engine	4,105,746	13	4,105,746	13
Utility	161,801	4	161,801	4
Van	639,778	25	623,608	24
Water Tender	753,535	5	753,535	5
	<u>\$ 64,816,111</u>	<u>462</u>	<u>\$ 64,464,368</u>	<u>447</u>

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

June 30, 2012		June 30, 2013		June 30, 2014	
Historical Cost	Quantity	Historical Cost	Quantity	Historical Cost	Quantity
\$ 820,733	4	820,733	4	\$ 820,733	4
776,283	6	674,739	5	674,739	5
1,518,914	29	1,518,914	29	1,518,914	29
34,289	2	34,289	2	34,289	2
69,009	2	69,009	2	-	-
452,373	4	452,373	4	452,373	4
66,366	1	66,366	1	66,366	1
402,755	2	402,755	2	820,829	4
723,403	4	723,403	4	723,403	4
152,245	1	152,245	1	152,245	1
376,164	3	376,164	3	376,164	3
1,077,646	3	1,077,646	3	1,077,646	3
658,107	1	658,107	1	658,107	1
103,189	1	103,189	1	103,189	1
71,780	1	71,780	1	71,780	1
-	-	-	-	-	-
1,860,604	22	1,860,604	22	1,860,604	22
-	-	-	-	-	-
1,539,901	19	1,539,901	19	1,539,901	19
858,456	12	858,456	12	858,456	12
1,796,208	49	1,943,905	51	2,081,006	53
102,396	1	102,396	1	102,396	1
61,256	3	61,256	3	44,994	2
578,998	7	578,998	7	578,998	7
34,289	1	34,289	1	34,289	1
2,658,508	98	2,637,875	97	2,560,913	94
2,344,077	7	1,995,305	6	1,736,407	5
506,673	5	506,673	5	506,673	5
4,943,110	8	4,938,110	7	4,938,110	7
3,124,257	6	3,124,257	6	3,124,257	6
3,562,035	7	3,562,035	7	3,562,035	7
2,354,146	2	2,354,146	2	2,354,146	2
427,538	5	427,538	5	592,188	7
21,649	1	44,058	2	44,058	2
26,638,285	90	26,638,285	90	28,363,285	92
2,127,949	5	3,451,627	8	3,451,627	8
152,610	1	152,610	1	152,610	1
4,105,746	13	3,871,874	11	4,653,221	13
145,169	3	145,169	3	145,169	3
623,608	24	623,608	24	623,608	24
753,535	5	753,535	5	753,535	5
<u>\$ 68,624,259</u>	<u>458</u>	<u>69,408,222</u>	<u>458</u>	<u>\$ 72,213,263</u>	<u>461</u>

(Continued on next page)

ORANGE COUNTY FIRE AUTHORITY
Capital Vehicles by Category
(Continued)

Category	June 30, 2015		June 30, 2016	
	Historical Cost	Quantity	Historical Cost	Quantity
Air Utility	\$ 820,733	4	820,733	4
Ambulance	573,194	4	573,194	4
Battalion Chief Vehicle	1,518,914	29	2,098,087	42
Brush Chipper	34,289	2	103,545	3
Crew Cab	-	-	-	-
Crew-Carrying Vehicle	452,373	4	452,373	4
Dump Truck	66,366	1	66,366	1
Fire Command	674,655	3	674,655	3
Fire Dozer	550,978	2	550,978	2
Foam Tender	152,245	1	152,245	1
Fuel Tender	376,164	3	376,164	3
Hazmat Unit	1,077,646	3	1,077,646	3
Heavy Rescue Unit	658,107	1	679,608	1
Hose Tender	103,189	1	103,189	1
Lift Truck	71,780	1	71,780	1
Loader	81,996	1	81,996	1
Paramedic Van	1,860,604	22	1,860,604	22
Parade Engine	-	-	-	-
Patrol	1,539,901	19	1,539,901	19
Patrol, Compressed Air Foam System (CAFS)	858,456	12	858,456	12
Pickup Truck	2,081,006	53	2,327,501	63
Road Grader	102,396	1	102,396	1
Sedan	44,994	2	-	-
Squad	578,998	7	578,998	7
Stakeside	34,289	1	34,289	1
Sport Utility Vehicle (SUV)	2,505,905	92	2,621,995	93
Telesquirt	1,736,407	5	1,736,407	5
Transport Tractor	506,673	5	506,673	5
Truck, 90', 100' and 110' Tractor Drawn Aerials	4,938,110	7	4,948,930	8
Truck, 75' Quint	3,124,257	6	3,124,257	6
Truck, 90' Quint	3,062,553	6	3,062,553	6
Truck, 100' Quint	2,354,146	2	2,354,146	2
Truck, Other	768,076	11	768,076	11
Truck, Compressed Air Foam System (CAFS)	44,058	2	44,058	2
Type 1 Engine	28,442,065	90	30,580,415	94
Type 1 Wildland Urban Interface Engine	3,451,627	8	3,451,627	8
Type 2 Engine	152,610	1	152,610	1
Type 3 Engine	4,653,221	13	4,653,221	13
Utility	145,169	3	145,169	3
Van	451,395	19	451,395	19
Water Tender	753,535	5	753,535	5
	<u>\$ 71,403,080</u>	<u>452</u>	<u>\$ 74,539,771</u>	<u>480</u>

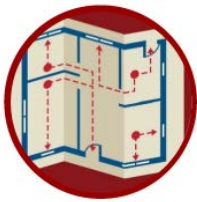
June 30, 2017		June 30, 2018		June 30, 2019	
Historical Cost	Quantity	Historical Cost	Quantity	Historical Cost	Quantity
820,733	4	820,733	4	820,733	4
573,194	4	573,194	4	573,194	4
2,161,593	42	2,224,326	42	2,468,254	46
84,438	2	84,438	2	84,438	2
-	-	-	-	-	-
452,373	4	447,373	3	447,373	3
66,366	1	66,366	1	66,366	1
674,655	3	674,655	3	674,655	3
550,978	2	550,978	2	550,978	2
152,245	1	152,245	1	152,245	1
376,164	3	376,164	3	376,164	3
939,162	2	939,162	2	939,162	2
679,608	1	679,608	1	679,608	1
103,189	1	-	-	-	-
71,780	1	71,780	1	71,780	1
81,996	1	81,996	1	81,996	1
1,860,604	22	1,566,150	19	1,566,150	19
-	-	-	-	-	-
1,539,901	19	1,791,780	20	1,791,780	20
858,456	12	858,456	12	858,456	12
3,213,233	85	3,275,670	86	3,726,138	98
102,396	1	170,438	2	170,438	2
-	-	-	-	-	-
496,839	6	1,074,089	9	1,465,052	11
34,289	1	34,289	1	34,289	1
2,602,271	92	2,224,726	79	2,186,521	77
1,736,407	5	1,387,635	4	1,038,862	3
506,673	5	506,673	5	506,673	5
6,641,223	9	9,236,148	11	17,609,131	17
3,124,257	6	3,124,257	6	3,124,257	6
3,062,553	6	3,062,553	6	3,062,553	6
2,354,146	2	2,354,146	2	2,354,146	2
804,028	11	790,798	10	790,798	10
44,058	2	44,058	2	44,058	2
32,151,624	94	32,151,624	94	37,752,647	103
3,451,627	8	3,451,627	8	3,451,627	8
152,610	1	152,610	1	152,610	1
4,653,221	13	4,653,221	13	4,653,221	13
145,169	3	145,169	3	145,169	3
435,224	18	435,224	18	649,798	26
753,535	5	753,535	5	753,535	5
<u>\$ 78,512,818</u>	<u>498</u>	<u>\$ 80,987,894</u>	<u>486</u>	<u>\$ 95,874,855</u>	<u>524</u>



Orange County Fire Authority Safety Message

Home Escape Plan (Part 3 of 3)

(Continued from Page 136)



Only 18 percent of families with children age 3-17 have practiced home fire drills.

Safety Tips

Every second counts during a fire. Create and practice a home escape plan so you and your family can get out quickly if the smoke alarm sounds.

If Trapped by Fire

- ✓ Close the door between you and the fire.
- ✓ Use towels, blankets, or clothing to seal door cracks and help prevent smoke from entering the room.
- ✓ Call 9-1-1 and tell the dispatcher where you are in the home.
- ✓ Signal for help from a window when firefighters arrive.

ORANGE COUNTY FIRE AUTHORITY
List of Stations by Member Agency
As of June 30, 2019



City of Aliso Viejo
#57, 57 Journey, 92656



City of Buena Park
#61, 7440 La Palma Ave. 90620
#62, 7780 Artesia Blvd. 90621
#63, 9120 Holder St. 90620



City of Cypress
#17, 4991 Cerritos Ave. 90630



City of Dana Point
#29, 26111 Victoria Blvd. 92624
#30, 23831 Stonehill Dr. 92629



City of Irvine
#4, 2 California Ave. 92612
#6, 3180 Barranca Pkwy. 92606
#20, 7050 Corsair, 92618
#26, 4691 Walnut Ave. 92604
#27, 12400 Portola Springs 92618
#28, 17862 Gillette Ave. 92614
#36, 301 E. Yale Loop 92604
#38, 26 Parker 92618
#47, 47 Fossil 92603
#51, 18 Cushing 92618
#55, 4955 Portola Pkwy. 92620



City of La Palma
#13, 7822 Walker St. 90623



**Cities of Laguna Hills and
Laguna Woods**
#22, 24001 Paseo de Valencia, Laguna Hills 92653



City of Laguna Niguel
#5, 23600 Pacific Island Dr. 92677
#39, 24241 Avila Rd. 92677
#49, 31461 St. of the Golden Lantern 92677



City of Lake Forest
#19, 23022 El Toro Rd. 92630
#42, 19150 Ridgeline Rd., 92679
#54, 19811 Pauling Ave., 92610



City of Los Alamitos
#2, 3642 Green Ave. 90720



City of Mission Viejo
#9, #9 Shops at Mission Viejo 92691
#24, 25862 Marguerite Pkwy. 92692
#31, 22426 Olympiad Rd. 92692



City of Placentia
#34, 1530 N. Valencia 92870
#35, 110 S. Bradford 92870



City of Rancho Santa Margarita
#45, 30131 Aventura 92688



City of San Clemente

- #50, 670 Camino de Los Mares 92672
- #59, 48 Avenida La Pata 92673
- #60, 100 Avenida Victoria 92672



City of San Juan Capistrano

- #7, 31865 Del Obispo 92675



City of Santa Ana

- #70, 2301 Old Grand 92701
- #71, 1029 West 17th St. 92706
- #72, 1688 East 4th St. 92701
- #73, 419 Franklin 92703
- #74, 1427 South Broadway 92707
- #75, 120 West Walnut 92701
- #76, 950 West MacArthur 92707
- #77, 2317 South Greenville 92704
- #78, 501 North Newhope 92703
- #79, 1320 East Warner 92705



City of Seal Beach

- #44, 718 Central Ave. 90740
- #48, 3131 N. Gate Rd. 90740



City of Stanton

- #46, 7871 Pacific St. 90680



City of Tustin

- #37, 15011 Kensington Park Dr. 92780
- #43, 11490 Pioneer Way 92782



City of Villa Park

- #23, 5020 Santiago Canyon Rd. 92869



City of Westminster

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



City of Yorba Linda

- #10, 18422 E. Lemon Dr. 92886
- #32, 20990 Yorba Linda Blvd. 92887
- #53, 25415 La Palma Ave. 92887



County of Orange, Unincorporated

- #8, 10631 Skyline Dr., Santa Ana 92705
- #11, 259 Emerald Bay, Laguna Beach 92651
- #14, P.O. Box 12, Silverado 92676
- #15, 27172 Silverado Canyon Rd., Silverado 92676
- #16, 28891 Modjeska Canyon Rd., Silverado 92676
- #18, 30942 Trabuco Canyon Rd., Trabuco Canyon 92679
- #21, 1241 Irvine Blvd., Tustin 92780
- #25, 8171 Bolsa Ave., Midway City 92655
- #40, 25082 Vista del Verde, Coto de Caza 92679
- #56, 56 Sendero Way, Rancho Mission Viejo 92694
- #58, 58 Station Way, Ladera Ranch 92694

Specialty Stations



Airport Rescue & Firefighting

- #33, 374 Paularino, Costa Mesa 92626



Helicopter Operations

- #41, 3900 W. Artesia Ave., Fullerton 92633

**ORANGE COUNTY FIRE AUTHORITY
Description of the Organization, Programs and Service Delivery
As of June 30, 2019**

Orange County Fire Authority (OCFA) is managed by an Executive Management team consisting of an appointed Fire Chief, two Deputy Chiefs, six Assistant Chiefs, and one Director. Assistant Chiefs oversee service activities that are organized into six primary departments or divisions – Operations, Emergency Medical Services (EMS), Business Services, Community Risk Reduction, Human Resources, and Logistics – which are further organized into divisions, battalion, sections, and/or programs to effectively carry out the mission of the OCFA. OCFA’s overall structure is organized and managed as follows:

OCFA	Fire Chief
Bureau.....	Deputy Chief
Department	Assistant Chief
Division	Assistant Chief, Director, or Division Chief
Battalion / Section / Program	Battalion Chief or Section Manager

EXECUTIVE MANAGEMENT

Executive Management provides direction to areas of the organization and ensures that the types and levels of services provided are consistent with Board policy and the adopted budget. 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.

CORPORATE COMMUNICATIONS

Corporate Communications, which is overseen by a Director reporting directly to the Fire Chief, facilitates public information and media relations, and provides support to Executive Management staff on special projects designed to keep the public and other agencies informed about OCFA.

- The **Public Information Officer (PIO)** serves as the spokesperson for OCFA during major incidents and ensures that the public is kept informed through the release of accurate and timely information, news releases, and board advisories.
- **Multimedia** is responsible for meeting all OCFA audio, video, and photographic needs.

EMERGENCY OPERATIONS BUREAU

COMMAND & EMERGENCY PLANNING DIVISION

The **Command & Emergency Planning Division**, which is overseen by a Division Chief reporting directly to the Deputy Chief of the Emergency Operations Bureau, provides the following services:

- The **Emergency Command Center (ECC)** serves as a secondary 9-1-1 Public Safety Answering Point (PSAP) and dispatch center for fire and medical emergencies by answering emergency calls, identifying the nature and location of the emergency, and dispatching resources. The ECC also serves as the Operational Area Coordinator for fire and rescue mutual aid for all Orange County fire service agencies.
- **Emergency Planning and Coordination (EPAC)** is primarily responsible for emergency management planning, serving as the OCFA’s representative to the Operational Area Emergency Operations Center (Loma Ridge) and the Operational Area Fire Mutual Aid Representative to the California Office of Emergency Services Region I Office.

SPECIAL OPERATIONS DIVISION

The **Special Operations Division**, which is overseen by a Division Chief reporting directly to the Deputy Chief of the Emergency Operations Bureau, coordinates and facilitates all operational agreements that OCFA maintains with outside entities, including the California Governor’s Office of Emergency Services (Cal OES), the California Department of Forestry and Fire Protection (CAL FIRE), and the

United States Forest Service (USFS). The division also provides the following services and programs:

- The **Urban Search and Rescue (USAR) Program** provides specialized emergency response capabilities and equipment for the federal USAR task force, the Swift Water Rescue program, and the Mass Casualty Unit.
- The **Hazardous Materials Program** provides administration, oversight, and training for the Hazardous Materials Response Team (HMRT) and the Fire and Law Enforcement Joint Hazard Assessment Team (JHAT).
- **Investigations** conducts fire investigations and evaluations, and initiates early intervention strategies. Other responsibilities include administration of the Fire F.R.I.E.N.D.S. diversion program for juvenile-related fires; OCFIRS quality assurance; state and national reporting; and oversight of the Orange County Intelligence and Assessment Center (OCIAAC).
- **Air Operations** is responsible for coordination and maintenance of OCFA's firefighting helicopters, which are used for emergency responses for wildland and wildland urban interface fires and special rescues such as swift and still water rescues, medical rescue support, and disaster mitigation.
- **Wildland Operations** oversees the coordination of firefighting hand crews and heavy fire equipment.

OPERATIONS DEPARTMENT

The **Operations Department** provides command and control direction regarding daily operations and all fire suppression activities, as well as specialized training programs for safety personnel and overall OCFA-wide staff development. There are seven operational field divisions, each under the command of a Division Chief. Divisions are divided into field battalions, which are under the command of Battalion Chiefs. Within these field battalions are 72 fire stations that provide for regional emergency response to structure fires, medical aids, rescues, hazardous materials incidents, and wildland fires. Activities and additional responsibilities of each Division include the following:

- **Division 1 – Battalion 1** primarily serves the cities of Los Alamitos, Seal Beach, and Westminster, as well as the unincorporated communities of Midway City and Rossmoor. Division 1 also assists with the provision of emergency services to Seal Beach Naval Weapons Station and the Joint Forces Training Base in Los Alamitos, and provides oversight for the OCFA Equipment Committee.
- **Division 2 – Battalion 5 and Battalion 10** primarily serve the city of Irvine, as well as the unincorporated community of Santa Ana Heights. Division 2 provides emergency services to the University of California, Irvine (UCI), John Wayne Airport (JWA), and the Orange County Great Park. The division also provides oversight for Airport Rescue Fire Fighting (ARFF) services.
- **Division 3 – Battalion 6** primarily serves the cities of Dana Point, San Clemente, and San Juan Capistrano, as well as the unincorporated community of Rancho Mission Viejo and areas along Ortega Highway in 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, Ladera Ranch, Las Flores, and Trabuco Canyon. Division 3 provides oversight for the OCFA Apparatus Committee.
- **Division 4 – Battalion 2** primarily serves the cities of Placentia and Yorba Linda, as well as the unincorporated communities of Carbon Canyon, Chino Hills State Park, and Tonner Canyon. **Battalion 3** primarily serves the cities Tustin and Villa Park, as well as the unincorporated communities of Cowan Heights, El Modena, Lemon Heights, Orange Park Acres, Modjeska Canyon, Santiago Canyon, and Silverado Canyon. **Community Volunteer Services (CVS)** coordinates the Reserve Firefighters (RFF) program, the OCFA Chaplain Program, and the Fire Exploring Program.
- **Division 5 – Battalion 4** primarily serves the cities of Aliso Viejo, Laguna Hills, Laguna Niguel, Laguna Woods, and Lake Forest, as well as the unincorporated community of Emerald Bay. Division 5 oversees and manages the Staffing Program, which ensures 24/7 staffing levels at all stations; the Staffing Committee; and the employee transfer process within the Operations Department.
- **Division 6 – Battalion 9** primarily serves the city of Santa Ana.
- **Division 7 – Battalion 8** primarily serves the cities of Buena Park, Cypress, La Palma, and Stanton. The division is also responsible

for coordinating all grants received from the Office of Homeland Security.

- The **Operations Training and Promotions Division** facilitates and coordinates the Fire Apparatus Engineer, Fire Captain, and Fire Battalion Chief academies and assessment centers. The division works collaboratively with the Operations Training & Safety Division on rank-specific, operations-based training. Lastly, the division coordinates with Santa Ana College and the California Joint Apprenticeship Committee (CFFJAC) on various training activities and programs.
- The **Operations Training & Safety Division (Training)** delivers and facilitates all operations personnel training activities and serves in a lead capacity on issues of employee and incident safety. Training Officers double as incident safety officers.

EMS DEPARTMENT

The **EMS Department** provides emergency medical and specialized training programs for safety personnel. Specific activities and responsibilities of the department include the following:

- The **Emergency Medical Services (EMS) Division** manages the delivery of medical services by OCFA's emergency medical technicians (EMT) and paramedics. EMS serves as a liaison to county and state regulatory agencies, hospitals, ambulance providers, and other EMS groups.

ADMINISTRATION & SUPPORT BUREAU

HUMAN RESOURCES DIVISION

The **Human Resources Division**, which is overseen by an Assistant Chief reporting directly to the Deputy Chief of the Administration & Support Bureau, provides the following programs and services:

- **Benefits** administers employee benefit programs, including health, accidental death and dismemberment, dental, vision, life, disability, and optional benefit plans; has oversight for human resources information systems; and oversees classification and compensation studies.
- **Employee Relations** oversees performance management; meet and confer, appeal, and grievance processes; and Memorandum of Understanding (MOU) administration. In addition, Employee Relations includes the OCFA accommodation program, which involves scheduling and facilitating interactive process meetings and the identification of reasonable accommodations.
- **Recruitment** oversees recruitment and selection processes.
- **Risk Management** administers OCFA's general liability insurance, self-insured workers' compensation, and environmental health and safety programs. Risk Management also oversees the Wellness and Fitness (WEFIT) program, which includes medical and fitness evaluations, behavioral health, cancer awareness and prevention, peer fitness trainers, employee health and fitness education, and physical training for firefighter academy recruits.

BUSINESS SERVICES DEPARTMENT

The **Business Services Department** provides the following services:

- The **Clerk Division** administers democratic processes, such as access to OCFA records and all legislative actions ensuring transparency to the public.
- The **Finance Division** oversees the processing, accounting, reporting, and auditing of all OCFA financial records. It is responsible for developing policies and procedures designed to protect and safeguard OCFA's assets. Specific functions include accounts receivable, general accounting, cost accounting, accounts payable, payroll, and timekeeping.
- The **Legislative Division** identifies and tracks local, state, and federal legislation that could impact OCFA; submits legislative analysis to the Board of Directors; sends letters on behalf of the Board of Directors when a position is taken on an item of legislation; and

manages the grant application process for all OCFA grants.

- The **Purchasing Division** administers the centralized procurement of all supplies, services, equipment, and construction services through competitive solicitations. The Purchasing Division is also responsible for administering the procurement card program and surplus disposition.
- The **Treasury Division** provides cash management, budgetary, and financial support services. Treasury services include monitoring cash balances; making investments in compliance with OCFA's Investment Policy; issuing and administering long and short-term debt; and providing oversight of the deferred compensation, pension, and retiree medical programs. Financial planning services include preparation of the budget; annual reviews of OCFA's fiscal health; financial forecasting; and special financial studies.

COMMUNITY RISK REDUCTION DEPARTMENT

The **Community Risk Reduction Department** contributes to community safety and prosperity through the systematic mitigation of risk. Specific programs and services include the following:

- The **Planning and Development Division** interacts with developers, architects, and engineers to meet the fire protection requirements for buildings and developments. This division reviews all architectural development plans and proposals submitted within OCFA's jurisdiction, including tract and parcel maps, permits for conditional use, site development, coastal development, and other items related to the developmental process.
- The **Prevention Field Services Division** assists stakeholders in maintaining and enhancing safe communities through the following:
 - **Inspection Services** conducts fire safety inspections; enforces applicable fire codes and ordinances; and assures that public safety issues are researched and addressed as appropriate.
 - **Community Relations and Education** facilitates public safety education and awareness through large-scale educational campaigns and community outreach events.
 - **Community Wildfire Mitigation** takes a proactive approach to wildland fire prevention through the systematic evaluation of risk, fuels mitigation, road maintenance, vegetation management, and home hardening education through ongoing collaboration with partner organizations, land owners, and communities.

LOGISTICS DEPARTMENT

The **Logistics Department** provides essential support to all departments of the OCFA in the following areas:

- The **Fleet Services Division** ensures the effective and timely repair, servicing, and maintenance of all vehicles, apparatus, and equipment. Responsibilities include coordinating new vehicle specifications and purchases, maintenance schedules, and replacement prioritization.
- The **Information Technology Division** is responsible for 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.
- The **Property Management Division** builds, maintains, and repairs all OCFA real property and durable infrastructure. Responsibilities include construction of new fire stations and the maintenance and operations of all fire stations and facilities, including the air operations hangar, the Urban Search and Rescue and Training facility, and the Regional Fire Operations and Training Center (RFOTC).
- The **Service Center Division** provides OCFA's organization-wide logistical support. Responsibilities include shipping, receiving,

and warehousing services for a wide variety of organizational supplies; mail processing and delivery; testing and repair of firefighting equipment; providing and maintaining personal protective equipment (PPE) for firefighters; outfitting new fire apparatus with equipment; and providing specialized emergency support on incidents.