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

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

$44,000,000
ORANGE COUNTY FIRE AUTHORITY
2014-2015 Tax and Revenue Anticipation Notes

Interest Rate: 0.75% **Reoffering Yield: 0.12%** **CUSIP No: 68424 PAE9**

Dated Date: July 1, 2014 **Maturity Date: June 30, 2015**

The Orange County Fire Authority (the "Authority") is issuing its $44,000,000 principal amount of 2014-2015 Tax and Revenue Anticipation Notes (the "Notes") for the purpose of financing seasonal cash flow requirements for its general fund expenditures during the fiscal year ending June 30, 2015. In accordance with California law, the Notes are general obligations of the Authority, but are payable only out of the taxes, income, revenue, cash receipts, or other moneys of the Authority (including moneys deposited in inactive or term deposits (but excepting certain moneys which, when received by the Authority, will be encumbered for a special purpose unless an equivalent amount of the proceeds from the Notes is set aside for and used for said special purpose)) received or accrued by the Authority during Fiscal Year 2014-15 that are lawfully available for payment of the Notes and the interest thereon (collectively, the "Unrestricted Revenues"). The Notes and interest thereon are secured by a pledge of (i) Unrestricted Revenues received by the Authority during certain periods in Fiscal Year 2014-15 ("Designated Revenues") and, in the event such amounts are insufficient to permit the deposit into the Repayment Account of the full amount of the Designated Revenues to be deposited therein in any such period, (ii) Unrestricted Revenues available that have not been deposited previously into the Repayment Account, as more particularly described herein. As provided in Article 7.6, Chapter 4, Part 1, Division 2, Title 5, Sections 53850 *et seq.* of the California Government Code (the "Act") and the Resolution of the Board of Directors of the Authority adopted on May 22, 2014 (the "Resolution"), the Notes and the interest thereon will be a first lien and charge against, and will be payable from the first moneys received by the Authority from the Designated Revenues. The Resolution only authorizes the issuance of the Notes and does not authorize the issuance of additional tax and revenue anticipation notes. The Authority expects that the amounts required to be deposited in the Repayment Account from Designated Revenues will be sufficient to repay the Notes and accrued interest thereon. The Repayment Account is to be held in trust by the Authority's Treasurer, as paying agent (the "Paying Agent"). See "The Notes – Security and Sources of Payment for the Notes" herein.

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

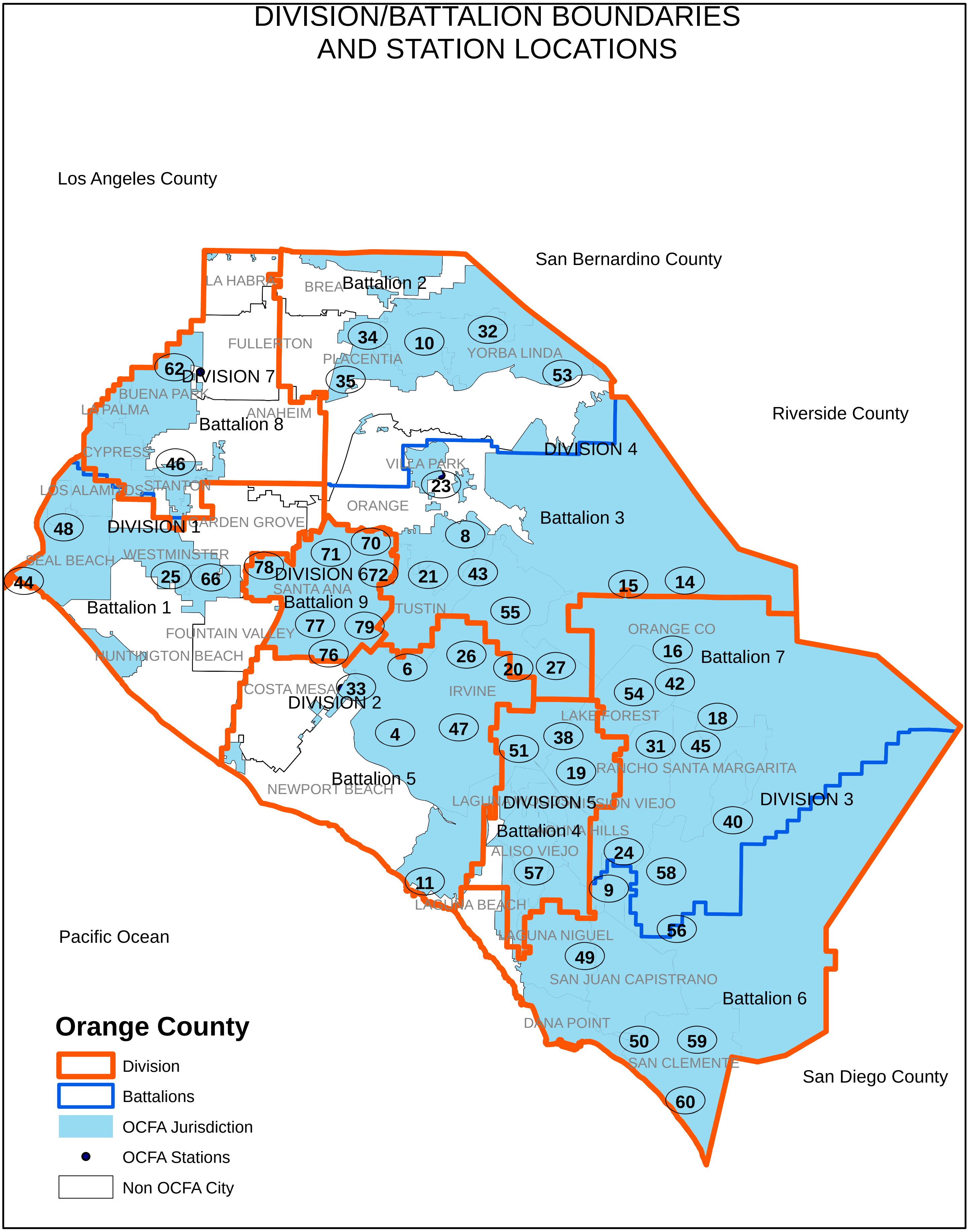
The Notes are not subject to redemption prior to maturity. See "The Notes – General" herein.

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

The Notes are offered when, as and if executed and delivered, and received by the Underwriter, subject to the approval as to their legality by Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed upon for the Authority by its counsel, Woodruff, Spradlin, & Smart, Costa Mesa, California, and its Disclosure Counsel, Hawkins Delafield & Wood LLP, Los Angeles, California. Tamalpais Advisors, Inc., Sausalito, California is serving as Financial Advisor to the Authority in connection with the issuance of the Notes It is anticipated that the Notes in definitive form will be available for delivery through the facilities of DTC on or about July 1, 2014.

Date of the Official Statement: June 17, 2014

ORANGE COUNTY FIRE AUTHORITY SERVICE AREA



ORANGE COUNTY FIRE AUTHORITY

BOARD OF DIRECTORS

Director	Member Agency	Director	Member Agency
Steven Weinberg, Chair	Dana Point	Chad Wanke	Placentia
Al Murray, Vice Chair	Tustin	Carol Gamble	Rancho Santa Margarita
Phillip Tsunoda	Aliso Viejo	Bob Baker	San Clemente
Elizabeth Swift	Buena Park	Sam Allevato	San Juan Capistrano
Rob Johnson	Cypress	Roman Reyna	Santa Ana
Jeffrey Lalloway	Irvine	David Sloan	Seal Beach
Randal Bressette	Laguna Hills	David John Shawver	Stanton
Jerry McCloskey	Laguna Niguel	Rick Barnett	Villa Park
Noel Hatch	Laguna Woods	Tri Ta	Westminster
Kathryn McCullough	Lake Forest	Gene Hernandez	Yorba Linda
Gerard Goedhart	La Palma	Pat Bates	County of Orange
Warren Kusumoto	Los Alamitos	Todd Spitzer	County of Orange
Trish Kelley	Mission Viejo		

AUTHORITY OFFICIALS

Keith Richter, Fire Chief[1]
Craig Kinoshita, Deputy Fire Chief - Deputy Fire Chief
Lori Zeller, Assistant Fire Chief, Business Services Department
Brian Stephens, Assistant Fire Chief, Support Services Department
Dave Thomas, Assistant Fire Chief, Operations Department
Patricia Jakubiak, Treasurer
Jane Wong, Assistant Treasurer
Jim Ruane, Finance Manager/Auditor
David Kendig, General Counsel

PAYING AGENT

Treasurer of the Orange County Fire Authority
Irvine, California

BOND COUNSEL AND DISCLOSURE COUNSEL

Hawkins Delafield & Wood LLP
Los Angeles, California

GENERAL COUNSEL

Woodruff, Spradlin, & Smart
Costa Mesa, California

FINANCIAL ADVISOR

Tamalpais Advisors, Inc.
Sausalito, California

[1] In June 2014, Fire Chief Keith Richter announced his retirement effective August 29, 2014.

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

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

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

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

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

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

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OFFICIAL STATEMENT

$44,000,000
ORANGE COUNTY FIRE AUTHORITY
2014-2015 TAX AND REVENUE ANTICIPATION NOTES

INTRODUCTION

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

General

This Official Statement, including the cover and the Appendices attached hereto (the "Official Statement"), provides certain information concerning the sale and delivery of the 2014-2015 Tax and Revenue Anticipation Notes by the Orange County Fire Authority (the "Authority") in a principal amount of $44,000,000 (the "Notes"). The Notes are issued under the authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the "Act") and a Resolution adopted by the Board of Directors of the Authority (the "Board of Directors") on May 22, 2014 (the "Resolution"). The Resolution only authorizes the issuance of the Notes and does not authorize the issuance of additional tax and revenue anticipation notes. The Notes are being issued for the purpose of financing seasonal cash flow requirements of the Authority for its General Fund (the "General Fund") expenditures during the fiscal year ending June 30, 2015. For additional information regarding General Fund expenditures, see "The Notes – Cash Flow Projections" herein and Appendix A – "Financial, Economic and Demographic Information Regarding the Authority - Financial and Economic Information" and Appendix B - "Excerpts from the Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2013" attached hereto.

The Authority

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

Security and Sources of Payment for the Notes

In accordance with California law, the Notes are general obligations of the Authority, but are payable only out of taxes, income, revenue, cash receipts, or other moneys of the Authority (including moneys deposited in inactive or term deposits (but excepting certain moneys which, when received by the Authority, will be encumbered for a special purpose unless an equivalent amount of the proceeds from the Notes is set aside for and used for said special purpose) received or accrued by the Authority during Fiscal Year 2014-15 that are lawfully available for payment of the Notes and the interest thereon (collectively, the "Unrestricted Revenues"). The Notes and interest thereon are secured by a pledge of

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

General Description of the Notes

The Notes will be delivered in fully registered form without coupons. The Notes will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC") will act as securities depository of the Notes. Individual purchases of the Notes will be made in book-entry form only, in denominations of $5,000 and integral multiples of $5,000 in excess thereof. Purchasers of the Notes (the "Beneficial Owners") will not receive certificates representing their interests in the Notes. The principal of and interest on the Notes will be paid on June 30, 2015 (the "Maturity Date") by the Paying Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the Beneficial Owners. See "Book-Entry Only System" and "The Notes – General" herein.

The Notes are not subject to redemption prior to maturity.

Tax Matters

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

Continuing Disclosure

The Authority has covenanted in the Resolution to file notices of certain events (each, a "Listed Event") with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system or as otherwise directed by the MSRB or the Securities and Exchange Commission (the "SEC"). See "Continuing Disclosure" herein for a description of the specific nature of the notices of Listed Events. These covenants have been made in order to assist the Underwriter (as hereinafter defined) in complying with Rule 15c2-12(b)(5) (the "Rule") of the SEC. The Authority has not failed in the last five years to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of certain events set forth in its continuing disclosure undertakings.

Changes from the Preliminary Official Statement

In addition to updates to the Preliminary Official Statement dated June 2, 2014 as a result of pricing, this Official Statements includes the following additional information: 1) the Authority will provide quarterly updates with respect to actual and projected cash flows for Fiscal Year 2014-15 as described in the section "Continuing Disclosure" herein; 2) the information in Appendix A – "Financial and Economic Information – Financial Policies and Practices - Fiscal Year 2014-15 Authority Budget" has been updated to reflect information regarding the Authority's adopted budget for Fiscal Year 2014-15; 3) the information in Appendix A - "Financial and Economic Information - Defined Benefit Retirement Program" attached hereto has been updated to include information with respect to the unfunded actuarial accrued liability and funded ratio of the Authority's General Plan and Safety Plan and to reflect information regarding the Orange County Employees Retirement System's Actuarial Valuation as of December 31, 2013 which was approved by the Board of Retirement on June 16, 2014; and 4) the information in Appendix A – "State of California Budget and Supplemental Financial Information - State Budget for Fiscal Year 2014-15" has been updated to include information with respect to the State Budget Act for Fiscal Year 2014-15.

Miscellaneous

The Notes will be offered when, as and if executed and delivered, and received by the Underwriter, subject to the approval as to their legality by Bond Counsel and certain other conditions. It is anticipated that the Notes in definitive form will be available for delivery to DTC on or about July 1, 2014.

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

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

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

The Authority regularly prepares a variety of reports, including audits, budgets and related documents. Any owner of a Note may obtain a copy of any such report, as available, from the Authority. Additional information regarding this Official Statement may be obtained by contacting: Orange County Fire Authority Treasurer's Office, 1 Fire Authority Road, Irvine, California 92602, Attention: Treasurer.

THE NOTES

General

The Notes will be dated, will mature, and will bear interest at the rate per annum as shown on the cover page hereof computed on the basis of a 360-day year consisting of twelve 30-day months. Principal and interest on the Notes will be payable on June 30, 2015, the maturity date of the Notes (the "Maturity Date"). The Notes will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Notes. Individual purchases of the Notes will be made in book-entry form only, in denominations of $5,000 and in integral multiples of $5,000 in excess thereof. Beneficial Owners (as defined below) of the Notes will not receive physical certificates representing the Notes purchased. The principal of and interest on the Notes will be paid on the Maturity Date by the Paying Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the Beneficial Owners. See "Book-Entry Only System" herein.

The Notes are not subject to redemption prior to maturity.

Security and Sources of Payment for the Notes

In accordance with California law, the Notes are general obligations of the Authority, but are payable only out of Unrestricted Revenues received or accrued by the Authority during Fiscal Year 2014-15 that are lawfully available for payment of the Notes and the interest thereon. The Notes and interest thereon are secured by a pledge of (i) Unrestricted Revenues received by the Authority during certain periods in the Fiscal Year 2014-15 (collectively, the "Designated Revenues") and, in the event such amounts are insufficient to permit the deposit into the Repayment Account of the full amount of the Designated Revenues to be deposited therein in any such period and (ii) Unrestricted Revenues available that have not been deposited previously into the Repayment Account, as more particularly described herein. The Authority expects that the amounts required to be deposited in the Repayment Account from Designated Revenues will be sufficient to repay the Notes and accrued interest thereon. The Repayment Account is to be held in trust by the Paying Agent.

Designated Revenues are as follows: (i) an amount equal to fifty percent (50%) of the principal amount of the Notes from the first Unrestricted Revenues received by the Authority during the accounting period commencing on April 1, 2015 and ending April 30, 2015, inclusive (the "First Designation Period"), and (ii) an amount equal to fifty percent (50%) of the principal amount of Notes from the first Unrestricted Revenues received by the Authority during the accounting period commencing on May 1, 2015 and ending May 31, 2015, inclusive (the "Second Designation Period"), together with an amount sufficient to (net of anticipated earnings on moneys in the Repayment Account) satisfy and make up any deficiency in the Repayment Account with respect to the First Designation Period and pay the interest accrued and to accrue on the Notes to the maturity thereof, plus an amount, if any, equal to the rebate amount calculated pursuant to the Resolution to be due to the United States Treasury. As provided in the Act, the Notes and the interest thereon shall be a first lien and charge against and shall be payable from the first moneys to be received by the Authority from the Designated Revenues.

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

Government Code) (the "Other Designated Moneys") on such date or thereafter on a daily basis, when and as such Designated Revenues and Other Designated Moneys are received by the Authority

Available Sources of Payment

The Notes, in accordance with California law, are general obligations of the Authority, but are payable only out of the taxes, income, revenue, cash receipts and other moneys received for the General Fund of the Authority attributable to Fiscal Year 2014-15 and legally available for payment thereof. Under the Act, no obligations, including the Notes, may be issued thereunder if the principal thereof and interest thereon exceeds 85% of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts and other moneys which will be available for payment of such principal and interest. The estimated principal amount of Notes and interest thereon equals $44.3 million which represents approximately 11.5% of the estimated sources available for payment of the Notes.

The Authority estimates that the total General Fund balance and Unrestricted Revenues available for payment of the Notes will be in excess of $382.6 million as indicated in the following Table 1. Except for Designated Revenues, these moneys will be expended during the remaining course of the fiscal year, and no assurance can be given that any moneys, other than the Designated Revenues, will be available to pay the Notes and the interest thereon.

Table 1
ORANGE COUNTY FIRE AUTHORITY
Estimated General Fund Balance and Revenues Available for Payment of the Notes
Fiscal Year 2014-15(1)
($ in thousands)

Source of Revenues	Amount
Beginning Balance	$ 30,607,850
Revenues	
Property Taxes	$ 195,471,965
Intergovernmental	11,137,559
Charges for Current Services	100,016,486
Use of Money and Property	356,683
Other	1,000,700
Proceeds of the Notes	44,000,000
Total	$ 382,591,243

(1) Based upon estimates contained in the Authority's adopted budget for Fiscal Year 2014-15.

Source: Orange County Fire Authority.

For detailed information regarding estimated debt service coverage on the Notes at each respective Pledge Date, see the table titled "Projected General Fund and Repayment Fund Cash Flow Fiscal Year 2014-15" in the section "The Notes - Cash Flows Projections for Fiscal Years 2012-13, 2013-14 and 2014-15" herein.

Intrafund Borrowing

The Authority does not invest its funds in the Orange County Treasury Pool. Therefore, it cannot temporarily borrow funds from the County. However, the Authority may fund General Fund cash flow deficits from its capital funds and other special funds and repay those funds from available amounts in its General Fund when such funds are received during the fiscal year. This temporary borrowing is referred to as "Intrafund Borrowing". During the period from Fiscal Year 1997-98 through Fiscal Year 2008-09, the Authority issued tax and revenue anticipation notes to fund cash flow deficits. Prior to Fiscal Year 2007-08 and during Fiscal Years 2009-10 through and including 2013-14, the Authority used Intrafund Borrowing to fund cash flow deficits. Pursuant to the Authority's Short-Term Debt Policy, any Intrafund Borrowing must be repaid within the same fiscal year with interest. The Authority has never used Intrafund Borrowing to make deposits to secure or pay any tax and revenue anticipation notes. The Authority has always made timely repayment of any Intrafund Borrowing.

The Authority regularly requests the Board of Directors to provide authorization for such Intrafund Borrowing. On May 22, 2014, the Board of Directors authorized the Authority to use Intrafund Borrowing during Fiscal Year 2014-15 if necessary. The Authority's Intrafund Borrowing capacity is estimated to be approximately $95.5 million as of June 30, 2015. The Authority does not expect to need to use Intrafund Borrowing to fund the Designated Revenues or pay the principal of or interest on the Notes on the Maturity Date. The following Table 2 sets forth the Authority's borrowable cash resources as of June 30 for Fiscal Years 2010-11 through 2014-15.

Table 2
ORANGE COUNTY FIRE AUTHORITY
Intrafund Borrowing Capacity
Fiscal Years ended June 30, 2011 through June 30, 2015

Fund	**Name and Purpose of Fund**	**Actual Fiscal Year 2010-11**	**Actual Fiscal Year 2011-12**	**Actual Fiscal Year 2012-13**	**Estimated Fiscal Year 2013-14**	**Projected Fiscal Year 2014-15**
Capital Projects Fund 122	Facilities Maintenance and Improvement Fund	$ 4,156,617	$ 3,474,556	$ 2,761,858	$ 2,743,616	$ 1,772,967
Capital Projects Fund 124	Communications/Information Systems Replacement Fund	23,679,433	22,180,446	19,165,539	10,019,018	7,914,629
Capital Projects Fund 133	Vehicle Replacement Fund	35,540,888	34,057,794	30,622,213	22,839,701	16,962,003
Fund 171	Structural Fire Fund Entitlement Fund	806,890	1,396,867	1,296,620	600,351	601,847
Fund 190	Worker's Compensation Self Insurance Fund	35,366,708	34,242,717	53,649,000	56,141,565	59,224,255
Capital Projects Fund 123	Fire Capital Projects Fund	16,297,447	16,080,659	16,624,752	9,047,962	9,070,580
	Total	$115,847,983	$111,433,039	$124,119,982	$101,392,213	$95,546,281

Source: Orange County Fire Authority.

Historical General Fund Cash Balances and Intrafund Borrowing Capacity

The following Table 3 sets forth the month-end cash balances in the General Fund for Fiscal Years 2010-11 through Fiscal Year 2014-15. The Authority's estimated and projected fiscal year-end Intrafund Borrowing Capacity is also presented in the following Table 2 herein. See " –Intrafund Borrowing and Cash Flow" herein for amounts available from the largest funds comprising Intrafund Borrowing Capacity.

Table 3
ORANGE COUNTY FIRE AUTHORITY
General Fund Month-End Cash Balances and Intrafund Borrowing Capacity[(1)]
Fiscal Years 2010-11 through 2014-15

Accounting Month	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14[(2)]	Fiscal Year 2014-15[(3)]
July	$ 50,103,680	$ 53,316,461	$ 63,080,411	$ 62,284,081	$42,936,154
August	37,284,652	40,187,922	43,026,561	39,684,544	21,879,070
September	32,504,825	30,824,485	39,554,071	33,169,364	19,064,909
October	19,877,599	16,709,543	27,215,384	18,537,102	6,971,772
November	18,280,728	13,141,827	36,846,123	14,860,504	6,341,138
December	87,123,741	85,568,035	98,129,458	95,050,306	84,388,554
January	57,521,801	51,294,050	63,194,420	47,466,905	36,714,205
February	44,906,534	38,258,308	47,863,957	32,524,870	23,272,510
March	47,146,021	33,673,957	43,843,432	36,223,096	26,439,372
April	95,091,268	85,472,447	82,670,550	86,923,758	54,157,837
May	33,536,170	36,997,021	34,907,452	37,177,547	18,289,137
June	26,857,969	32,637,673	32,548,172	30,607,850	15,953,203
Intrafund Borrowing Capacity at June 30:	$115,847,983	$111,433,039	$124,119,982	$101,392,213	$95,546,281

(1) Period-end balances for Fiscal Years 2010-11 through 2013-14 are net of any Intrafund Borrowing undertaken to finance cash flow deficits. The projected period-end balances for Fiscal Year 2014-15 are net of scheduled deposits to the Repayment Account for the Notes. See " – Intrafund Borrowing and Cash Flow" and Table 2 herein for information on Intrafund Borrowing and borrowable balances as of June 30 of each Fiscal Year.
(2) Reflects actual balances from July 2013 through March 2014 and estimated balances from April 2014 through June 2014.
(3) Projected.

Source: Orange County Fire Authority.

Cash Flows for Fiscal Years 2012-13, 2013-14 and 2014-15

The Authority has prepared the General Fund actual cash flows for Fiscal Year 2012-13 set forth in the following Table 4, the actual and projected General Fund cash flows for Fiscal Year 2013-14 set forth in the following Table 5, the variances between Fiscal Year 2013-14 and Fiscal Year 2012-13 set forth in the following Table 6 and explanations of such aggregate variances set forth in the following Table 7.

In addition, the Authority has prepared the projected General Fund cash flows for Fiscal Year 2014-15 in the following Table 8, the variances between Fiscal Year 2014-15 and Fiscal Year 2013-14 in the following Table 9 and explanations of such aggregate variances in the following Table 10. The Fiscal Year 2014-15 projected cash flows are based upon the Authority's Fiscal Year 2014-15 Adopted Budget. See Appendix A – "Financial, Economic and Demographic Information Regarding the Authority - Financial and Economic Information - Budgetary Process - Proposed 2014-2015 Authority Budget" attached hereto.

Table 4
ORANGE COUNTY FIRE AUTHORITY
Actual General Fund Cash Flow Fiscal Year 2012-13

	Actual July 2012	Actual August 2012	Actual September 2012	Actual October 2012	Actual November 2012	Actual December 2012	Actual January 2013	Actual February 2013	Actual March 2013	Actual April 2013	Actual May 2013	Actual June 2013	Actual 2012-13 Total
Balance From Prior Month	$32,637,671	$63,080,411	$43,026,561	$39,554,071	$27,215,384	$36,846,123	$98,129,458	$63,194,420	$47,863,957	$43,843,432	$82,670,550	$34,907,452	$32,637,671
Receipts:													
Property Taxes	$4,613,472	$25,994	$4,361,011	$89,747	$24,142,117	$64,653,919	$7,068,500	$394,555	$9,367,182	$61,223,376	$3,245,652	$1,680,867	$180,866,394
Intergovernmental	155,967	1,328,242	128,459	391,830	537,230	979,038	6,333,205	194,687	281,840	2,402,396	8,577,487	844,603	22,154,985
Charges for Current Services	5,033,904	7,430,093	12,024,044	7,354,382	4,788,532	14,719,981	5,285,399	4,100,464	14,119,666	6,054,610	4,885,800	14,234,723	100,031,597
Bankruptcy Loss Recovery	0	0	0	91,032									91,032
Use of Money and Property	17,166	12,844	14,123	9,224	5,117	12,319	28,680	12,861	13,191	16,134	14,402	(87,673)	68,389
Other	1,748,484	47,743	115,941	87,490	143,765	58,323	104,012	144,564	55,606	550,884	151,409	139,811	3,348,033
TRANs Principal	0	0	0	0	0	0	0	0	0	0	0	0	0
Temporary Intrafund Borrowing	43,500,000	0	0	0	0	0	0	0	0	0	(43,500,000)	0	0
Total Receipts	$55,068,994	$8,844,916	$16,643,579	$8,023,704	$29,616,761	$80,423,580	$18,819,796	$4,847,132	$23,837,485	$70,247,401	$(26,625,249)	$16,812,331	$306,560,430
Expenditures:													
Salary & Employee Benefits	$20,805,583	$24,801,428	$18,762,355	$18,602,494	$17,996,800	$17,432,316	$20,901,932	$18,544,127	$26,111,133	$19,363,376	$18,629,901	$17,865,098	$239,816,542
OCERS Prepayment (Routine)	0	0	0	0	0	0	25,564,031	0	0	0	0	0	25,564,031
Services & Supplies	3,820,672	4,097,337	1,353,714	1,759,898	1,989,221	1,707,929	2,048,871	1,633,469	1,746,876	1,670,891	2,392,011	1,306,513	25,527,403
JEAPs to City of Irvine	0	0	0	0	0	0	0	0	0	0	0	0	0
OCERS Prepayment (Special)	0	0	0	0	0	0	0	0	0	0	0	0	0
Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service: TRAN Principal	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service: TRAN Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid on Intrafund Borrowing	0	0	0	0	0	0	0	0	0	0	115,937	0	115,937
Operating Transfers Out	0	0	0	0	0	0	5,240,000	0	0	10,386,016	0	0	15,626,016
Total Disbursements	$24,626,255	$28,898,765	$20,116,069	$20,362,391	$19,986,021	$19,140,245	$53,754,833	$20,177,596	$27,858,010	$31,420,283	$21,137,849	$19,171,611	$306,649,929
Excess / (Deficiency)	$30,442,739	$(20,053,850)	$(3,472,490)	$(12,338,687)	$9,630,740	$61,283,334	$(34,935,037)	$(15,330,463)	$(4,020,525)	$38,827,118	$(47,763,098)	$(2,359,280)	$(89,499)
Month End Balance Forward	$63,080,411	$43,026,561	$39,554,071	$27,215,384	$36,846,123	$98,129,458	$63,194,420	$47,863,957	$43,843,432	$82,670,550	$34,907,452	$32,548,172	$32,548,172

Source: Orange County Fire Authority.

Table 5
ORANGE COUNTY FIRE AUTHORITY
Actual General Fund Cash Flow Fiscal Year 2013-14 from July 1, 2013 through March 31, 2014 and Projected General Fund Cash Flow Fiscal Year 2013-14 from April 1, 2014 through June 30, 2014

	Actual July 2013	Actual August 2013	Actual September 2013	Actual October 2013	Actual November 2013	Actual December 2013	Actual January 2014	Actual February 2014	Actual March 2014	Projected April 2014	Projected May 2014	Projected June 2014	Fiscal Year 2013-14 Total
Balance From Prior Month	$32,548,172	$62,284,081	$39,684,544	$33,169,364	$18,537,102	$14,860,504	$95,050,306	$47,466,905	$32,524,870	$36,223,096	$86,923,758	$37,177,547	$32,548,172
Receipts:													
Property Taxes	$3,667,661	$691,851	$4,491,322	$602,024	$13,978,883	$79,804,588	$6,868,796	$553,326	$9,665,386	$62,348,268	$2,330,731	$5,153,416	$190,156,251
Intergovernmental	185,206	1,362,312	600,627	674,460	296,347	685,944	5,696,450	1,251,812	401,536	1,515,785	4,209,396	992,457	17,872,333
Charges for Current Services	6,052,687	4,344,846	15,647,807	5,374,273	2,155,982	19,196,840	1,694,623	4,136,793	18,661,010	6,861,656	4,869,545	7,292,556	96,288,619
Bankruptcy Loss Recovery				79,745									79,745
Use of Money and Property	7,083	3,482	11,956	7,534	5,704	14,067	21,135	10,360	9,453	4,988	10,817	21,908	128,487
Other	660,740	81,034	345,795	76,686	92,327	42,436	366,057	157,329	126,436				1,948,841
TRANs Principal	0	0	0	0	0	0	0	0	0	0	0	0	0
Temporary Intrafund Borrowing	41,000,000	0	0	0	0	0	0	0	0	0	(41,000,000)	0	0
Total Receipts	$51,573,377	$6,483,525	$21,097,506	$6,814,722	$16,529,243	$99,743,875	$14,647,061	$6,109,621	$28,863,822	$70,730,696	$(29,579,511)	$13,460,338	$306,474,276
Expenditures:													
Salary & Employee Benefits	$21,121,872	$26,514,331	$20,189,657	$18,778,511	$16,693,014	$17,275,070	$27,770,400	$19,080,258	$19,520,745	$18,124,535	$18,124,535	$18,124,535	$241,317,464
OCERS Prepayment (Routine)	0	0	0	0	0	0	29,214,818	0	0	0	0	0	29,214,818
Services & Supplies	715,596	2,568,732	2,925,182	2,668,472	3,512,827	2,279,004	2,257,163	1,971,398	1,772,323	1,793,632	1,793,632	1,793,632	26,051,593
Irvine JEAPs	0	0	0	0	0	0	2,988,081	0	0	0	0	0	2,988,081
OCERS Prepayment (Special)	0	0	0	0	0	0	0	0	3,000,000	0	0	0	3,000,000
Equipment	0	0	0	0	0	0	0	0	0	111,867	111,867	111,867	335,600
Debt Service: TRAN Principal	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service: TRAN Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid on Intrafund Borrowing	0	0	0	0	0	0	0	0	0	0	136,667	0	136,667
Operating Transfers Out (est)	0	0	4,497,847	0	0	0	0	0	872,528	0	0	0	5,370,375
Total Disbursements	$21,837,468	$29,083,063	$27,612,686	$21,446,983	$20,205,841	$19,554,073	$62,230,462	$21,051,656	$25,165,596	$20,030,034	$20,166,701	$20,030,034	$308,414,598
Excess / (Deficiency)	$29,735,909	$(22,599,537)	$(6,515,180)	$(14,632,262)	$(3,676,598)	$80,189,802	$(47,583,401)	$(14,942,035)	$3,698,226	$50,700,662	$(49,746,212)	$(6,569,696)	$(1,940,322)
Month End Balance Forward	$62,284,081	$39,684,544	$33,169,364	$18,537,102	$14,860,504	$95,050,306	$47,466,905	$32,524,870	$36,223,096	$86,923,758	$37,177,547	$30,607,850	$30,607,850

Source: Orange County Fire Authority

Table 6
ORANGE COUNTY FIRE AUTHORITY
Changes from Fiscal Year 2013-14 Cash Flow from Fiscal Year 2012-13 Cash Flow

	Actual July 2013	Actual August 2013	Actual September 2013	Actual October 2013	Actual November 2013	Actual December 2013	Actual January 2014	Actual February 2014	Actual March 2014	Projected April 2014	Projected May 2014	Projected June 2014	Fiscal Year 2013-14 Total
Balance From Prior Month	$(89,499)	$(796,329)	$(3,342,017)	$(6,384,707)	$(8,678,281)	$(21,985,619)	$(3,079,151)	$(15,727,515)	$(15,339,087)	$(7,620,336)	$4,253,209	$2,270,095	$(89,499)
Receipts:													
Property Taxes	$(945,811)	$665,857	$130,311	$512,277	$(10,163,234)	$15,150,669	$(199,704)	$158,771	$298,204	$1,124,891	$(914,922)	$3,472,549	$9,289,857
Intergovernmental	29,238	34,070	472,168	282,630	(240,883)	(293,093)	(636,755)	1,057,125	119,696	(886,611)	(4,368,091)	147,855	(4,282,652)
Charges for Current Services	1,018,783	(3,085,247)	3,623,762	(1,980,109)	(2,632,550)	4,476,860	(3,590,776)	36,329	4,541,344	807,046	(16,254)	(6,942,166)	(3,742,978)
Bankruptcy Loss Recovery	0	0	0	(11,286)	0	0	0	0	0	0	0	0	(11,286)
Use of Money and Property	(10,083)	(9,362)	(2,167)	(1,691)	587	1,747	(7,545)	(2,501)	(3,737)	(11,147)	(3,585)	109,581	60,098
Other	(1,087,745)	33,291	229,854	(10,803)	(51,437)	(15,887)	262,045	12,765	70,830	(550,884)	(151,409)	(139,811)	(1,399,192)
TRANs Principal	0	0	0	0	0	0	0	0	0	0	0	0	0
Temporary Intrafund Borrowing	(2,500,000)	0	0	0	0	0	0	0	0	0	2,500,000	0	0
Total Receipts	$(3,495,617)	$(2,361,390)	$4,453,927	$(1,208,982)	$(13,087,518)	$19,320,295	$(4,172,735)	$1,262,489	$5,026,337	$483,296	$(2,954,262)	$(3,351,993)	$(86,154)
Expenditures:													
Salary & Employee Benefits	$316,289	$1,712,903	$1,427,302	$176,017	$(1,303,786)	$(157,246)	$6,868,469	$536,131	$(6,590,388)	$(1,238,841)	$(505,366)	$259,438	$1,500,922
OCERS Prepayment (Routine)	0	0	0	0	0	0	3,650,787	0	0	0	0	0	3,650,787
Services & Supplies	(3,105,076)	(1,528,605)	1,571,468	908,575	1,523,606	571,074	208,292	337,929	25,446	122,741	(598,379)	487,119	524,191
Irvine JEAPs	0	0	0	0	0	0	2,988,081	0	0	0	0	0	2,988,081
OCERS Prepayment (Special)	0	0	0	0	0	0	0	0	3,000,000	0	0	0	3,000,000
Equipment	0	0	0	0	0	0	0	0	0	111,867	111,867	111,867	335,600
Debt Service: TRAN Principal	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service: TRAN Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid on Intrafund Borrowing	0	0	0	0	0	0	0	0	0	0	20,730	0	20,730
Operating Transfers Out (estimated)	0	0	4,497,847	0	0	0	(5,240,000)	0	872,528	(10,386,016)	0	0	(10,255,641)
Total Disbursements	$(2,788,787)	$184,297	$7,496,617	$1,084,592	$219,820	$413,828	$8,475,629	$874,061	$(2,692,414)	$(11,390,249)	$(971,148)	$858,423	$1,764,669
Excess / (Deficiency)	(706,830)	(2,545,688)	(3,042,690)	(2,293,574)	(13,307,337)	18,906,467	(12,648,364)	388,428	7,718,751	11,873,544	(1,983,114)	(4,210,417)	(1,850,823)
Month End Balance Forward	$(796,329)	$(3,342,017)	$(6,384,707)	$(8,678,281)	$(21,985,619)	$(3,079,151)	$(15,727,515)	$(15,339,087)	$(7,620,336)	$4,253,209	$2,270,095	$(1,940,322)	$(1,940,322)

Source: Orange County Fire Authority

Table 7
ORANGE COUNTY FIRE AUTHORITY
Explanation of Changes from Fiscal Year 2013-14 Cash Flow from Fiscal Year 2012-13 Cash Flow

	Variance Projected	Variance Explanation
BEGINNING BALANCE	$ (89,499)	Minor variance.
RECEIPTS		
Property Taxes	$ 9,289,857	Current Secured Property taxes are projected to increase by 2.99% from the Fiscal Year 2012-13 initial tax charge due to growth in the assessed valuation of property in the Authority's territory less an estimated refund factor of 1%. Supplemental taxes have increased significantly.
Intergovernmental	(4,282,652)	One-time payments of $10.7 million in Fiscal Year 2012-13 for the Low to Moderate Income Housing Fund and non-housing fund receipts were offset by higher State and federal reimbursements.
Charges for Current Services	(3,742,978)	Cash received in Fiscal Year 2012-13 includes a pre-payment of $2.9 million from the City of Santa Ana to be refunded in July 2014
Bankruptcy Loss Recovery	(11,286)	Minor variance.
Use of Money and Property	60,098	Minor variance.
Other	(1,399,192)	Other revenue includes a one-time payment of $1.5 million from Orange County Professional Firefighters Assoc. ("OCPFA") medical trust in Fiscal Year 2012-13. No payment is expected from OCPFA in Fiscal Year 2013-14 .
TRANs Principal	--	No tax and revenue anticipation notes were issued in either fiscal year.
Temporary Intrafund Borrowing	--	Any temporary borrowing was repaid within the respective fiscal year.
TOTAL RECEIPTS	$ (86,154)	
EXPENDITURES		
Salary & Employee Benefits	$ 1,500,922	Reflects increase in Fiscal Year 2013-14 for retirement, insurance and workers' compensation offset by a reduction in overtime. The workers' compensation rates are based on the 50% confidence level provided by the actuarial study.
OCERS Prepayment (Routine)	3,650,787	The Authority has prepaid its annual pension contribution to the Orange County Employees Retirement System (the "System") because the Authority receives a discount when it makes such a prepayment each fiscal year commencing in Fiscal Year 2010-11.
Services & Supplies	524,191	Minor variance.
JEAP to the City of Irvine	2,988,081	With the ratification of the Second Amendment to the Joint Powers Agreement that governs the Authority, Jurisdictional Equity Adjustment Payments ("JEAP") are required for qualifying Structural Fire Fund members. The Second Amendment to the Joint Powers Agreement specifically provides that the City of Irvine be paid 100% of its JEAP in Fiscal Year 2013-14. Of the total JEAP due to the City of Irvine, $2.9 million was approved by the Board of Directors at its January 23, 2014 meeting and has been paid.
OCERS Prepayment (Special)	3,000,000	The Fiscal Year 2013-14 Mid-Year Financial Report states that $3.0 million of $6.0 million of the unencumbered funds identified in the audited financial statements for Fiscal Year 2012-13 was allocated to the System to prepay a portion of the pension UAAL.
Equipment	335,600	Minor variance.
Debt Service: TRAN Principal	--	No tax and revenue anticipation notes were issued in either fiscal year.
Debt Service: TRAN Interest	--	No tax and revenue anticipation notes were issued in either fiscal year.
Interest Paid on Intrafund Borrowing	20,730	Minor variance.
Operating Transfers Out (estimated)	(10,255,641)	Operating transfers out were larger in Fiscal Year 2012-13 due to, among other things, a transfer of $15.2 million to the Self Insurance Fund to bring the worker's compensation fund balance in compliance with policy of the Board of Directors which requires a 50% confidence level for existing and past claims.
TOTAL DISBURSEMENTS	$ 1,764,669	
EXCESS / (DEFICIENCY)	$ (1,850,823)	
ENDING BALANCE	$ (1,940,322)	

Table 8
ORANGE COUNTY FIRE AUTHORITY
Projected General Fund Cash Flow and Repayment Fund Cash Flow Fiscal Year 2014-15

	Projected July 2014	Projected August 2014	Projected September 2014	Projected October 2014	Projected November 2014	Projected December 2014	Projected January 2015	Projected February 2015	Projected March 2015	Projected April 2015	Projected May 2015	Projected June 2015	Fiscal Year 2014-15 Total
Balance From Prior Month	$30,607,850	$42,936,154	$21,879,070	$19,064,909	$6,971,772	$6,341,138	$84,388,554	$36,714,205	$23,272,510	$26,439,372	$54,157,837	$18,289,137	$30,607,850
Receipts:													
Property Taxes	$3,770,189	$711,192	$4,616,875	$618,853	$14,369,655	$82,035,481	$7,060,810	$568,794	$9,935,577	$64,091,179	$2,395,885	$5,297,477	$195,471,965
Intergovernmental	341,942	1,013,552	1,608,942	583,546	731,119	1,967,889	240,253	2,642,432	385,338	366,115	1,016,717	239,713	11,137,559
Charges for Current Services	5,033,144	7,428,970	12,022,228	7,353,271	4,787,809	14,717,757	5,284,601	4,099,845	14,117,533	6,053,695	4,885,062	14,232,572	100,016,486
Bankruptcy Loss Recovery	0	0	0	0	0	0	0	0	0	0	0	0	0
Use of Money and Property	282,743	6,863	6,641	6,863	6,641	6,863	6,863	6,199	6,863	6,641	6,863	6,641	356,683
Other	58,894	31,928	192,259	21,340	370,223	51,759	18,792	78,115	26,902	6,157	55,626	88,706	1,000,700
TRANs Principal	44,000,000	0	0	0	0	0	0	0	0	0	0	0	44,000,000
Temporary Intrafund Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Receipts	$53,486,911	$9,192,505	$18,446,945	$8,583,872	$20,265,448	$98,779,749	$12,611,318	$7,395,384	$24,472,212	$70,523,789	$8,360,153	$19,865,110	$351,983,393
Expenditures:													
Salary & Employee Benefits	$19,220,460	$28,830,691	$19,220,460	$19,220,460	$19,220,460	$19,220,460	$28,830,691	$19,220,460	$19,220,460	$19,220,460	$19,220,460	$19,220,460	$249,865,986
OCERS Prepayment (Routine)	0	0	0	0	0	0	30,000,000	0	0	0	0	0	30,000,000
Services & Supplies	3,063,317	1,418,898	2,040,645	1,456,550	1,675,621	1,511,872	1,454,976	1,616,617	2,084,890	1,584,863	2,679,309	2,980,583	23,568,142
JEAPs	0	0	0	0	0	0	0	0	0	0	0	0	0
OCERS Prepayment (Special)	18,290,238	0	0	0	0	0	0	0	0	0	0	0	18,290,238
Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service: TRAN Principal	0	0	0	0	0	0	0	0	0	22,000,000	22,000,000	0	44,000,000
Debt Service: TRAN Interest	0	0	0	0	0	0	0	0	0	0	329,083	0	329,083
Intrafund Borrowing Repayment (incl. interest)	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Transfers Out (estimated)	584,592	0	0	0	0	0	0	0	0	0	0	0	584,592
Total Disbursements	$41,158,608	$30,249,588	$21,261,105	$20,677,010	$20,896,082	$20,732,333	$60,285,667	$20,837,078	$21,305,351	$42,805,323	$44,228,853	$22,201,044	$366,638,041
Excess / (Deficiency)	$12,328,303	$(21,057,084)	$(2,814,161)	$(12,093,138)	$(630,634)	$78,047,416	$(47,674,349)	$(13,441,694)	$3,166,861	$27,718,466	$(35,868,700)	$(2,335,934)	$(14,654,648)
Month End Balance Forward	$42,936,154	$21,879,070	$19,064,909	$6,971,772	$6,341,138	$84,388,554	$36,714,205	$23,272,510	$26,439,372	$54,157,837	$18,289,137	$15,953,203	$15,953,203
Note Debt Service Coverage	--	--	--	--	--	--	--	--	--	3.46x	1.82x	--	1.36x
Note Debt Service Coverage (including Intrafund Borrowing Capacity)	--	--	--	--	--	--	--	--	--	7.80x	6.10x	--	3.52x

Source:Orange County Fire Authority.

Table 9
ORANGE COUNTY FIRE AUTHORITY
Changes from Fiscal Year 2014-15 Cash Flow from Fiscal Year 2013-14 Cash Flow

	Projected July 2014	Projected August 2014	Projected September 2014	Projected October 2014	Projected November 2014	Projected December 2014	Projected January 2015	Projected February 2015	Projected March 2015	Projected April 2015	Projected May 2015	Projected June 2015	Fiscal Year 2014-15 Total
Balance From Prior Month	$(1,940,322)	$(19,347,927)	$(17,805,474)	$(14,104,454)	$(11,565,331)	$(8,519,367)	$(10,661,753)	$(10,752,700)	$(9,252,360)	$(9,783,725)	$(32,765,921)	$(18,888,410)	$(1,940,322)
Receipts:													
Property Taxes	$102,527	$19,340	$125,552	$16,829	$390,772	$2,230,894	$192,013	$15,468	$270,191	$1,742,912	$65,154	$144,061	$5,315,714
Intergovernmental	156,737	(348,760)	1,008,315	(90,914)	434,772	1,281,944	(5,456,198)	1,390,619	(16,198)	(1,149,669)	(3,192,679)	(752,744)	(6,734,774)
Charges for Current Services	(1,019,543)	3,084,124	(3,625,579)	1,978,998	2,631,827	(4,479,083)	3,589,978	(36,949)	(4,543,477)	(807,961)	15,516	6,940,016	3,727,867
Bankruptcy Loss Recovery	0	0	0	(79,745)	0	0	0	0	0	0	0	0	(79,745)
Use of Money and Property	275,659	3,381	(5,314)	(671)	938	(7,204)	(14,272)	(4,162)	(2,591)	1,654	(3,954)	(15,267)	228,196
Other	(601,846)	(49,106)	(153,536)	(55,346)	277,896	9,323	(347,265)	(79,214)	(99,534)	6,157	55,626	88,706	(948,141)
TRANs Principal	44,000,000	0	0	0	0	0	0	0	0	0	0	0	44,000,000
Temporary Intrafund Borrowing	(41,000,000)	0	0	0	0	0	0	0	0	0	41,000,000	0	0
Total Receipts	$1,913,534	$2,708,979	$(2,650,561)	$1,769,151	$3,736,205	$(964,126)	$(2,035,743)	$1,285,763	$(4,391,610)	$(206,907)	$37,939,663	$6,404,772	$45,509,118
Expenditures:													
Salary & Employee Benefits	$(1,901,411)	$2,316,360	$(969,196)	$441,949	$2,527,446	$1,945,391	$1,060,291	$140,203	$(300,285)	$1,095,925	$1,095,925	$1,095,925	$8,548,522
OCERS Prepayment (Routine)	0	0	0	0	0	0	785,182	0	0	0	0	0	785,182
Services & Supplies	2,347,721	(1,149,834)	(884,537)	(1,211,923)	(1,837,206)	(767,131)	(802,187)	(354,781)	312,567	(208,769)	885,677	1,186,952	(2,483,451)
JEAPs	0	0	0	0	0	0	(2,988,081)	0	0	0	0	0	(2,988,081)
OCERS Prepayment (Special)	18,290,238	0	0	0	0	0	0	0	(3,000,000)	0	0	0	15,290,238
Equipment	0	0	0	0	0	0	0	0	0	(111,867)	(111,867)	(111,867)	(335,600)
TRANs Principal	0	0	0	0	0	0	0	0	0	22,000,000	22,000,000	0	44,000,000
Debt Service: TRAN Interest	0	0	0	0	0	0	0	0	0	0	329,083	0	329,083
Interest Paid on Intrafund Borrowing	0	0	0	0	0	0	0	0	0	0	(136,667)	0	(136,667)
Operating Transfers Out (estimated)	584,592	0	(4,497,847)	0	0	0	0	0	(872,528)	0	0	0	(4,785,783)
Total Disbursements	$19,321,139	$1,166,525	$(6,351,581)	$(769,973)	$690,241	$1,178,259	$(1,944,795)	$(214,578)	$(3,860,245)	$22,775,289	$24,062,152	$2,171,010	$58,223,443
Excess / (Deficiency)	$(17,407,605)	$1,542,454	$3,701,019	$2,539,124	$3,045,964	$(2,142,386)	$(90,948)	$1,500,341	$(531,365)	$(22,982,197)	$13,877,511	$4,233,762	$(12,714,326)
Month End Balance Forward	$(19,347,927)	$(17,805,474)	$(14,104,454)	$(11,565,331)	$(8,519,367)	$(10,661,753)	$(10,752,700)	$(9,252,360)	$(9,783,725)	$(32,765,921)	$(18,888,410)	$(14,654,648)	$(14,654,648)

Source: Orange County Fire Authority

Table 10
ORANGE COUNTY FIRE AUTHORITY
Explanation of Changes to Fiscal Year 2014-15 Cash Flow from Fiscal Year 2013-14 Cash Flow

	Variance Projected	Variance Explanation
BEGINNING BALANCE	$ (1,940,322)	Reduction in Beginning Balance primarily due to, among other things, a $3.0 million Jurisdictional Equity Adjustment Payment to the City of Irvine.
RECEIPTS		
Property Taxes	$ 5,315,714	Current Secured Property taxes of the members of the Authority are expected to increase by approximately 3.379%% due to projected growth in assessed valuation of property within the Authority's boundaries based on estimates from an independent consultant to the Authority, less an estimated 1% refund factor. Current Unsecured and Supplemental Taxes are based on zero growth based on estimates from the independent consultant and an 8.2% refund factor. Supplemental Taxes are based on the average of the Fiscal Year 2013-14 revenue projection and Fiscal Year 2012-13 actual data.
Intergovernmental	(6,734,774)	Budgeted receipts for assistance-by-hire were in the nominal amount of $(310,000) in Fiscal Year 2014-15 due to, among other things, uncertainty with respect to the needs of other governmental agencies. Budgeted receipts for assistance-by-hire for Fiscal Year 2013-14 reflect actual receipts to date of $3.2 million. An urban search and rescue grant reimbursement of $1.5 million is included in Fiscal Year 2013-14. Revenue from the urban search and rescue grant reimbursement will be budgeted in Fiscal Year 2014-15 when a new grant is accepted. Miscellaneous Federal Revenue includes grant reimbursements of approximately $1.1 million which was not projected to be received in Fiscal Year 2014-15.
Charges for Current Services	3,727,867	Charges to Cash Contract Members are estimated to increase by 4.5%. The City of San Clemente added a seasonal ambulance beginning May 1, 2014.
Bankruptcy Loss Recovery	(79,745)	Minor variance.
Use of Money and Property	228,196	Minor variance.
Other	(948,141)	$362,000 in insurance settlements were received in Fiscal Year 2013-14. The Authority does not project receipt of any insurance settlement revenue in Fiscal Year 2014-15. In addition, a miscellaneous payment of $267,564 was received in July 2013. In addition, a donation in the amount of $100,000 was received in Fiscal Year 2013-14.
TRANs Principal	44,000,000	Reflects the issuance of the Notes in Fiscal Year 2014-15. No tax and revenue anticipation notes were issued in Fiscal Year 2013-14.
Temporary Intrafund Borrowing	--	Temporary borrowing was repaid within the respective fiscal years.
TOTAL RECEIPTS	$ 45,509,118	
EXPENDITURES		
Salary & Employee Benefits	$ 8,548,522	Retirement rates in Fiscal Year 2014-15 reflect the impact of, among other things, the System's reduction in the assumed rate of return on assets from 7.75% to 7.25%. The System is phasing in this change over two fiscal years commencing in Fiscal Year 2014-15. Such will change is expected to result in increased retirement rates. See Appendix A "Financial, Economic and Demographic Information regarding the Orange County Fire Authority – Financial and Economic Information – Defined Benefit Retirement Program - Actuarial Assumptions" attached hereto. The increase in salary and employee benefits includes increased staffing for the new Fire Station No. 56 which is expected to begin operations in January 2015. See Appendix A "– Financial Policies and Practices - Fiscal Year 2014-15 Authority Budget" attached hereto. The budget for workers' compensation in Fiscal Year 2013-14 and 2014-15 reflected confidence levels of 50% and 60%, respectively. Both estimates are based on the actuarial study completed in July 2013. See Appendix A " – Insurance" attached hereto.
OCERS Prepayment (Routine)	785,182	Reflects the estimated increase in the Authority's annual prepayment of its contribution to the System.
Services & Supplies	(2,483,451)	The Fiscal Year 2013-14 Budget includes one-time grant expenditures of $1.4 million which will be included in the budget for Fiscal Year 2014-15 when the grant is accepted. In addition, the cash flow for Fiscal Year 2013-14 reflects a $935,000 Hazardous Materials Disclosure refund to the Orange County Health Care Agency.
JEAPs	(2,988,081)	No Jurisdictional Equity Adjustment Payments are expected to be made in Fiscal Year 2014-15.
OCERS Prepayment (Special)	15,290,238	Pursuant to the Memoranda of Understanding with the Authority's bargaining units and personnel groups, a prepayment to the System of the Authority's pension UAAL is budgeted in Fiscal Year 2014-15 in an amount greater than the required amount.
Equipment	(335,600)	Minor variance.
TRANs Principal	44,000,000	Reflects the issuance of the Notes in Fiscal Year 2014-15. No tax and revenue anticipation notes were issued in Fiscal Year 2013-14.
Debt Service: TRAN Interest	329,083	Reflects the issuance of the Notes in Fiscal Year 2014-15. No tax and revenue anticipation notes were issued in Fiscal Year 2013-14.
Interest Paid on Intrafund Borrowing	(136,667)	Intrafund borrowing is not expected in Fiscal Year 2014-15 due to, among other things, the issuance of the Notes described herein.
Operating Transfers Out (estimated)	(4,785,783)	The General Fund surplus in excess of the amount for the General Fund 10% contingency reserve is transferred to the Capital Improvement Fund. The reduction in Operating Transfers Out reflects a smaller General Fund surplus in Fiscal Year 2014-15.
TOTAL DISBURSEMENTS	$ 58,223,443	
EXCESS / (DEFICIENCY)	$ (12,714,326)	
ENDING BALANCE	$ (14,654,648)	

Source: Orange County Fire Authority

Use and Investment of Note Proceeds

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

Repayment Account

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

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

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

Resolution to Constitute Contract

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

Covenants of the Authority

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

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

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

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

Paying Agent and Note Registrar

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

Exchange and Transfer of the Notes

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

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

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

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

Permitted Investments

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

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

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

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

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

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

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

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

(8) the Orange County Fire Authority Investment Portfolio.

BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

THE AUTHORITY, THE PAYING AGENT AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SECURITIES (I) PAYMENTS OF PRINCIPAL OF AND INTEREST EVIDENCED BY THE SECURITIES (II) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE SECURITIES

OR (III) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE SECURITIES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

Article XIII A

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

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

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

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

Article XIII B

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

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

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

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

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

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

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

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

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

Proposition 62

Proposition 62 was adopted by the California voters at the November 4, 1986, general election which (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the Authority be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes imposed for specific purposes) imposed by a local government entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIII A of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) required that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

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

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

Proposition 218

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

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

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

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

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

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

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

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

Proposition 1A

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

Proposition 22

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

Proposition 22 prohibits the State from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local government except pursuant to specified procedures involving public notices and hearings. In addition, Proposition 22 requires that the State apply the formula setting forth the allocation of State fuel tax revenues to local agencies that was in effect on June 30, 2009. The Legislative Analyst's Office anticipates that Proposition 22 will require the State to adopt alternative actions to address its fiscal and policy objectives, particularly with respect to short-term cash flow need. The Authority does not believe that the adoption of Proposition 22 will have a significant impact on its revenues and expenditures during Fiscal Year 2014-15.

Proposition 26

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

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

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

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

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

Future Initiatives

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

ENFORCEABILITY OF REMEDIES

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

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

TAX MATTERS

Opinion of Bond Counsel

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

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

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

Counsel expresses no opinion on the effect of any action thereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Notes, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

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

Certain Collateral Federal Tax Consequences

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

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

Note Premium

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Notes under Federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes. For example, the Fiscal Year 2015 Budget proposed on March 4, 2014, by the Obama Administration recommends a 28% limitation on "all itemized deductions, as well as other tax benefits" including "tax-exempt interest." The net effect of such a proposal, if enacted into law, would be that an owner of a tax-exempt bond with a marginal tax rate in excess of 28% would pay some amount of Federal income tax with respect to the interest on such tax-exempt bond. Similarly, on February 26, 2014, Dave Camp, Chairman of the United States House Ways and Means Committee, released a discussion draft of a proposed bill which would significantly overhaul the Code, including the repeal of many deductions; changes to the marginal tax rates; elimination of tax-exempt treatment of interest for certain bonds issued after 2014; and a provision similar to the 28% limitation on tax-benefit items described above (at 25%) which, as to certain high income taxpayers, effectively would impose a 10% surcharge on their "modified adjusted gross income," defined to include tax-exempt interest received or accrued on all bonds, regardless of issue date.

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

CERTAIN LEGAL MATTERS

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

FINANCIAL ADVISOR

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

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

LITIGATION

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

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

RATING

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

UNDERWRITING

The Notes were sold at competitive bid on June 17, 2014. The Notes were awarded to Morgan Stanley & Co. LLC (the "Underwriter"), at a purchase price of $44,275,880.00. The Official Notice of Sale provides that all Notes would be purchased if any were purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Official Notice of Sale, the approval of certain legal matters by Bond Counsel and certain other conditions. The Underwriter will represent to the Authority that the Notes have been re-offered to the public at the price or yield as stated on the cover page hereof.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC., an underwriter of the Notes, has entered into a retail distribution arrangement with Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Notes.

CONTINUING DISCLOSURE

The Authority has agreed in the Resolution and will covenant in a Continuing Disclosure Certificate to be executed in connection with the delivery of the Notes that, upon the occurrence of any of the following "Listed Events," it will report the occurrence of such event to either the MSRB through its EMMA system or to another repository designated by the MSRB or the SEC within 10 Business Days (as defined in the Continuing Disclosure Certificate). Listed Events include any of the following events so long as the Notes are outstanding: (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) modifications to rights of Holders, if material; (iv) bond calls, if material and tender offers; (v) defeasances; (vi) rating changes; (vii) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (Internal Revenue Service Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (viii) unscheduled draws on the debt service reserves reflecting financial difficulties; (ix) unscheduled draws on the credit enhancements reflecting financial difficulties; (x) release, substitution or sale of property securing repayment of the Notes, if material; (xi) bankruptcy, insolvency, receivership or similar event of the Authority (such event is considered to occur when any of the following occur: the appointment of a receiver, Paying Agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority; (xii) substitution of credit or liquidity providers, or their failure to perform; (xiii) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional Paying Agent or the change of name of a Paying Agent, if material. There are currently no debt service reserves, credit enhancements or liquidity providers with respect to the payment of principal of and interest on the Notes, and the Notes are not subject to redemption prior to maturity in accordance with their terms. The Authority's obligations under the Resolution with respect to continuing disclosure shall terminate upon payment in full of all of the Notes without any requirement to provide notice to any owner or holder of the Notes. If such termination occurs prior to the final maturity of the Notes, the Authority shall give notice of such termination in the same manner as for a Listed Event.

These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the SEC. The Authority has not failed in the last five years to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of events.

The Authority will file updated cash flows for Fiscal Year 2014-15 with the MSRB through its EMMA system after each of the quarters ending September 30, 2014, December 31, 2014, March 31, 2015 and June 30, 2015.

MISCELLANEOUS

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

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

ORANGE COUNTY FIRE AUTHORITY

By: /s/ Patricia Jakubiak
Treasurer

APPENDIX A

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

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GENERAL INFORMATION

History and Overview

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

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

The Authority operates a full service emergency response agency. The Authority's chief officers manage the Authority's role as Area Coordinator in both the Statewide mutual aid plan and the federally supported Urban Search and Rescue California Task Force 5. The Authority operates nine battalions within seven divisions and manages 71 fire stations, including a fire station at the John Wayne Airport in the City of Santa Ana. The Authority expects to open an additional fire station in the Ortega Valley portion of the unincorporated County area in January 2015. See "Financial and Economic Information – Capital Projects" herein. Aircraft rescue fire-fighting services are provided under contract with John Wayne Airport. The Authority also provides a full range of fire and accident prevention programs including both regulation enforcement and education. The Authority serves a population of approximately 1.7 million residents within a land area of approximately 571 square miles including more than 172 acres of federal and State responsibility areas. In Fiscal Year 2012-13, the Authority's personnel responded to 111,889 incidents.

Governance and Senior Management

The Authority is governed by a 25 member Board of Directors. The Board of Directors is comprised of one voting member from each member City and two voting members from the County. Each Director is a current, elected member of the governing board of his or her representative City or the County. The Board of Directors appoints the fire chief (the "Fire Chief"), establishes policies for the Authority and adopts the annual budget. The Fire Chief is the Authority's chief executive officer and is responsible for implementing policies of the Board of Directors, managing the Authority's fire protection and life safety services and overseeing administration of the Authority. In June 2014, Fire Chief Keith Richter announced his retirement effective August 29, 2014. In addition to the Fire Chief, one Deputy Fire Chief, four Assistant Fire Chiefs, and one Deputy Fire Marshal oversee and manage operations for the Authority.

FINANCIAL AND ECONOMIC INFORMATION

Budgetary Process

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

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

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

The Authority receives a portion of its revenues from the State through payments made or appropriated by the State to the Authority for various programs and services. See "State of California Budget and Supplemental Financial Information" herein for a description of the proposed State budget for Fiscal Year 2014-15, the May revision to the proposed State budget for Fiscal Year 2014-15 and the 2013-14 State Budget Act (defined herein). No assessment can be made by the Authority as to the significance of budgetary problems that may affect the State in Fiscal Year Fiscal Year 2014-15, including any measures that may be taken by the State to balance its budget. There can be no assurances that the 2014-15 State Budget Act or any future budget or budget amendment will not place additional burdens on local governments, including the Authority, or will not significantly reduce revenues to such local governments, and the Authority cannot predict the ultimate impact of the 2014-15 State Budget Act or any future budget or budget amendment, if any, on the Authority's financial situation.

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

Financial Policies and Practices

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

The Fiscal Health Plan establishes the fiscal policies and the comprehensive system for monitoring the Authority's fiscal performance and directs the Authority to take certain actions upon the occurrence of adverse fiscal circumstances. Pursuant to the Fiscal Health Plan and the Budget Policy, the Authority must maintain an operating fund contingency in an amount at least equal to 10% of operating expenditures (the "Contingency Reserve Set Aside Requirement"). The Authority has satisfied the Contingency Reserve Set Aside Requirement each year since 2002 when the Fiscal Health Plan was adopted, including Fiscal Years 2013-14 and 2014-15.

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

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

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

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

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

Trigger Formula. In 2010, the Authority and each of the labor groups which represent employees of the Authority amended their respective memoranda of understanding (each, an "MOU") to change the method by which base salary increases are authorized (the "Trigger Formula") and to change the amount of employee contributions required to be paid for retirement costs. Pursuant to the Trigger Formula, the timing and amounts for future pay increases are subject to the financial position of the Authority. The Trigger Formula determines the amount available for increases to base salaries after funding all General Fund expenditures, the incremental increase to the contingency fund balance and the designation of 5% of General Fund expenditures for transfer to the Authority's Capital Improvement Funds.

The Trigger Formula is employed during the Authority's mid-year budget review of each fiscal year to determine whether any salary increases may be made in the following fiscal year. The Authority may not increase employees' salaries unless the updated General Fund surplus is greater than 5% of General Fund expenditures. The Authority may use any surplus identified in the updated General Fund budget in excess of 5% of General Fund expenditures to increase salaries of employees of the Authority who are members of the bargaining units and employees who are not represented by the bargaining units but have agreed to similar terms with respect to base salary increases. There have been no base salary increases since the Trigger Formula has been in effect.

Fiscal Year General Fund 2013-14 Budget. The Fiscal Year 2013-14 General Fund Adjusted Budget projects Fiscal Year 2013-14 total available resources of approximately $358.5 million, inclusive of a beginning balance of $52.5 million, total expenditures and other uses of $306.0 million and a year-end ending balance of $44.1 million. The Fiscal Year 2013-14 Adjusted Budget did not include any salary or cost of living adjustments for employees based on the Trigger Formula calculation.

In order to reduce the unfunded actuarial accrued liability (the "UAAL") with respect to the Authority's portion of the System, the Fiscal Year 2013-14 Adjusted Budget maintains the employer rate for Safety members from Fiscal Year 2012-13 rather than the scheduled decrease of 2.3%. See "Financial and Economic Information – Defined Benefit Retirement Program - The System's Historical Funding Progress" herein. In addition, the Fiscal Year 2013-14 Adopted Budget continues a hiring freeze for positions that do not provide front line service to the public. See "Financial and Economic Information – Employees and Labor Relations" herein. In connection with the Fiscal Year 2013-14 Adopted Budget, the Authority's Executive Management and Capital Improvement program Ad Hoc Committee reviewed the five-year capital improvement plan in order to prioritize and review the necessity of proposed projects. See "Financial and Economic Information – Capital Improvement Program" herein.

Fiscal Year 2013-14 Mid-Year Budget Update. The Board of Directors received an update on the Fiscal Year 2013-14 Adjusted Budget on January 23, 2014 (the "2013-14 Mid-Year Budget Update"). The Board of Directors approved technical adjustments to the Fiscal Year 2013-14 Adjusted Budget in March 2014. The 2013-14 Mid-Year Budget Update stated that projected General Fund revenues for Fiscal Year 2013-14 were approximately $8.0 million greater than the budgeted amount. The Board of Directors reviewed service demands and directed Authority staff to evaluate staffing levels and frozen positions.

In general, the Second Amendment to the Amended Joint Powers Agreement requires the Authority to pay to qualifying Structural Fire Fund members equity payments when the amount of revenues provided by a Structural Fire Fund Jurisdiction exceeds the costs of service provided to such members. The 2013-14 Mid-Year Budget Update projects that expenditures will increase by approximately $9.2 million due to, among other things, a $5.976 million Jurisdictional Equity Adjustment Payment (defined herein) to the City of Irvine.

The Fiscal Year 2013-14 Adopted Budget included an initial payment of $2.5 million to the System (defined herein) to accelerate the reduction of the Authority's pension UAAL. In connection with the 2013-14 Mid-Year Budget Review, the Board approved the allocation of $3.0 million to the System to further reduce the Authority's pension UAAL.

In addition, in connection with the 2013-14 Mid-Year Budget Update the Board of Directors reviewed the Trigger Formula to determine whether employee base salary adjustments are required in Fiscal Year 2014-15. The General Fund is expected to have a projected surplus of approximately $5.9 million as of June 30, 2014, which is less than 5% of General Fund expenditures. See " – Financial Policies and Practices - Trigger Formula" herein. Accordingly, no funds are available for base salary adjustments during Fiscal Year 2014-15 pursuant to the Trigger Formula.

Fiscal Year 2014-15 Authority Budget. The Board of Directors of the Authority approved the Authority's Fiscal Year 2014-15 General Fund Adopted Budget (the "Fiscal Year 2014-14 General Fund Adopted Budget") on May 22, 2014. The Fiscal Year 2014-14 General Fund Adopted Budget projects Fiscal Year 2014-15 total available resources of approximately $355.7 million, inclusive of a beginning balance of $47.1 million, total expenditures and other uses of $324.6 million and a year-end ending balance of $27.4 million. The Fiscal Year 2014-15 General Fund Adopted Budget, among other things, continues the Authority's policy to leave vacant positions unfilled and directs each department to maintain services and supplies at their respective Fiscal Year 2013-14 levels. The Fiscal Year 2014-15 General Fund Adopted Budget does not include salary adjustments or cost of living adjustments based on the Trigger Formula calculation. However, the Authority expects to apply the Trigger Formula during its Fiscal Year 2014-15 budget review to determine whether base salary adjustments or cost of living adjustments are authorized for Fiscal Year 2015-16.

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

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

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

The following Table 1 sets forth the Authority's adopted and adjusted budgets for its General Fund for Fiscal Years 2010-11 through 2014-15.

TABLE 1
ORANGE COUNTY FIRE AUTHORITY
GENERAL FUND ANNUAL BUDGETS[(1)]
Fiscal Years Ended June 30, 2011 through 2015

	Adopted 2010-11 Budget	Adopted 2011-12 Budget	Adopted 2012-13 Budget[(1)]	Adjusted 2013-14 Budget	Adopted 2014-15 Budget
FUNDING SOURCES:					
Property Taxes	$ 175,678,682	$ 178,620,900	$ 180,025,636	$ 190,156,251	$ 195,471,965
Intergovernmental	9,174,557	8,555,396	8,453,724	17,872,333	11,137,559
Charges for Current Services	56,456,162	59,160,564	94,314,465	96,288,619	100,016,486
Use of Money & Property	736,028	329,425	217,023	128,487	886,749
Other	467,000	1,519,243	2,569,243	1,572,631	1,000,700
TOTAL REVENUE AND OTHER FINANCING SOURCES	$ 242,512,429	$ 248,185,528	$ 285,580,091	$ 306,018,321	$ 308,513,459
BEGINNING FUND BALANCE	$ 34,543,735	$ 47,336,136	$ 44,316,887	$ 52,525,839	$ 47,141,481
TOTAL AVAILABLE RESOURCES	$ 277,056,167	$ 295,521,664	$329,896,978	$ 358,544,160	$ 355,654,940
EXPENDITURES					
Salaries and Employee Benefits[(2)]	$ 221,201,034	$ 228,151,732	$ 260,416,467	$ 273,532,282	$ 298,156,224
Services and Supplies	20,447,372	19,555,593	21,700,120	32,164,422	25,585,580
Capital Outlay	--	--	--	335,600	--
Debt Service	--	--	--	--	895,000
TOTAL EXPENDITURE AND OTHER USES	$ 236,648,406	$ 247,707,325	$ 282,116,587	$ 306,032,304	$ 324,636,804
APPROPRIATION FOR CONTINGENCIES[(3)]	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000
OPERATING TRANSFER OUT	$ --	$ --	$ --	$ 5,370,375	$ 584,592
ENDING FUND BALANCE	$ 37,407,761	$ 44,814,339	$ 44,780,391	$ 44,141,481	$ 27,433,544
TOTAL FUND COMMITMENTS & FUND BALANCE	$ 277,056,167	$ 295,521,664	$ 329,896,978	$ 358,544,160	$ 355,654,940

Source: Orange County Fire Authority.

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

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

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

Financial Statements

The following Table 2 sets forth the Authority's Statement of General Fund Revenues, Expenditures and Changes in Fund Balances for Fiscal Years 2009-10 through 2012-13.

TABLE 2
ORANGE COUNTY FIRE AUTHORITY
STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES[(1)]
AND CHANGES IN FUND BALANCES
Fiscal Years Ended June 30, 2010 through 2013

	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
REVENUES				
Taxes	$ 179,001,919	$ 177,181,086	$ 177,728,290	$ 181,720,253
Intergovernmental	13,158,851	10,756,345	12,856,953	28,004,583
Charges for Services[(1)]	54,355,816	55,651,846	64,332,052	94,292,648
Use of Money and Property	673,700	426,990	344,630	25,305
Miscellaneous	747,516	893,511	2,326,680	4,785,472
TOTAL REVENUES	$ 247,937,802	$ 244,909,778	$ 257,588,605	$ 308,828,261
EXPENDITURES				
Current – Public Safety:				
Salaries and Benefits[(1)]	$ 206,817,839	$ 211,799,421	$ 228,452,010	$ 255,301,913
Services and Supplies[(1)]	23,990,089	24,387,661	27,761,638	29,849,819
Capital Outlay	444,809	274,901	418,655	250,572
Debt Service:				
Principal Retirement	--	--	--	--
Interest and Fiscal Charges	335,863	210,594	136,019	115,937
TOTAL EXPENDITURES	$ 231,588,600	$ 236,672,577	$ 256,768,322	$ 285,518,241
EXCESS (DEFICIT) OF REVENUES OVER/(UNDER) EXPENDITURES	$ 16,349,202	$ 8,237,201	$ 820,283	$ 23,310,020
OTHER FINANCING SOURCES (USES)				
Transfers In	$ --	$ (4,137,811)	$ --	$ --
Transfers Out	(10,228,399)	434,914	--	(381,222)
Sale of Capital and Other Assets	162,533	--	146,317	58,051
Insurance Recoveries	71,445	8,405	89,095	53,539
TOTAL OTHER FINANCING SOURCES (USES)	$ (9,994,421)	$ (3,694,492)	$ 235,412	$ (269,642)
NET CHANGE IN FUND BALANCES	$ 6,354,781	$ 4,542,709	$ 1,055,695	$ 23,040,378
FUND BALANCE				
BEGINNING OF YEAR	$ 69,343,698	$ 80,697,406[(2)]	$ 85,240,115	$ 84,544,766[(3)]
END OF YEAR	$ 75,698,479	$ 85,240,115	$ 86,295,810	$ 107,585,144

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

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

(3) The Authority restated its beginning net position of governmental activities by $256,951, in order to eliminate deferred issuance costs from the Statement of Net Position, in conjunction with the implementation of GASB Statement No. 65 – "Items Previously Reported as Assets and Liabilities". The restatement also included an adjustment of $1.75 million due to the Authority's hazardous materials program. Additional information regarding GASB Statement No. 65 is included in Note 3 to the Authority's audited financial statements for Fiscal Year 2012-13. See Appendix B – "Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2013" attached hereto.

Source: Comprehensive Annual Financial Reports of the Authority for the Fiscal Years ended June 30, 2010 through June 30, 2013.

The following Table 3 sets forth the Authority's General Fund Balance Sheets for Fiscal Years 2009-10 through 2012-13.

TABLE 3
ORANGE COUNTY FIRE AUTHORITY
GENERAL FUND BALANCE SHEETS
Fiscal Years Ended June 30, 2010 through 2013

	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
ASSETS				
Cash and Investments	$72,298,512	$63,031,566	$ 68,277,255	$ 87,493,792
Receivables:				
Accounts, net	2,152,024	1,914,898	1,803,896	2,944,138
Accrued Interest	158,912	74,898	76,707	32,796
Prepaid Costs	117,473	23,186,680	22,756,709	26,727,849
Due from Other Governments	10,356,147	7,279,150	8,529,530	9,674,957
TOTAL ASSETS	$85,083,068	$ 95,487,192	$101,444,097	$126,873,532
LIABILITIES				
Accounts Payable	$ 2,193,288	$ 1,727,631	$ 2,590,413	$ 2,471,418
Accrued Liabilities	7,142,185	8,507,382	10,915,134	12,853,555
Unearned Revenue	--	--	--	2,905,626
Deferred Revenues	42,341	12,064	1,642,740	--
Due to Other Governments	6,775	--	--	23,368
TOTAL LIABILITIES	$ 9,384,589	$ 10,247,077	$ 15,148,287	$ 18,253,967
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	$ --	$ --	$ --	$ 1,034,421
TOTAL DEFERRED INFLOWS OF RESOURCES	$ --	$ --	$ --	$ 1,034,421
FUND BALANCES:				
Reserved:				
Reserved for Encumbrances	$ 397,246	--	--	--
Reserved for Prepaid Costs	117,473	--	--	--
Unreserved				
Designated for Workers' Compensation	36,899,954	--	--	--
Designated for Operating Contingency	19,981,874	--	--	--
Designated for Future Cash Flow Needs	10,928,956	--	--	--
Designated for Training and Education	1,109,276	--	--	--
Undesignated	6,263,700	--	--	--
Nonspendable – Prepaid Costs	--	$ 23,186,680	$ 22,756,709	$ 26,727,849
Restricted for:				
Executive Management	--	79,125	60,391	7,865
Operations Department	--	29,655	113,056	127,193
Fire Prevention Department	--	3,200	24,628	2,618
Business Services Department	--	--	1,501,712	--
Committed to – SFF Cities Enhancements	--	797,935	1,372,789	1,268,160

(continued)

Assigned To:				
Capital Improvement Program	--	--	--	--
Workers' Compensation	--	35,134,351	34,146,268	53,230,384
Executive Management	--	34,031	45,140	24,832
Operations Department	--	83,553	134,227	62,583
Fire Prevention Department	--	68,180	49,224	55,138
Business Services Department	--	139,647	232,335	161,126
Support Services Department	--	91,227	94,138	134,545
Facilities Projects	--	--	14,065	--
Communications and IT Projects	--	--	--	--
Fire Apparatus and Other Vehicles	--	--	--	--
Fire Station Construction	--	--	--	--
Unassigned	--	25,592,531	25,751,128	25,782,851
TOTAL FUND BALANCES	$75,698,479	$ 85,240,115	$ 86,295,810	$107,782,851
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$85,083,068	$ 95,487,192	$101,444,097	$126,873,532

Sources: Comprehensive Annual Financial Reports of the Authority for the Fiscal Years ended June 30, 2010 through June 30, 2013.

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

Major Revenues

General. The Authority derives its revenues from a variety of sources including *ad valorem* property taxes, charges for services provided by the Authority, intergovernmental sources, licenses, use of Authority money and property, and other miscellaneous sources. Property tax revenue represents approximately 58.84% of revenue to the General Fund for Fiscal Year 2012-13. Such revenues are specifically allocated to fire suppression, protection, prevention, and related services. The following Table 4 sets forth the Authority's General Fund revenues for the Fiscal Year ended June 30, 2013.

TABLE 4
ORANGE COUNTY FIRE AUTHORITY
ALLOCATION OF COUNTY GENERAL FUND REVENUES[(1)]
Fiscal Year Ended June 30, 2013

Taxes	58.84%
Intergovernmental	9.07
Charges for Services	30.53
Use of Money and Property	0.01
Miscellaneous	1.55
Total	100.00%

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2013.

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

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

The following Table 5 sets forth the amount of the Structural Fire Fund Revenues for each of the Structural Fire Fund Jurisdictions for Fiscal Year 2013-14. The aggregate amount of the Structural Fire Fund Revenues for Fiscal Year 2013-14 was $186,395,536.

TABLE 5
ORANGE COUNTY FIRE AUTHORITY
STRUCTURAL FIRE FUND REVENUES[(1)]
Fiscal Year Ended June 30, 2014

Structural Fire Fund Jurisdiction	Structural Fire Fund Revenue
Aliso Viejo	$ 9,078,539
Cypress	4,302,153
Dana Point	10,324,890
Irvine	62,818,290
La Palma	1,365,622
Laguna Hills	5,819,188
Laguna Niguel	12,988,031
Laguna Woods	2,614,707
Lake Forest	11,764,437
Los Alamitos	1,619,355
Mission Viejo	14,051,316
Rancho Santa Margarita	8,305,384
San Juan Capistrano	6,089,775
Villa Park	1,493,780
Yorba Linda	9,091,605
County Unincorporated	24,668,464
Total Structural Fire Fund Revenue	$186,395,536

(1) Revenues based on information from the Auditor's AT68AD-73 Report.

Source: Orange County Fire Authority.

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

The Authority and the City of Irvine are seeking a judicial determination that the Second Amendment to the Joint Powers Agreement is valid and enforceable (the "Validation Action"). In February 2014, the County filed an answer opposing the Validation Action and challenging the validity of the Second Amendment to the Joint Powers Agreement and the revenues proposed to make the Jurisdictional Equity Adjustment Payments. The Authority cannot predict the outcome of the validation proceedings nor has it determined what action it will take if the Second Amendment to the Joint Powers Agreement and the Jurisdictional Equity Adjustment Payments to be made in accordance therewith are not validated. The Authority heretofore funded

50% of the City of Irvine's Jurisdictional Equity Adjustment Payment for Fiscal Year 2013-14 as shown in the forepart of this Official Statement, but the Authority has reserved the remaining 50% of the Jurisdictional Equity Adjustment Payment pending the outcome of litigation.

Cash Contract Payments. The Cities of Buena Park, Placentia, San Clemente, Santa Ana, Seal Beach, Stanton, Tustin and Westminster and the John Wayne Airport (collectively, the "Cash Contract Members") have each entered into a contract with the Authority pursuant to which each of them is obligated to make payments to the Authority. The City of Santa Ana makes monthly payments to the Authority. The other Cash Contract Members make quarterly payments to the Authority. The amounts so payable are determined by the Authority each year as part of its annual budget process. Revenues from cash contracts are currently increasing due to cost increases. Pursuant to the Second Amendment to the Amended Joint Powers Authority Agreement, no annual cost adjustment may exceed 4.5% in a given fiscal year. The base service charge increase for the Cash Contract Members was 1.44% in Fiscal Year 2013-14. The Authority estimates that the base service charge increase for Fiscal Year 2014-15 will be 3.8%. However, the Board of Directors approved a base service charge increase of 4.5% in its Fiscal Year 2014-15 Final Adopted Budget.

The following Table 6 sets forth the amount of the Cash Contract Payment for each of the Cash Contract Members and for John Wayne Airport (which are paid by the County) for Fiscal Year 2012-13. The aggregate amount of the Cash Contract Payments for Fiscal Year 2012-13 was $83.0 million, which amount was approximately 26.9% of total General Fund revenues.

TABLE 6
ORANGE COUNTY FIRE AUTHORITY
CASH CONTRACT PAYMENTS[1]
Fiscal Year Ended June 30, 2013

Cash Contract Member	Cash Contract Payment
Buena Park	$ 8,531,785
John Wayne Airport	4,579,662
Placentia	4,976,100
San Clemente[1]	7,241,336
Santa Ana[2]	35,186,723
Seal Beach	4,108,179
Stanton	3,431,389
Tustin	5,901,371
Westminster	9,045,937
Total	$ 83,002,482

(1) In addition to the base charge, such amount includes a charge in the amount of $497,500 to the City of San Clemente relating to emergency transportation technicians in the City of San Clemente. The additional amount charged to the City of San Clemente is subject to change based on activity.

(2) In addition to the base charge, such amount includes a charge in the amount of $770,000 to the City of Santa Ana relating to workers' compensation claims and vacation leave that originated in the City of Santa Ana that current employees of the Authority had with the City of Santa Ana prior to their transition to the Authority. The additional amount charged to the City of Santa Ana is subject to change based on activity.

Source: Orange County Fire Authority.

Hazardous Material Inspection Program Revenues. The Authority receives a small portion of its revenues from hazardous material inspections conducted by Authority personnel on businesses within the Authority's service area. The Authority determined that certain businesses in the County received bills for hazardous material inspections that the Authority could not verify with existing documentation. Accordingly, the Authority provided refunds to such businesses in the amount of $1,286,252 as of May 30, 2014 for Fiscal Year 2013-14 and expects to transfer the remaining refunds of approximately $400,000 to the Orange County

Environmental Health Agency by June 30, 2014. Commencing July 1, 2013, the Orange County Environmental Health Agency began management of the hazardous materials disclosure, business emergency plan, and the State's accidental release prevention programs which were previously managed by the Authority. In addition, the Orange County Environmental Health Agency is responsible for billing qualifying businesses for the inspections. The Orange County District Attorney's office is conducting an investigation of the inspection practices by the Authority and other related matters. The Authority cannot predict the outcome of this investigation.

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

Intergovernmental Revenues

Intergovernmental Revenues is the Authority's third largest revenue source. A large amount of this revenue source comes from the State in the form of payments for services provided by the Authority, including, among other things, the contract by and between the Authority and CAL FIRE to protect the State responsibility area. See "State of California Budget and Supplemental Financial Information – State Budget for Fiscal Year 2013-14" and " – State Budget for Fiscal Year 2014-15" herein.

Expenditures

The Authority's major expenditures are employee salaries and benefits. See Appendix B – "Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2013" attached to this Official Statement.

Capital Projects

The Authority finances capital improvements from a variety of sources including, among other things, State and federal funds and proceeds of debt issuances. In addition, the Authority maintains reserves in each of its Capital Improvement Funds. See "Financial and Economic Information – Fiscal Health Plan and Financial Stability Budget Policy – Financial Policies and Practices" herein. As of June 30, 2013, the Authority had on deposit approximately $30.9 million in the vehicle replacement fund, $19.1 million in the communication and information systems fund, $16.7 million in its facilities replacement fund, and $2.6 million in the facilities maintenance and improvement fund. See Appendix B – "Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2013" attached to this Official Statement.

Significant capital improvement projects under construction in Fiscal Year 2013-14 include the construction of Fire Station 56 ("Fire Station 56") located in the Ortega Valley portion of the unincorporated County area. This project is expected to be completed in January 2015. Upon completion, Fire Station 56 will be an approximately 10,000 square foot station with three apparatus bays. The Authority expects the station to house up to two fire companies. The Authority expects planning, design and construction costs for Fire Station 56 to cost approximately $5,250,000 in Fiscal Year 2013-14. In addition, the Authority estimates that Fire Station 56 will increase the operating budget for staffing, equipment, normal operations and maintenance costs in the amount of $2.3 million for each fiscal year beginning in Fiscal Year 2015-16.

In addition, the Authority is replacing its existing 911 Computer Aided Dispatch System (the "CAD System"), which project includes upgrades to and the integration of several elements of the Authority's public safety system. The replacement of the existing CAD System includes the implementation of a map-based CAD System. Upon completion of the replacement project, the Authority will be able to improve its response recommendations through an automatic vehicle location program. In addition, the Authority is replacing its records management system, which includes the Orange County Fire Incident Reporting system and the Integrated Fire Protection system. In connection with the new CAD System, the Authority will install new control systems at Regional Fire Operations & Training Center and each of the Authority's fire stations. The Authority expects the costs related to the replacement of the CAD System and the related improvements to the public safety system to be approximately $140,000 in Fiscal Year 2014-15 and that there will be an annual increase for these costs in the operating budget of approximately $480,000 for each fiscal year beginning in Fiscal Year 2015-16.

Ad Valorem Property Taxes

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

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

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

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

The Fiscal Year 2013-14 Adopted Budget projects that the Authority will receive approximately $189.4 million in property taxes during Fiscal Year 2013-14. The aggregate assessed valuation of taxable properties within the Authority for Fiscal Year 2013-14 of $220.0 billion, reflects an increase of approximately $6.9 billion from Fiscal Year 2012-13 which is an increase of 3.23%. Based on data reflecting current market conditions, the Authority estimates that assessed valuation of property will increase at a rate of 3.379% for Fiscal Year 2014-15.

Supplemental property taxes are assessed when there is a change in the assessed valuation of property after the property tax bill for that year has been issued. As a result, when property values are increasing and sales activity is high, there will be an increase in supplemental property tax revenues. The Authority received supplemental property tax revenues of approximately $2.3 million in Fiscal Year 2012-13. The Fiscal Year 2013-14 Adopted Budget projects that the Authority will receive supplemental property tax revenues of approximately $3.0 million in Fiscal Year 2013-14.

The following Table 7 sets forth certain information regarding Authority property tax levies and collections, including taxes levied and collected on behalf of all taxing agencies in the Authority from Fiscal Years 2008-09 through 2012-13.

TABLE 7
ORANGE COUNTY FIRE AUTHORITY
SUMMARY OF TAX LEVIES AND COLLECTIONS[1]
Fiscal Years 2008-09 through 2012-13

Fiscal Year	Secured Tax Charge	Total Tax Collection through June 30	Outstanding Delinquent Taxes	Ratio of Delinquency to Tax Levy
2008-09	$176,648,030.78	$170,098,281.07	$6,549,749.71	3.71%
2009-10	171,591,359.63	167,562,214.59	4,029,145.04	2.35
2010-11	170,663,662.29	167,847,829.98	2,815,832.31	1.65
2011-12	171,737,008.52	169,203,205.59	2,533,802.93	1.48
2012-13	176,266,049.66	174,246,519.71	2,019,529.95	1.15

Source: California Municipal Statistics.

(1) Unaudited.

The following Table 8 sets forth the Authority's assessed valuation for Fiscal Years 2009-10 through 2013-14.

TABLE 8
ORANGE COUNTY FIRE AUTHORITY
ASSESSED VALUATION
Fiscal Years 2009-10 through 2013-14

Fiscal Year	Secured	Utility	Unsecured	Total Assessed Value
2009-10	$200,558,541,831	$35,633,565	$9,222,412,882	$209,816,588,278
2010-11	199,547,897,497	22,101,833	9,016,181,274	208,586,180,604
2011-12	201,342,069,541	20,293,875	8,700,459,874	210,062,823,290
2012-13	204,509,322,121	9,502,913	8,627,214,041	213,146,039,075
2013-14	211,564,453,879	9,424,005	8,456,108,413	220,029,986,297

Source: California Municipal Statistics.

Teeter Plan

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

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

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

Largest Taxpayers. The following Table 9 is a list of the twenty largest property taxpayers in the Authority's boundaries by total taxes assessed for Fiscal Year ending June 30, 2014.

TABLE 9
ORANGE COUNTY FIRE AUTHORITY
TWENTY LARGEST PROPERTY TAXPAYERS BY TOTAL TAXES ASSESSED
Fiscal Year 2013-14

	Taxpayer	Type of Business	Amount of Tax	% of Total[1]
1.	The Irvine Company	Various Land Holdings	$ 6,022,711,038	2.85%
2.	Irvine Apartment Communities	Apartments	812,957,969	0.38
3.	United Laguna Hills Mutual	Retirement Community	710,172,617	0.34
4.	Heritage Fields El Toro LLC	Mixed Use	607,068,686	0.29
5.	Linn Western Operating, Inc.	Oil & Gas	448,706,418	0.21
6.	B Braun Medical Inc.	Industrial	361,167,927	0.17
7.	Allergan Pharmaceuticals	Industrial	300,899,487	0.14
8.	OC/SD Holdings LLC	Apartments	300,083,630	0.14
9.	Knott's Berry Farm	Theme Park	295,405,062	0.14
10.	IAC Apartment Development	Apartments	282,261,315	0.13
11.	John Hancock Life Insurance Company USA	Commercial	280,438,817	0.12
12.	Warland Investment Co.	Industrial	253,623,915	0.12
13.	SHC Laguna Niguel 1 LLC	Commercial	219,220,288	0.10
14.	Walton CWCA	Industrial	206,119,891	0.10
15.	WH MBR LLC	Commercial	197,926,889	0.09
16.	DMB San Juan Investment North LLC	Residential	190,679,756	0.09
17.	Lakeshore Properties LLC	Commercial	188,071,289	0.09
18.	Park Spectrum Apartments LP	Apartments	180,377,381	0.09
19.	Regency Laguna LP	Commercial	174,132,324	0.08
20.	Oxy Long Beach Inc.	Oil & Gas	165,219,856	0.08
			$12,197,244,555	5.77%

Source: California Municipal Statistics.

[1] 2013-14 Local Secured Assessed Valuation: $211,564,453,879.

Employees and Labor Relations

Employment. The following Table 10 sets forth information regarding the Authority's employment for Fiscal Years 2009-10 through 2013-14. Of the total authorized positions, the Authority has 1,011 authorized positions for front-line emergency response and 260 reserve (volunteer) firefighters as of May 1, 2014.

TABLE 10
ORANGE COUNTY FIRE AUTHORITY
EMPLOYMENT
Fiscal Years 2009-10 through 2013-14

Fiscal Year	Firefighter Unit	Fire Management Unit	General Unit	Supervisory Management Unit	Supported Employment Unit	Personnel and Salary Resolution	Unfunded Positions	Total Authorized
2009-10	863	41	197	28	4	49	86	1,182
2010-11	863	41	196	28	4	49	95	1,181
2011-12	1010	45	203	28	4	49	94	1,339
2012-13	1011	45	205	28	4	50	105	1,343
2013-14	1011	45	205	27	4	50	106	1,342

Source: Orange County Fire Authority.

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

The Authority's Fiscal Year 2013-14 Adopted Budget does not fund 106 authorized positions, which consist of 18 firefighters, 24 fire apparatus engineers, 27 fire captains, 1 heavy fire equipment operator, three battalion chiefs, and 22 non-safety positions. However, the Authority does not expect to reduce the level of service that it provides due to the use of overtime for funded firefighter positions. Any positions that become vacant during a fiscal year will be reviewed by Executive Management to determine whether there is a need to reassign, eliminate or fill the position.

Labor Relations. Approximately 92% of the Authority's employees are represented by employee organizations covering three bargaining units. Pursuant to State law 76% of Authority employees which consists of support and operations personnel are prohibited from engaging in work stoppage actions that endanger public safety. The following Table 11 sets forth the expiration dates for the respective MOUs of each of the Authority's employee organizations with the Authority. Negotiations with respect to a successor MOU with the Orange County Professional Firefighters Association are currently in progress. The Authority has approximately 190 reserve (volunteer) firefighters who do not work under the terms of an MOU.

TABLE 11
ORANGE COUNTY FIRE AUTHORITY
BARGAINING UNITS

Bargaining Unit	Employees	MOU Expiration Date
Orange County Chief Officers Association	42	December 11, 2015
Orange County Employees Association	198	December 18, 2014
Orange County Professional Firefighters Association	904	June 30, 2014

Source: Orange County Fire Authority.

Defined Benefit Retirement Program

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

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

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

Information regarding the System was obtained from the System's Actuarial Experience Study Analysis of Actuarial Experience during the Period January 1, 2008 through December 31, 2010, adopted by the Board of Retirement on October 26, 2011 (the "2010 Analysis of Actuarial Experience"), the System's Actuarial Valuation and Review as of December 31, 2013, adopted by the Board of Retirement on June 16, 2014 (the "2013 Actuarial Valuation"), the System's Actuarial Valuation and Review as of December 31, 2012, adopted by the Board of Retirement on May 31, 2013 (the "2012 Actuarial Valuation"), the System's Review of Economic Actuarial Assumptions for the December 31, 2012 Actuarial Valuation, adopted by the Board of Retirement on October 5, 2012 (the "2012 Review of Assumptions"), the System's Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2012, dated as of June 4, 2013 (the "2012 Association CAFR") and the Authority's 2013 Liability Study dated as of September 2013, which reports are the most recent analysis of plan experience, actuarial valuation and comprehensive annual financial report, respectively, available to the County as of the date of this Official Statement. Such reports have not been updated since their respective dates. The System's current actuary, The Segal Company (the "Association's Actuarial Consultant") prepared the 2010 Analysis of Actuarial Experience, the 2012 Actuarial Valuation and the 2012 Review of Assumptions. The results of the 2013 Actuarial Valuation and the 2012 Actuarial Valuation were prepared using the actuarial assumptions and methods developed in the 2010 Analysis of Actuarial Experience and the 2012 Review of Assumptions.

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

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

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

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

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

Significant Accounting Policies.

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

Deposits and Investments. State Street Bank and Trust maintains custody of the majority of the System's investments held as of December 31, 2012. Investments are authorized by State statute and the System's investment policy and consist of domestic and international fixed income, domestic, international, global (includes both domestic and international investments) and emerging market equities, private equity, real return strategies, absolute return strategies, opportunistic strategies and real estate. Investments are reported at fair value and the overall valuation process and information sources by major asset classification are as follows: cash and short term investments, equities, debt securities, real estate and alternative investments.

Cash and short-term investments represent funds held in operating accounts with State Street, Wells Fargo Bank and include deposits held in a pooled account with the County Treasurer at fair value. Deposits held in the Orange County Investment Pool (the "County Investment Pool") are invested in the Orange County Money Market Fund and the Extended Fund. The County Investment Pool is an external investment pool and is not registered with the Securities and Exchange Commission. At December 31, 2012 the OCIP had a weighted average maturity of 250 days. The Orange County Money Market Fund is rated "AAAm" by S&P. The Extended Fund is not rated. The deposits in the OCIP are reported at amortized cost which approximates fair value. The County's comprehensive annual report for the Fiscal Year ended June 30, 2013 contains additional information with respect to the County Investment Pool. However, such information is not incorporated herein by reference thereto .

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

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

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

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

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

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

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

Authority's Retirement Plans

Safety Member Category. Employees under the Safety Member category ("Safety Members") include employees in the Firefighter Unit (represented by the Orange County Professional Firefighters Association, 1AFF-Local 3631), the Fire Management Unit (represented by the Orange County Fire Authority Chief

Officers Association); and unrepresented members of Executive Management occupying fire suppression positions. The following Table 13 sets forth the four retirement plans for Safety Members as of May 1, 2014.

TABLE 13
ORANGE COUNTY FIRE AUTHORITY
RETIREMENT PLANS FOR SAFETY MEMBERS

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

Source: Orange County Fire Authority Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2013.

Pursuant to the respective MOUs and Personnel and Salary Resolution with respect to each personnel group and unrepresented employees, as applicable, the Authority assumes the contribution cost for both the employer and Safety Member employees. However, Safety Member employees reimburse the Authority for a portion of their retirement costs. The retirement reimbursement is deducted from each Safety Member employee's compensation earnable and continues throughout the employee's employment with the Authority. Each Safety Member employee's reimbursement rate reflects such employee's date of hire and the bargaining group of which such employee is a member. Employees in the Firefighter and Fire Management Units hired on or after January 1, 2011 reimburse the Authority at a rate of 9% of compensable earnings beginning at the commencement of their employment. Upon expiration of their respective MOUs, all employees may reimburse 50% of normal retirement costs regardless of their date of hire. The MOU with the Firefighter Unit expires on June 30, 2014 and the MOU with the Fire Management Unit expires on December 11, 2015, for the Fire Management Unit. See "Financial Information – Employment and Labor Relations" herein.

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

TABLE 14
ORANGE COUNTY FIRE AUTHORITY
REIMBURSEMENT RATES FOR SAFETY MEMBERS

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

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

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

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2013.

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

TABLE 15
ORANGE COUNTY FIRE AUTHORITY
RETIREMENT PLANS FOR GENERAL MEMBERS

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

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2013.

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

General Members have reimbursed the Authority at a rate of 6% of compensation earnable to the Authority since July 2004. Currently, employee reimbursement rates vary depending on the date on which such employee was hired the bargaining group in which such employee is a member. Employees in the General and Supervisory Management Unit that were hired on or after July 1, 2011, reimburse the Authority at a rate of 9% of compensation earnable. Upon expiration of the current MOU by and between the Authority and the General and Supervisory Management Unit on December 18, 2014, all employees may reimburse 50% of normal retirement costs regardless of their respective date of hire.

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

The Authority is in the process of increasing the reimbursement rate from 6% to 9% for employees hired prior to July 1, 2011 (General and Supervisory Management Unit) and December 1, 2012 (Administrative Management and non-fire suppression Executive Management). The following Table 16 sets forth the effective dates of the various increases to the reimbursement rate for General Members.

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

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

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

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2013.

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

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

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

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

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

During Fiscal Year 2013-14, the Authority made an additional contribution of $5.5 million to reduce its UAAL. In addition, in September 2011, the Authority and the Orange County Professional Firefighters Association amended their existing MOU so that as of June 30, 2014 any funds that remain in the Authority's cash flow reserve within the General Fund will be used to reduce the Authority's UAAL. This prepayment amount is estimated to be approximately $18.3 million. As of December 31, 2012, the Authority's UAAL was estimated to be approximately $400.9 million for Safety and approximately $72.8 million for General. As of December 31, 2013, the Authority's UAAL was estimated to be approximately $379.7 million for Safety and approximately $70.1 million for General.

The following Table 17 sets forth the Authority's annual required contribution for Safety Members and General Members and actual contributions related thereto for Fiscal Years 2008-09 through 2012-13 and Authority's actual contributions as a percentage of total governmental funds expenditures for such fiscal years. The Authority's actual contributions were equal to 100% of the required contributions for Fiscal Years 2008-09 through 2012-13.

TABLE 17
ORANGE COUNTY FIRE AUTHORITY
CONTRIBUTION STATUS
Fiscal Years 2008-09 through 2012-13

Fiscal Year	Safety	General	Total	Actual Contribution	Percent Contributed	Actual Authority Contribution as Percentage of Total Governmental Funds Expenditures[1]
2008-09	$33,384,056	$3,799,026	$37,183,082	$37,183,082	100.0%	13.62%
2009-10	38,687,061	3,644,446	42,331,507	42,331,507	100.0	16.29
2010-11	41,676,672	3,877,060	45,553,732	45,553,732	100.0	18.03
2011-12	46,268,131	3,808,623	50,076,754	50,076,754	100.0	19.03
2012-13	49,648,079	4,201,170	53,849,249	53,849,249	100.0	18.19

Sources: Comprehensive Annual Financial Reports of the Authority for the Fiscal Years ended June 30, 2009 through June 30, 2013.

The following Table 18 sets forth the aggregate ARC of all of the Member Agencies participating in the System and the percentage contributed for calendar years ended December 31, 2008 through December 31, 2013.

TABLE 18
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
ANNUAL REQUIRED EMPLOYER CONTRIBUTIONS
AND PERCENTAGE CONTRIBUTED[1]
December 31, 2007 through December 31, 2013
($ in thousands)

Year Ended December 31	Annual Required Contributions[1]	Actual Contributions[2]	Percentage Contributed
2008	$359,673	$360,365[3]	100.2%
2009	337,496	338,387[4]	100.3
2010	372,437	372,437	100.0
2011	387,585	387,585	100.0
2012	406,521	406,521	100.0
2013	426,020	427,095[5]	100.3

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

(1) ARC reflects the aggregate ARC amount of all employers participating in the System. See Table 15 – Orange County Fire Contribution Status" herein for the Authority's ARC.
(2) Excludes transfers from County Investment Account (funded by pension obligation bond proceeds held by the System).
(3) Includes $692,000 in additional contributions made by the Authority towards the reduction of their UAAL.
(4) Includes $891,000 in additional contributions made by the Authority towards the reduction of their UAAL.
(5) Includes $1,075,000 in additional contributions made by the Authority towards the reduction of their UAAL.

The amounts set forth above are determined by the System's Actuarial Consultant using the "entry age normal cost" method. This method currently produces an employer contribution rate consisting of amounts for (a) normal cost and (b) amortization of all existing UAAL over a 22-year closed (declining amortization) of the December 31, 2004 balance. The Board of Retirement's current actuarial funding policy (the "Actuarial Funding Policy") which became effective December 31, 2013, amortizes the outstanding balance of the UAAL as of December 31, 2012 over a 20 year a declining period. Any increases or decreases in the UAAL that arise in future years due to actuarial gains or losses are amortized over separate 20-year periods. Any increases or decreases in UAAL due to plan amendments are amortized over separate 15-year periods and any changes in the UAAL due to early retirement incentive programs will be amortized over a separate period of up to 5 years. As of December 31, 2013, the AAL was approximately $1579 billion and the UAAL (calculated using the valuation value of System Assets) was approximately $5.37 billion. See " – Proposed Changes to the Systems' Actuarial Assumptions and Projected Impact upon the Authority" herein.

Authority's and System's Unfunded Actuarial Accrued Liability and Unrecognized Gains/Losses as of December 31, 2011, December 31, 2012 and December 31, 2013. In its 2013 Actuarial Valuation, the System's Actuarial Consultant determined that the employers' funded ratio (i.e., the ratio of valuation value of assets of the System over the actuarial accrued liability) was 67.03% as of December 31, 2013, decreased to 62.52% as of December 31, 2012 and increased to 65.99% as of December 31, 2013. As of December 31, 2012, the Authority's Safety Plan had a funded ratio of 66.2% and the Authority's General Plan had a funded ratio of 56.0%

The 2013 Actuarial Valuation reflects a UAAL of $5.37 billion as of December 31, 2013, $5.68 billion as of December 31, 2012 and $4.46 billion as of December 31, 2013. As of December 31, 2012, approximately $400.9 million of the System's UAAL was attributable to the Authority's Safety Plan and $72.8 million of the System's UAAL was attributable to the Authority's General Plan. Accordingly, as of December 31, 2012, the Authority's portion of the UAAL was approximately 8.0%. The net unrecognized loss from investments in the System's investment portfolio as of December 31, 2011 was $598,987,000. The total unrecognized investment gains as of December 31, 2012 were $97,451,000 which amount is recognized by the System on a smoothed, five-year basis and the actuarial value of assets will be further adjusted, if necessary, in accordance with current policies of the Board of Retirement. The 2013 Actuarial Valuation reflects a net unrecognized gain from investments in the System's investment portfolio of approximately $262,167,000 as of December 31, 2013. The unrecognized gain will be recognized along with any future gains and losses if the System does not earn the assumed net rate of investment return of 7.25% per year (net of expenses) on a market value basis and all other actuarial assumptions as set forth in the 2010 Analysis of Plan Experience are met.

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

The Authority's Fiscal Year 2013-14 Adopted Budget includes retirement costs reflecting employer contribution rates for Fiscal Year 2013-14 of 45.46% for Safety Members and 27.99% for General Members. Employer contribution rates for Fiscal Year 2014-15 are projected to be 45.46% for Safety Members and 32.61% for General Members.

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

The following Table 19 sets forth certain economic actuarial assumptions for calendar years ended December 31, 2008 through December 31, 2013.

TABLE 19
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
ACTUARIAL ASSUMPTIONS
Fiscal Years ended December 31, 2008 through 2012

Actuarial Assumption	2008	2009	2010	2011	2012	2013
Interest	7.75%	7.75%	7.75%	7.75%	7.25%	7.25%
Inflation	3.50	3.50	3.50	3.50	3.25	3.25
Cost of Living Adjustment	3.00	3.00	3.00	3.00	3.00	3.00

Source: Orange County Employees Retirement System.

Recent Changes to the Systems' Actuarial Assumptions and Projected Impact upon the Authority. Previously, the System's UAAL was combined and amortized as a level percentage of payroll over a declining period of 30 years commencing December 31, 2004. The revised Actuarial Funding Policy amortized actuarial gains and losses over 15 years, amortized changes in assumptions or methods over 30 years, amortized plan amendments over 15 years, early retirement incentive program over 15 years, and the actuarial surplus over 15 years.

In February 2013, the Actuarial Consultant submitted three alternatives to the existing Actuarial Funding Policy to the Board of Retirement with respect to UAAL established after December 31, 2012. The Actuarial Consultant did not recommend that the Board of Retirement consider any changes to the Actuarial Funding Policy with respect to UAAL established prior to December 31, 2012 unless the Board of Retirement wished to accelerate the System's progress toward a funded ratio of 100%.

The first alternative would, if adopted, amortize actuarial gains and losses over 15 years, changes in assumptions or methods over 20 years, plan amendments over 15 years or less, early retirement incentive program over 5 years or less, and any actuarial surplus over 30 years. The second alternative would, if adopted, amortize actuarial gains and losses over 20 years, changes in assumptions or methods over 20 years, plan amendments over 15 years or less, early retirement incentive program over 5 years or less, and any actuarial surplus over 30 years. The third alternative would, if adopted, amortize actuarial gains and losses over 15 years, changes in assumptions or methods over 25 years, plan amendments over 15 years or less, early retirement incentive program over 5 years or less, and the actuarial surplus over 30 years. In November 2013, the Board of Retirement approved a new Actuarial Funding Policy which implements the second alternative. Accordingly, the System will reamortize all of the current UAAL, including the UAAL from the December 31, 2012 change in assumptions, over a new closed and declining 20 year period. In addition, the System will amortize future UAAL over periods of 20 years for actuarial gains and losses, 20 years for assumption or method changes, 15 years for amendments to the Plan, 5 years for early-retirement incentive programs, and 30 years for actuarial surpluses.

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

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

The following Table 20 sets forth the schedule of funding progress for the System as of the ten most recent actuarial valuation dates. See " – Retirement Contributions" above. Funding progress is measured by a comparison of System Assets which have been set aside by the System to pay plan benefits with plan liabilities. The 2012 Actuarial Valuation states that. as of December 31, 2012, the actuarial value of the plan assets for the System ("System Assets") was approximately $9,469,423,000 the valuation value of System Assets (*i.e.*, the actuarial value excluding any non-valuation reserves) was approximately $9,469,208,000 and the net market value of System Assets was approximately $9,566,874,000. The rate of return based on the actuarial value of System Assets was 3.49%, the rate of return based on the valuation value of the System Assets was 3.49%, and the rate of return based on the market value of System Assets was 11.92% for Fiscal Year ended December 31, 2012. The 2013 Actuarial Valuation states that, as of December 31, 2013, the actuarial value of System Assets was approximately $10,417,340,000, the valuation value of System Assets was approximately $10,417,125,000 and the net market value of System Assets was approximately $10,679,507,000. The rate of return based on the valuation value of the System Assets was 9.11%, the rate of return based on the market value of System Assets was 10.73% and the rate of return based on the actuarial value of System Assets was 9.11% for the Fiscal Year ended December 31, 2013.

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

TABLE 20
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
December 31, 2007 through December 31, 2013
($ in thousands)

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

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

The actuarial value of assets is based on a five-year smoothed market method. This method spreads the difference between the market investment return achieved by the investment portfolio of the System and the assumed investment return over a five-year period. The following Table 21 sets forth the value of the System's assets as of the years ended December 31, 2003 through December 31, 2013 based on the valuation value, actuarial value and market value.

TABLE 21
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
ASSET VALUE COMPARISON
December 31, 2003 through December 31, 2013
($ in thousands)

Valuation Date (December 31)	Valuation Value of Assets(1)	Actuarial Value of Assets(1)	Market Value of Assets(1)
2003	$ 4,790,099	$ 4,811,317	$ 4,959,626
2004	5,245,821	5,256,380	5,556,995
2005	5,786,617	5,798,536	5,923,112
2006	6,466,085	6,474,074	6,817,726
2007	7,288,900	7,292,205	7,719,690
2008	7,748,380	7,750,751	6,248,558
2009	8,154,687	8,155,654	7,464,761
2010	8,672,592	8,673,473	8,357,835
2011	9,064,355	9,064,580	8,465,368
2012	9,469,208	9,469,423	9,566,659
2013	10,417,125	10,417,340	10,679,507

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

Sources: Orange County Employees Retirement System – Actuarial Valuations for calendar years ended December 31, 2003 through December 31, 2013.

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

In addition, the System maintains Health Care Plan Reserves for assets held to pay medical benefits for eligible retirees of the 401(h) health care plans, a County Investment Account Reserve which holds the remaining proceeds from the County's 1994 Pension Obligation Bond issuance, an Unclaimed Fund Reserve representing contributions from terminated non-vested members who left employment prior to December 31, 2002 and whose funds remain on deposit with the System, an Employee Paid Annuity Reserve representing additional employee contributions made by members pursuant to Government Code section 31627 for the purpose of providing additional benefits and a Contra Account representing the amount of interest credited to the reserve accounts that has not been paid for out of current or excess earnings. A balance in this account is the result of applying the full interest crediting policy of the Board of Retirement and will be replenished in subsequent periods as sufficient earnings allow. The following Table 22 sets for the amounts on deposit in each of the System's reserves as of December 31, 2010, December 31, 2011 and December 31, 2012.

TABLE 22
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
SYSTEM RESERVES
December 31, 2010 through December 31, 2012
($ in thousands)

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

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

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

The following Table 23 sets forth the target asset allocations for the System's investment portfolio and the actual asset allocations as of March 31, 2014.

TABLE 23
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
INVESTMENT ASSET ALLOCATION

Association's Portfolio	Target Allocations	Actual Allocations
Domestic Equity Securities	12 – 18%	16.4%
Global Equity Securities	2 – 6	5.0
International Equity Securities	8 -14	12.5
Emerging Markets Equity	4 – 8	4.7
Private Equity	3 – 7	3.7
Domestic Bonds	10 – 16	13.2
Diversified Credit	2 – 10	6.4
Real Return	7 – 13	8.5
Foreign Bonds	1 – 5	2.6
Emerging Market Debt	1 – 5	2.5
Absolute Return	11 – 15	13.5
Real Estate	8 – 12	8.7
Cash and Cash Equivalents	0	2.3

Source: Orange County Employees Retirement System – Investment Portfolio Report for March 2014.

The System's assets are exclusively managed by external professional investment management firms. The Board of Retirement monitors the performance of the managers with the assistance of an external investment consultant. The following Table 24 sets forth the annualized rate of return on investments in the portfolio for calendar years ended December 31, 2004 through December 31, 2013 based upon the valuation value, actuarial value and market value of the investments.

TABLE 24
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
INVESTMENT RESULTS
December 31, 2004 through December 31, 2013

Year Ended December 31	Annualized Rates of Return (Valuation Value)	Annualized Rates of Return (Actuarial Value)	Annualized Rates of Return (Market Value)
2004	8.55%	8.35%	11.26%
2005	8.50	8.72	8.11
2006	9.68	9.71	13.17
2007	10.45	10.49	11.18
2008	4.25	4.23	(20.76)
2009	3.62	3.60	17.32
2010	5.02	5.02	10.47
2011	3.29	3.28	0.04
2012	3.49	3.49	11.92
2013	9.11	9.11	10.73

Sources: Orange County Employees Retirement System – 2013 Actuarial Valuation for calendar years ended December 31, 2004 through December 31, 2013.

The Authority's Other Postemployment Benefits. The Authority's postemployment defined benefit plan ("OPEB Plan") is a single-employer plan for full-time employees hired prior to January 1, 2007. Information regarding the Authority's other postemployment benefits was obtained from the Authority's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2013 and the Authority's Actuarial Valuation with a measurement date as of July 1, 2012 (the "2012 OPEB Actuarial Valuation"). The next biennial Actuarial Valuation will be for the measurement date as of July 1, 2014.

The OPEB Plan provides a monthly grant toward the cost of retirees' health insurance coverage. The Authority's OPEB Plan assets are held in a trust account established pursuant to Section 401(h) of the Internal Revenue Code of 1986, as amended, and held separate from the assets of the System except for investment purposes. The Authority current funding policy is to partially prefund for retiree medical benefits through a required employee contribution of 4% of their pay through payroll deductions to the trust accounts. During Fiscal Year 2012-13, there were 528 eligible retirees who received monthly benefits of approximately $3.0 million in the aggregate.

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

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

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

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

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

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2013.

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

TABLE 26
ORANGE COUNTY FIRE AUTHORITY
OPEB PLAN SCHEDULE OF FUNDING PROGRESS
Fiscal Years ended June 30, 2007 through June 30, 2013

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

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2013.

The Authority's Annual OPEB Cost for Fiscal Year 2012-13 was $13,689,125. The following Table 27 sets forth the Authority's annual OPEB Cost, the net OPEB obligation subsequent to such contributions and the Authority's OPEB contribution as a percentage of total governmental expenditures for the Fiscal Years ended June 30, 2009 through June 30, 2013.

TABLE 27
ORANGE COUNTY FIRE AUTHORITY
ANNUAL OPEB COST
Fiscal Years ended June 30, 2009 through June 30, 2013

Fiscal Year Ended (June 30)	Annual OPEB Cost	Contributions	Percentage of Annual OPEB Cost Contributed	Net Increase to Net OPEB Obligation	Cumulative Net OPEB Obligation	Contribution as a Percentage of Total Governmental Expenditures
2009	$ 8,844,871	$4,284,213	48.4%	$4,560,658	$ 7,567,064	1.57%
2010	8,794,983	4,475,727	50.9	4,319,256	11,886,320	1.72
2011	13,303,800	4,387,025	33.0	8,916,775	20,803,095	1.74
2012	13,141,576	4,557,554	34.7	8,584,022	29,387,117	1.73
2013	13,689,125	4,759,104	34.8	8,930,021	38,317,138	1.61

Sources: Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2011 with respect to the Fiscal Year ended June 30, 2009, Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2012 with respect to the Fiscal Year ended June 30, 2010 and Comprehensive Annual Financial Report of the Authority for the Fiscal Year Ended June 30, 2013 with respect to the Fiscal Years ended June 30, 2011 through June 30, 2013 and the Authority.

The Authority's Annual OPEB Cost includes an implicit subsidy for Safety members under the age of 65. Accordingly, actual contributions include implicit insurance premiums paid on behalf of these retirees. The following Table 28 sets forth the components of the Authority's actual contributions for Fiscal Years ended June 30, 2011 through June 30, 2013.

TABLE 28
ORANGE COUNTY FIRE AUTHORITY
CONTRIBUTIONS TO OPEB PLAN
Fiscal Years ended June 30, 2011 through June 30, 2013

	Fiscal Year ended June 30, 2011	Fiscal Year ended June 30, 2012	Fiscal Year ended June 30, 2013
Amounts irrevocable transferred to Trust held by the System	$3,605,946	$3,670,501	$3,526,937
Implicit Insurance Premiums Paid on Behalf of Retirees	776,859	882,372	1,227,387
Amounts Paid Directly to Retirees	4,220	4,681	4,780
Total Actual Contributions	$4,387,025	$4,557,554	$4,759,104

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year Ended June 30, 2013.

The Authority's Retiree Defined Contribution Healthcare Expense Reimbursement Plan. In September 2006, the Authority created the Orange County Fire Authority Retiree Defined Contribution Healthcare Expense Reimbursement Plan, an employer sponsored defined contribution benefit plan. The Reimbursement Plan provides for the reimbursement of medical dental and other health care expenses of retirees. The Board of Directors establishes and amends all Reimbursement Plan provisions in conjunction with its negotiated labor contracts and is subject to all applicable requirements of the Myers-Milias-Brown Act and other applicable law. Plan assets are held in trust in a VantageCare Retirement Health Savings Plan that is administered by the International City Management Association Retirement Corporation.

All active, full-time employees who became employed by the Authority on and after January 1, 2007, are required to contribute 4% of their gross pay through payroll deductions to the Authority defined contribution plan. All contributions, investment income, realized and unrealized gains and losses are credited to individual recordkeeping accounts maintained in the name of each Plan participant. Account assets are invested as directed by the participant from among investment funds selected by the Authority. Participants are eligible to receive Plan benefits upon reaching retirement age, including those who terminate with the Authority for other reasons. Required and actual Authority contributions totaled $1,356,966 for the year ended June 30, 2013.

Insurance

The Authority carries commercial insurance coverage for general liability, property and auto, pollution liability, aviation, public official and auto verifier bonds. In addition, the Authority carries excess coverage for the self-insured workers' compensation. Coverage limits include $1,000,000 for each occurrence or wrongful act under its general liability coverage up to an aggregate amount of $2,000,000, management liability up to $1,000,000 for each wrongful act, auto liability (combined single limit) up to $1 million and umbrella liability of $10 million for each occurrence. Coverage limits for property insurance include the scheduled replacement cost for building and contents, $500,000 for each claim for crimes of employee dishonesty, forgery or alteration or the performance of duty and $100,000 for the crime of computer fraud. In addition, the Authority carries aircraft hull and liability coverage up to $50 million, public official bonds up to $1 million each, auto verifier bonds up to $5,000 each There have been no significant changes in insurance coverage as compared to last year, and settlements have not exceeded coverage in each of the past three fiscal years.

The Authority's self-insurance program covers worker's compensation claims up to $50 million subject to a self-insured retention of $2 million per incident. Workers' compensation claims in excess of the self-insured level are insured by the California State Association of Counties Excess Insurance Authority ("CSAC-EIA") at statutory limits. Workers' compensation claims are administered by a third-party administrator. As of June 30, 2013, accrued claims and judgments for workers' compensation were $49,064,929. The amount required to be on deposit in the Authority's self-insured workers' compensation fund is established based on information from an independent actuary which reviews total estimated liabilities to determine the fund's confidence level. The confidence level is, generally, a measure of the probability that the workers' compensation fund will have enough money to cover claims that have been incurred. The Authority's funding policy with respect to workers' compensation requires a confidence level of 60%.

The following Table 29 sets forth the Risk Management Fund's claims liability amount for self-insurance in Fiscal Years 2008-09 through 2012-13.

TABLE 29
ORANGE COUNTY FIRE AUTHORITY
RISK MANAGEMENT FUND CLAIMS LIABILITY – SELF INSURANCE
Fiscal Years 2008-09 through 2012-13
($ in thousands)

	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13
Unpaid claims, Beginning of Fiscal Year	$14,846,767	$17,649,074	$27,224,600	$29,753,616	$35,798,565
Prior Period Adjustment	11,783,201	14,007,264	--	--	--
Incurred Claims	8,789,203	630,421	8,011,264	12,288,305	19,277,576
Claim Payments	(3,462,833)	(5,062,159)	(5,482,248)	(6,243,356)	(6,011,212)
Unpaid Claims, End of Fiscal Year	$31,956,338	$27,224,600	$29,753,616	$35,798,565	$49,064,929
Current Portion	$ 4,116,438	$ 4,353,481	$ 5,991,519	$ 7,511,799	$ 8,238,869
Long-Term Portion	27,539,000	22,871,119	23,762,097	28,286,766	40,064,929
Unpaid Claims, End of Fiscal Year	$31,656,338	$27,224,600	$29,753,616	$35,798,565	$48,826,060

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Years ended June 30, 2009 through June 30, 2013.

Indebtedness

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

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

During Fiscal Years 1997-98 through 2008-09, the Authority annually issued tax and revenue anticipation notes, all of which were timely paid when due, and used the proceeds thereof to reduce or eliminate cash flow deficits in its General Fund during each such fiscal year. The Authority has undertaken intrafund borrowing to address cash flow deficits in fiscal years when it has not issued tax and revenue anticipation notes. See "The Notes - Intrafund Borrowing and Cash Flow" and " – Cash Flow Projections" in the forepart of this Official Statement. The Authority never failed to pay any short term indebtedness when due.

Lease Obligations. As of June 30, 2013, the Authority was the lessee under certain capital leases in effect with respect to real property and equipment used by the Authority, including a Master Aircraft Lease Agreement by and between the Authority and SunTrust Equipment Financing & Leasing Group dated December 2008, as amended in November 2011 (the "Aircraft Lease"). The Authority has never failed to pay any lease obligations when due. The following Table 30 sets forth the minimum lease payments in Fiscal Years 2013-14 through 2018-19 required to be paid by the Authority under Aircraft Lease as of June 30, 2013.

TABLE 30
ORANGE COUNTY FIRE AUTHORITY
CAPITAL LEASE PAYMENTS – AIRCRAFT LEASE
As of June 30, 2013

Fiscal Year	Principal	Interest	Total
2013-14	$ 2,219,152	$ 312,571	$ 2,531,723
2014-15	2,276,963	254,760	2,531,723
2015-16	2,336,279	195,444	2,531,723
2016-17	2,397,140	134,583	2,531,723
2017-18	2,459,589	72,134	2,531,723
2018-19	1,253,718	12,144	1,265,862
Total	$12,942,841	$981,636	$13,924,477

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year Ended June 30, 2013.

Direct and Overlapping Debt

Set forth in the following Table 31 on the following page is a direct and overlapping bonded indebtedness report as of May 1, 2014 (the "Debt Report") which was compiled by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. The Authority has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith. The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the Authority. Such long-term obligations generally are not payable from revenues of the Authority nor are they necessarily obligations secured by land within the Authority. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

TABLE 31
ORANGE COUNTY FIRE AUTHORITY
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
As of May 1, 2014

2013-14 Assessed Valuation: $220,029,986,297

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 5/1/14
The Metropolitan Water District of Southern California	10.065%	$ 13,313,479
Coast Community College District	10.873	68,762,341
North Orange County Joint Community College District	39.616	79,722,843
Rancho Santiago Community College District	17.370	49,579,226
Capistrano Unified School District School Facilities Improvement District No. 1	99.989	35,106,068
Los Alamitos Unified School District School Facilities Improvement District No. 1	99.854	99,832,777
Placentia-Yorba Linda Unified School District	73.173	188,106,837
Saddleback Valley Unified School District	100.000	126,840,000
Santa Ana Unified School District	27.941	80,906,396
Tustin Unified School District School Facilities Improvement District Nos. 2002-1, 2008-1 and 2012-1	Various	141,565,812
Anaheim Union High School District	31.235	31,336,187
Other School Districts	Various	227,540,677
City of San Juan Capistrano	100.000	29,965,000
Irvine Ranch Water District Improvement Districts	Various	472,188,701
Moulton-Niguel Water District Improvement Districts	100.000	21,315,000
Santa Margarita Water District Improvement Districts	100.000	142,120,000
South Coast Water District	62.531	1,200,595
County Community Facilities Districts	100.000	326,014,621
School Community Facilities Districts	100.000	921,317,818
City and Special District Community Facilities Districts	100.000	357,215,000
1915 Act Special Assessment Tax Bonds	100.000	850,527,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$4,264,476,378
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Orange County Fire Authority	**100.000**	**--**[(1)]
Orange County General Fund Obligations	49.732%	$ 84,624,469
Orange County Pension Obligations	49.732	40,061,756
Orange County Board of Education Certificates of Participation	49.732	7,842,736
Municipal Water District of Orange County Water Facilities Corporation	59.544	4,629,546
Unified School District Certificates of Participation	Various	182,202,375
Union High School Districts Certificates of Participation	Various	23,834,112
Elementary School District General Fund Obligations	Various	22,900,237
City General Fund Obligations	100.000	99,224,640
Moulton-Niguel Water District Certificates of Participation	100.000	81,795,000
Other Special District General Fund Obligations	Various	290,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$547,404,871
Less: Municipal Water District of Orange County Water Facilities Certificates of Participation		4,629,546
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$542,775,325
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):	0.002-100.000%	$491,409,969
GROSS COMBINED TOTAL DEBT		$5,303,291,218[(1)]
NET COMBINED TOTAL DEBT		$5,298,661,672

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

Ratios to 2013-14 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.94%
Total Direct Debt	**0.00%**
Gross Combined Total Debt	2.41%
Net Combined Total Debt	2.41%

Ratios to Redevelopment Incremental Valuation ($18,274,180,689):

Total Overlapping Tax Increment Debt 2.69%

Source: California Municipal Statistics, Inc.

General Fund Financial Statements

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

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

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

Governmental Funds	Fiduciary Funds
General Fund	Trust Funds
Capital Projects Funds	

OCFA Portfolio

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

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

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

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

As of March 31, 2014, OCFA Portfolio market-to-book value analysis indicated an unrealized loss of 0.2% because of fluctuations in interest rates. The Authority determines the market value of the OCFA Portfolio monthly but does not mark-to-market. Liquidity in the OCFA Portfolio, consisting of cash, investments in mutual funds and investments in cash equivalents, is approximately 69% as of March 31, 2014. The Authority calculates and apportions interest monthly. The weighted average maturity of the OCFA Portfolio for the month ended March 31, 2014 was about 5.5 months.

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

As of March 31, 2014, approximately 55% of the OCFA Portfolio's portfolio was comprised of securities with a maturity of less than one month, 14% was invested in securities with maturities ranging from one to three months, 7% was invested in securities with maturities ranging from three to six months, and 24% was invested in securities with maturities over one year.

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

The following Table 33 reflects various information with respect to the OCFA Portfolio as of the close of business on March 31, 2014. As described above, a wide range of investments are authorized under California Government Code, but they are further limited by the current Investment Policy. For additional information concerning Authority investments, see Appendix B – "Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2013" attached to this Official Statement.

TABLE 32
ORANGE COUNTY FIRE AUTHORITY
Pooled Investment Fund of the Authority
As of March 31, 2014

	Net Market Value ($ in thousands)	Percentage of Portfolio
INVESTMENTS		
Money Market Mutual Funds/Cash	$ 7,307,391.77	6.01%
Commercial Paper Disc. – Amortizing	7,997,680.00	6.58
Federal Agency Coupon Securities	29,102,109.60	24.12
Federal Agency Disc. – Amortizing	26,998,650.00	22.19
Local Agency Investment Funds	50,015,855.90	41.10
TOTAL INVESTMENTS	$121,421,687.27	100.00%
CASH		
Passbook/Checking	$ 1,480,184.95	
TOTAL CASH	$ 1,480,184.95	
TOTAL CASH AND INVESTMENTS	$122,901,872.22	

Source: Orange County Fire Authority Treasurer.

STATE OF CALIFORNIA BUDGET AND SUPPLEMENTAL FINANCIAL INFORMATION

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

State Budget for Fiscal Year 2013-14

On June 28, 2013, the Governor approved the State Budget Act for Fiscal Year 2013-14 (the "Fiscal Year 2013-14 State Budget Act"), which projects Fiscal Year 2012-13 general fund revenues and transfers of $98.20 billion, total expenditures of $95.67 billion and a year-end surplus of $872 million (net of the $1.66 billion deficit from fiscal year 2011-12), of which $618 million would be reserved for the liquidation of encumbrances and $254 million would be deposited in a reserve for economic uncertainties. The Fiscal Year 2013-14 State Budget Act projects Fiscal Year 2013-14 general fund revenues and transfers of $97.10 billion, total expenditures of $96.28 billion and a year-end surplus of $1.69 billion (inclusive of the projected $872 million State General Fund balance as of June 30, 2013 which would be available for Fiscal Year 2013-14), of which $618 million would be reserved for the liquidation of encumbrances and $1.07 billion would be deposited in a reserve for economic uncertainties. The Fiscal Year 2013-14 State Budget Act states that the State's budget is projected to remain balanced for the foreseeable futures, but cautions that substantial risks, uncertainties and liabilities remain. The Fiscal Year 2013-14 State Budget Act dedicates several billion dollars to the repayment of previous budgetary borrowing and projects that outstanding budgetary borrowing will be reduced to approximately $4.7 billion as of June 30, 2017 from $26.9 billion as of June 30, 2013.

State Budget for Fiscal Year 2014-15

Fiscal Year 2014-15 Proposed State Budget. On January 9, 2014, Governor Brown released the 2014-15 Proposed Budget (the "Fiscal Year 2014-15 Proposed State Budget"), which projects Fiscal Year 2013-14 general fund revenues and transfers of $100.15 billion, total expenditures of $98.46 billion and a year-end surplus of $4.21 billion, of which $955 million would be reserved for liquidation of encumbrances and $3.26 billion would be deposited in a reserve for economic uncertainties. The Fiscal Year 2014-15 Proposed State Budget projects Fiscal Year 2014-15 general fund revenues and transfers of $104.5 billion, total expenditures of $106.79 billion and a year-end surplus of $1.92 billion, of which $955 million would be reserved for liquidation of encumbrances and $967 million would be deposited in a reserve for economic uncertainties.

The Fiscal Year 2014-15 Proposed State Budget also proposes a deposit of $1.59 billion into the State's Budget Stabilization Account (the "Rainy Day Fund") which was established pursuant to Proposition 58 (2004). Proposition 58 (2004) requires the State to direct 3% of annual revenues into the Rainy Day Fund although the State has suspended the transfer during Fiscal Years 2008-09 through 2012-13. The Fiscal Year 2014-15 Proposed State Budget proposes to amend the State Constitution in order to change the formula by which the Rainy Day Fund is funded. The proposed amendment will be placed on ballot for the November 2014 Statewide election. If approved, the State will deposit funds into the Rainy Day Fund when capital gains revenues rise to more than 6.5% of General Fund tax revenues. In addition, the State will established a reserve for Proposition 98 funds which the State would use to save funds to be allocated in years in which there were declines in General Fund revenues. If approved, the amendment would increase the maximum size of the Rainy Day Fund to 10% of revenues from the 5% of revenues established by Proposition 58 (2004). If approved, the amendment would allow supplemental payments to reduce the State's existing debts, deferrals, budgetary obligations and other long-term liabilities in lieu of a year's deposit and would limit that maximum amount that could be withdrawn from the Rainy Day fund in the first year of a recession to 50% of the Rainy Day Fund's balance.

LAO Analysis of the Fiscal Year 2014-15 Proposed State Budget. On January 13, 2014, the Legislative Analyst's Office ("LAO") released a report entitled "The 2014-15 Budget: Overview of the Governor's Budget" (the "2014 LAO Budget Overview"), which provides an analysis by the LAO of the Fiscal Year 2014-15 Proposed State Budget. The 2014 LAO Budget Overview is available on the LAO website at www.lao.ca.gov. Information on the website is not incorporated herein by reference. The 2014 LAO Budget Overview states that the State has made substantial progress in recent years in addressing its prior, persistent budgetary problems. This progress has been facilitated by a recovering economy, increases in the stock market and increased revenues from temporary taxes pursuant to Proposition 30. In addition, the LAO states that by making relatively few ongoing new spending commitments outside of Proposition 98, the Governor is attempting to minimize, as much as possible, future budget pressures that could result from making such new commitments today. The LAO states that the Governor's emphasis on debt repayment is prudent, and that overall, the Fiscal Year 2014-15 Proposed State Budget, if approved, would place California on a stronger fiscal footing. The LAO agrees with the Governor's proposals to set aside money while revenues are robust, but cautions that any formula-based proposal merits careful legislative consideration. The LAO also suggests setting aside State funds beginning in Fiscal Year 2013-14 in anticipation of a future long-term plan to fund CalSTRS' large unfunded liabilities.

May Revision to the Fiscal Year 2014-15 Proposed State Budget. On May 13, 2014, the Governor released his May Revision to the 2014-15 Proposed State Budget (the "May Revision"), which projects Fiscal Year 2013-14 revenues and transfers of $102.19 billion, total expenditures of $100.71 billion and a year-end surplus of $3.90 billion (inclusive of the $2.43 billion fund balance from Fiscal Year 2012-13), of which $955 million would be reserved for the liquidation of encumbrances and $2.95 billion would be deposited in a reserve for economic uncertainties. The May Revision projects Fiscal Year 2014-15 revenues and transfers of $105.35 billion, total expenditures of $107.77 billion and a year-end surplus of $1.48 billion (inclusive of the projected $3.90 billion State General Fund balance as of June 30, 2014 which would be available for Fiscal Year 2014-15), of which $955 million would be reserved for the liquidation of encumbrances and $528 million would be deposited in a reserve for economic uncertainties. In addition, in Fiscal Year 2014-15, $1.604 billion would be deposited into the State's Budget Stabilization Account/Rainy Day Fund. The May Revision states that State revenues are forecasted to increase by $2.4 billion, which amounts will be offset in part by unanticipated increases in Medi-Cal costs associated with the expansion under the Affordable Care Act, increased costs of drought management and additional costs associated with State pension obligations. The May Revision states that a number of major risks continue to threaten the State's fiscal stability, including the overhang of fiscal debts, growing long-term liabilities and continuing uncertainties regarding the costs of the federal Affordable Care Act. The May Revision also states that the agreement between the Governor and legislative leaders to create a Rainy Day Fund through an amendment to the State Constitution, if approved by voters in November 2014, will help the State minimize the volatility of future budgetary surplus and deficit cycles.

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

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

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

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

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

Additional Information; Future State Budgets

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

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

DEMOGRAPHIC INFORMATION

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

Population

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

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

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

Source: California Department of Finance.

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

Major Industries

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

TABLE 34
ORANGE COUNTY
EMPLOYMENT BY INDUSTRY
2013 Annual Averages

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

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

(1) Percentages based on data as of April 2014.

Major Employers

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

Table 35
ORANGE COUNTY
MAJOR EMPLOYERS
Fiscal Year 2012-13

Employer	Product or Service	Estimated FTE Employment
Walt Disney Co.	Entertainment	25,000
University of California, Irvine	Education	21,800
County of Orange	Government	17,257
St. Joseph Health System	Healthcare	11,679
Boeing Co.	Aerospace	6,873
Kaiser Permanente	Healthcare	6,300
Bank of America Corporation	Financial Services	6,000
Memorial Care Health System	Healthcare	5,545
Target Corporation	Retail	5,400
Cedar Fair LP	Entertainment	5,200

Source: Orange County Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2013.

Labor Force

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

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

Industry Employment	2009	2010	2011	2012	2013
Natural Resources and Mining	0.5	0.5	0.5	0.5	0.5
Total Farm	3.8	3.7	3.2	2.8	3.0
Construction	74.2	68.0	69.2	71.4	77.3
Manufacturing	154.8	150.4	154.2	158.2	157.9
Wholesale Trade	79.4	77.6	77.0	76.9	79.2
Retail Trade	143.0	141.3	142.5	143.9	145.7
Transportation, Warehousing and Utilities	27.8	26.7	27.5	28.0	27.9
Information	27.3	24.8	23.8	24.3	25.4
Finance and Insurance	70.6	69.4	71.1	73.7	76.6
Real Estate and Rental and Leasing	34.5	34.1	33.6	34.5	35.9
Professional and Business Services	240.9	244.7	247.3	259.9	264.5
Educational and Health Services	161.3	165.5	168.0	173.8	181.9
Leisure and Hospitality	169.1	168.6	174.0	180.6	187.8
Other Services	42.6	42.2	43.2	44.6	45.5
Government	156.6	152.3	149.3	147.9	148.3
Total Wage and Salary Employment(1)(2)(3)	1,386.5	1,369.7	1,384.4	1,420.9	1,457.2
Civilian Labor Force(4)	1,587.9	1,580.1	1,603.7	1,613.6	1,610.9
Civilian Employment	1,446.9	1,428.9	1,464.4	1,491.6	1,510.6
Unemployment	141.0	151.2	139.3	122.0	100.4
Unemployment Rate	8.9	9.6	8.7	7.6	6.2

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

(1) Totals may not equal sum of component parts due to rounding. All information updated per 2013 Benchmark.
(2) The State Employment Development Department has reported a seasonally adjusted unemployment rate within the County of 5.8% for March 2014.
(3) Based on place of work.
(4) Based on place of residence.

Personal Income

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

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

Year	Orange County	State of California	United States of America
2009	$48,841	$41,569	$39,357
2010	48,769	42,297	40,163
2011	50,642	44,666	42,298
2012	52,342	46,477	43,735
2013	N/A	47,401	44,543

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

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

Commercial Activity

The following Table 38 sets forth taxable sales in the County for calendar years 2009 through 2012.

TABLE 38
ORANGE COUNTY
TAXABLE SALES
Calendar Years 2009 through 2012
(in thousands)

Type of Business	2009 Annual	2010 Annual	2011 Annual	2012 Annual
Retail and Food Services				
Motor Vehicle and Parts Dealers	$ 4,902,480	$ 5,244,266	$ 5,777,582	$ 6,551,466
Furniture and Home Furnishings Stores	850,889	869,868	909,455	965,018
Electronics and Appliance Stores	1,978,869	2,058,383	2,319,992	2,536,415
Building Materials, Garden Equipment and Supplies	2,039,686	2,112,467	2,267,363	2,351,574
Food and Beverage Stores	1,894,642	1,911,192	1,990,893	2,056,803
Health and Personal Care Stores	784,067	824,719	894,003	948,220
Gasoline Stations	3,383,678	3,801,651	4,826,228	5,063,762
Clothing and Clothing Accessories Stores	2,742,626	2,923,680	3,164,857	3,510,757
Sporting Goods, Hobby, Book & Music Stores	1,074,579	1,075,996	1,101,159	1,133,702
General Merchandise Stores	4,376,154	4,527,201	4,771,143	5,026,911
Miscellaneous Store Retailers	1,625,880	1,611,739	1,656,162	1,738,855
Non-store Retailers	484,692	481,563	459,841	635,707
Food Services and Drinking Places	5,024,379	5,109,383	5,449,117	5,853,267
Total Retail and Food Services	$31,162,619	$32,552,107	$35,587,795	$38,372,456
All Other Outlets	$14,550,164	$15,115,073	$16,143,344	$16,858,156
Total All Outlets[1]	$45,712,784	$47,667,179	$51,731,139	$55,230,612

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

Construction Activity

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

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

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

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

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

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APPENDIX B

EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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ORANGE COUNTY FIRE AUTHORITY

Fiscal Year Ended
June 30, 2013

Comprehensive Annual Financial Report

Orange County, California

Business Services – Finance Division

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

Board of Directors
June 2013

Trish Kelley, Chair
City of Mission Viejo

Steven Weinberg, Vice Chair
City of Dana Point

Phillip Tsunoda
City of Aliso Viejo

Elizabeth Swift
City of Buena Park

Robert Johnson
City of Cypress

Jeff Lalloway
City of Irvine

Kathryn McCullough
City of Lake Forest

Gerard Goedhart
City of La Palma

Randal Bressette
City of Laguna Hills

Jerry McCloskey
City of Laguna Niguel

Noel Hatch
City of Laguna Woods

Warren Kusumoto
City of Los Alamitos

Joseph Aguirre
City of Placentia

Carol Gamble
City of Rancho Santa Margarita

Bob Baker
City of San Clemente

Sam Allevato
City of San Juan Capistrano

Sal Tinajero
City of Santa Ana

David Sloan
City of Seal Beach

David Shawver
City of Stanton

Al Murray
City of Tustin

Rick Barnett
City of Villa Park

Tri Ta
City of Westminster

Eugene Hernandez
City of Yorba Linda

Todd Spitzer
County of Orange

Pat Bates
County of Orange

Keith Richter
Fire Chief

Prepared by Finance Division

Orange County Fire Authority

Mission

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

Vision

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

Guiding Principles

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

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

ORANGE COUNTY FIRE AUTHORITY
Comprehensive Annual Financial Report
Year ended June 30, 2013

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STATISTICAL SECTION (Unaudited):

INTRODUCTORY SECTION

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

October 9, 2013

The Board of Directors
Orange County Fire Authority
1 Fire Authority Road
Irvine, California 92602

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Orange County Fire Authority (OCFA) for the fiscal year ended June 30, 2013. This report consists of management's representations concerning the finances of the OCFA and is presented using the financial reporting model outlined in the Governmental Accounting Standards Board (GASB) Statement No. 34. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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

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

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

Profile of the OCFA

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

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

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

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

Factors Affecting Financial Condition

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

National Economy – The U.S. "Great Recession" began in December 2007, brought on primarily by the housing downturn that started in 2006.[1] The recession officially ended and recovery began in June 2009.[2] Since that time, the national economy has been undergoing a slow-growth and weak recovery[3] that has been tempered by slow to moderate growth in real Gross Domestic Product (GDP) and relatively high levels of unemployment.[4] Real GDP increased at a rate of 2.2% in 2012, and is forecasted to increase by a moderate

[1] *It's Official: Recession Since Dec.'07*, Chris Isidore, CNNMoney.com – December 1, 2008
[2] *California Economic Indicators*, California Department of Finance – May/June 2011
[3] *Chapman University Presents 2013 Economic Forecast*, Caitlin Adams, OC Metro – November 28, 2012
[4] *Economic & Business Review*, A, Chapman University, Volume 30 Number 2 – June 2012

2.8% in 2014.[5] The national unemployment rate has been steadily falling from its peak of 10.0% in October 2009, but still remained elevated at 7.6% in June 2013.[6]

A decrease in the federal funds rate (the overnight bank lending rate) stimulates economic growth, while an increase can keep inflation under control. On June 19, 2013, the Federal Open Market Committee met and voted to keep the federal funds rate unchanged at a target range of 0.0% to 0.25%, where it has been since December 2008. The Committee also slightly upgraded its outlook on the economy. Performance of the OCFA's investment portfolio is directly impacted by changes in interest rates set by the Fed. The unchanged federal funds rate has resulted in relatively low investment income for OCFA throughout Fiscal Year 2012/13. The portfolio's year-to-date effective rate of return was 0.39% as the fiscal year began, and declined to 0.31% by year-end. OCFA experienced an overall unrealized investment loss during Fiscal Year 2012/13.

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

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

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

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

[5] *National Economic Update – Economic Growth Posed to Accelerate*, J.B. Cooke, Federal Reserve Bank of Dallas – March 22, 2013
[6] *Databases, Tables & Calculators by Subject – Unemployment Rate*, Bureau of Labor Statistics, – June 2013
[7] *Public Employees Pension Reform Act (PEPRA) Update*, Julie Wyne, Orange County Employees Retirement System – September 21, 2012

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

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

Long-term Financial Planning

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

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

Relevant Financial Policies

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

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

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

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

Roles/Responsibilities/Authorities for the OCFA – This document identifies those roles and responsibilities

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[8] *2013 Community Indicators Report – Home Prices Increase but Remain Relatively Affordable*, O.C. Community Indicators Project – March 2013
[9] *2013 Community Indicators Report – Orange County is Back in Top 100*, O.C. Community Indicators Project – March 2013
[10] *Rosenow Spavacek Group, Inc. (RSG) Final Property Tax Revenue Projections*, Orange County Fire Authority Budget & Finance Committee Agenda Item No. 6 – May 8, 2013

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

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

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

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

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

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

Major Initiatives and Accomplishments for Fiscal Year 2012/13

Agreements, Studies and Strategic Initiatives:

- **Full-time Firefighter Hand Crew Program –** Previously, the OCFA's hand crew was classified as seasonal, with planned use during only the first five and last two months of the fiscal year. In May 2011, the Board of Directors approved a one-year pilot program for limited term employment of a 20-member hand crew, working full-time. At the conclusion of the pilot, the program was evaluated for its operational benefit, level of cost recovery, and affordability, and was approved for an extension through December 2012. In July 2012, in conjunction with service reductions approved for the City of Stanton, OCFA entered into a side agreement with the Orange County Professional Firefighters Association, Local 3631, to extend the full-time hand crew through June 2014.

- **Contract Renewal with John Wayne Airport (JWA) –** A new five-year service agreement with John Wayne Airport was finalized in November 2012. Under this agreement, OCFA provides Airport Rescue and Firefighting (ARFF) services from Fire Station No. 33. The Crash 1 unit was replaced with a new Rapid Intervention Vehicle (RIV) that has firefighting agents including water, firefighting foam, and dry chemical. Although a five-year agreement was approved, the County of Orange also initiated a competitive Request for Proposals (RFP) process to explore alternative options for ARFF services. OCFA is participating in the RFP process.

- **Determination of Business Eligible for Refunds of Hazardous Materials Disclosure Fees –** During Fiscal Year 2012/13, OCFA determined that many businesses were eligible for a refund of hazardous materials disclosure fees for inspections that were billed, but for which performance could not be verified. An internal review identified a maximum of $1.7 million in total potential refunds pertaining to prior fiscal years. Eligible businesses were notified and mailed claim forms to initiate the refund process in July 2013.

- **Progress Made Toward Implementation of Updated Strategic Plan –** With the adoption of OCFA's updated strategic plan, efforts will continue to move forward with its implementation. The 2010 Strategic Plan is divided into three major goals (Service Delivery, Performance and Accountability, and Technology), with various objectives being addressed within each goal. Multi-disciplinary project teams will continue to be assembled for each objective. Objectives that were substantially or fully completed during Fiscal Year 2012/13 included the Fire Corp (Objective 1-F), Grant Program (Objective 1-K), and Financial Forecasting (Objective 1-L). OCFA's Executive Management will continue to discuss issues, priorities and needs, as well as conduct yearly planning sessions to review the plan's status and make any necessary revisions.

- **Continued Focus on Financial Health –** While there have been slow and small improvements in the overall economy, OCFA remains focused on the pursuit of fiscal health, seeking to ensure that the services delivered are sustainable into the future. Specific actions that were taken in Fiscal Year 2012/13 to improve fiscal health included preparation of a long-term liability study to keep OCFA focused on creating solid plans for funding its liabilities (pension, workers' compensation, compensated absences, and debt financing), as well as completion of a comprehensive Fire Prevention Fee Study to ensure that OCFA pursues accurate cost recovery for services provided by user fees.

Staffing and Personnel:

- **Academies –** Academies are completed as part of the OCFA's ongoing succession plan to replace retiring employees. In May 2013, 34 new Firefighters graduated as part of Career Firefighter Academy 38. Other internal promotional academies were completed during Fiscal Year 2012/13 for Battalion Chief (October 2012), Fire Apparatus Engineer (September 2012 and June 2013), Fire Captain (December 2012), and Reserve Firefighter (December 2012). In addition, OCFA completed a non-promotional Truck Academy in November 2012 and a Fire Explorer Academy in July 2012, which is designed to provide young adults the opportunity to further their education and skills in pursuit of a fire service career.

- **Operations Training –** During Fiscal Year 2012/13, Operations personnel completed quarterly training sessions for rank-specific training; basement fires and oriented search; defensive driving; structure fire tactics and strategy; and auto extrication. In addition, since becoming a state-certified HazMat training facility, OCFA had the opportunity to host its first Hazardous Materials Technician training in May and June 2013. This four-week class, which was made available to personnel from OCFA and other fire agencies, provided students with the basic knowledge and skills to meet OSHA requirements for certification as a Hazardous Materials Technician.

- **Expansion of Volunteer Roles at OCFA –** With the downsizing of the Reserve Firefighter program, OCFA began developing a community-based volunteer program for non-emergency response needs. OCFA's Fire Corps volunteer program commenced in Summer 2012. The initial volunteer selection and training process consisted of OCFA orientations, Fire Corps/Citizen Corps program training, and public education training. Currently, the twenty-three Fire Corps volunteers on OCFA's roster have provided support to the Open House event, fire prevention canvassing events, and the WEFIT program. It is anticipated that the program will continue to expand with future recruitments.

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

	As of June 30		
Frozen Positions	2013	2012	+/-
o Recommendations from the 2008 Santiago After Action Report included the addition of a fourth firefighter on twelve wildland engines, to be phased in over multiple fiscal years. Phase one authorized the addition of 9 positions, which were subsequently frozen pending improved financial condition.	9	9	-
o The addition of a four-person truck company at Fire Station No. 20 (Irvine) has been deferred until development activity and service demand increases (12 positions). In addition, the station's 3-person engine and 2-person paramedic van were transitioned to a single 4-person paramedic engine during Fiscal Year 2010/11, resulting in 3 frozen firefighter positions.	15	15	-
o Six staff captain positions are frozen (two training officers and Administrative Captains for Divisions 1, 3, 4 and 5), with personnel transitioning to fill vacant suppression field positions.	6	6	-
o As a result of a service reduction request by the City of Stanton in July 2012, the four-person truck company at Fire Station No. 46 (Stanton) was reconfigured and replaced by a two-person paramedic van, resulting in 3 frozen fire apparatus engineer and 3 frozen fire captain positions.	6	-	6
o In November 2012, the OCFA's agreement for Aircraft Rescue Firefighting services at John Wayne Airport was amended to reduce daily staffing from seven to six personnel, resulting in 3 frozen fire apparatus engineer positions.	3	-	3
o Vacancies remain frozen for an additional thirty-three suppression positions: ✓ Fire Apparatus Engineers (15 positions)* ✓ Fire Captains (15 positions)* ✓ Staff Battalion Chiefs (2 positions) ✓ Heavy Fire Equipment Operator (1 position) * *Currently being backfilled with overtime*	33	33	-
Subtotal – Suppression	72	63	9
o Vacancies remain frozen for thirty non-suppression positions. During Fiscal Year 2012/13, one WEFIT Program Coordinator position (Operations) was frozen and is currently being filled by a Fire Captain. One Fire Equipment Technician position was frozen in order to establish a new Buyer position (both in Business Services) in Fiscal Year 2013/14. In addition, one Sr. Fire Equipment Technician position and one Fire Equipment Technician position (Business Services) were unfrozen in order to create two new grant-funded Urban Search and Rescue positions (Operations).			
✓ Executive Management/Human Resources	4	4	-
✓ Operations	2	1	1
✓ Fire Prevention	15	15	-
✓ Business Services	5	6	(1)
✓ Support Services	4	4	-
Subtotal – Non-Suppression	30	30	-
Total frozen positions	102	93	9

Facilities and Capital Improvements:

- **Public Safety Systems Project –** OCFA is in the process of a major, multi-year project to replace its Public Safety System. This system is comprised of the Computer Aided Dispatch (CAD) system application, Orange County Fire Incident Reporting System (OCFIRS), and the Integrated Fire Prevention (IFP) application, which have been in use since the 1980's. During Fiscal Year 2012/13, a professional services contract was awarded to Tritech Software Systems and work commenced to implement the new CAD system portion of the project. The records management portion of the project, which includes both OCFIRS and IFP, is currently in the contract negotiation phase with FDM Software, with a contract award anticipated in Fiscal Year 2013/14.

Additional Major Initiatives and Goals for the Future

Agreements, Studies and Strategic Initiatives:

- **Standards of Cover –** The Standards of Cover includes OCFA's written policies and procedures used to determine the distribution, concentration, and reliability of its response forces for fire, emergency medical, hazardous materials, and other technical responses. A comprehensive review and update of the Standards of Cover was identified in OCFA's recently-adopted Strategic Plan, and in January 2012 the Board of Directors directed that Standards of Cover project be accelerated. During Fiscal Year 2012/13, OCFA entered into a professional service agreement with a consulting firm to oversee the development of an updated Standards of Cover, which is now expected to be completed by January 2014.

- **Complete Labor Negotiations for Expiring Contracts –** The Memorandums of Understanding (MOU) with Orange County Professional Firefighters Association (OCPFA) and Orange County Employees Association (OCEA) expire in June 2014 and December 2014, respectively. Background and education sessions for the Board of Directors have already started, and official negotiation sessions are expected to commence later in Fiscal Year 2013/14.

- **Foster a Positive Labor/Management Relationship within OCFA –** In an effort to maintain a good working relationship between labor and management, periodic meetings will continue to be held in order to promote open communication and transparency relating to various issues that may arise during the course of daily operations of the organization.

- **Complete Equity Working Group Discussions –** In response to concerns from OCFA member agencies about the relationship of financial contributions to level of service received, an Equity Working Group was established to identify methods for mitigating these equity concerns. This group was established by, and is to report back to, the Board of Directors with potential solutions.

Staffing and Personnel:

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

Facilities and Capital Improvements:

- **Western Portion of Hangar Facilities** – In December 2010, OCFA purchased the eastern portion of a recently-constructed hangar to house the helicopter fleet and replace Specialty Fire Station No. 41 (Fullerton Airport). The eastern portion of the facility was placed into service in March 2011 and houses OCFA's helicopter fleet and Air Operations administrative offices. The purchase of the western portion of the facility, which is partially occupied by various tenants, was finalized in July 2013.

- **New OCFA-Built Fire Station** – Actions have been taken to move forward toward the design and construction of New Fire Station No. 56 (Ortega Valley), including initial design and grading, and an agreement to acquire a one-acre parcel of land. Construction is expected to begin in Fiscal Year 2013/14, pending direction from the Rancho Mission Viejo Company. The new station is being constructed by OCFA and funded by contributions from developers. This will be the first OCFA fire station built using the design/build concept, which allows a single contractor to bid for all aspects of the project in order to provide a single source of accountability, better budget management and communication between design and construction personnel, faster completion, and better quality control.

- **City-Built Fire Station** – During Fiscal Year 2012/13, construction began to replace Fire Station No. 37 (Tustin). The City of Tustin is currently building this replacement fire station at no cost to the OCFA.

- **Developer-Built Fire Stations** – Planning and development of additional new fire stations in Rancho Mission Viejo is expected to commence in Fiscal Year 2014/15. These stations will be constructed by a developer at little or no cost to the OCFA.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the OCFA for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This was the fifteenth consecutive year that the OCFA has received this prestigious award. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and the applicable legal requirements. This certificate is valid for a period of one year only. We believe that our current CAFR continues to meet the program's requirements and we are submitting it to the GFOA to determine its eligibility for this year's award.

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

Respectfully submitted,

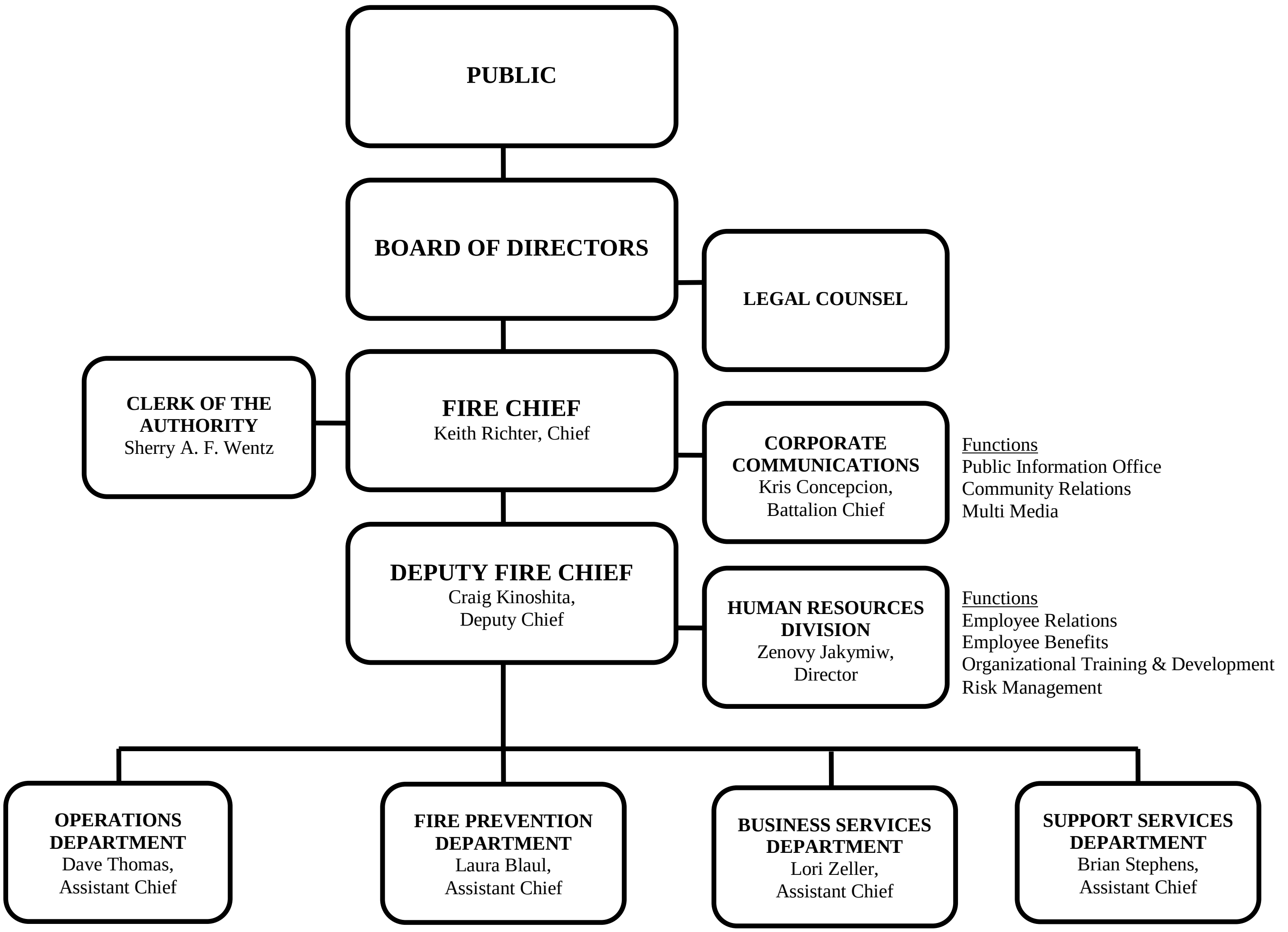
Keith Richter

Keith Richter, Fire Chief

Lori Zeller

Lori Zeller, Assistant Chief
Business Service Department

ORANGE COUNTY FIRE AUTHORITY
Organization Chart
June 30, 2013



Operations Department — Functions
- Division I
  - Battalion 1
  - Air Operations
- Division II
  - Battalion 5 (JWA, Hazmat, UCI)
- Division III
  - Battalions 6 & 7
  - Crews & Equipment
- Division IV
  - Battalions 2 & 3
  - Community Volunteer Services
  - Emergency Planning & Coordination
- Division V
  - Battalion 4
  - Urban Search and Rescue
- Division VI
  - Battalion 9
  - Emergency Medical Services
- Division VII
  - Battalion 8
  - Training & Safety

Fire Prevention Department — Functions
- Investigation Services
- Planning and Development Services
- Pre-Fire Management
- Safety & Environmental Services

Business Services Department — Functions
- Finance
- Purchasing & Materiel Management
- Treasury & Financial Planning

Support Services Department — Functions
- Emergency Command Center
- Fleet Services
- Information Technology
- Legislative Services
- Property Management
- Strategic Services

ORANGE COUNTY FIRE AUTHORITY
Management Staff and Appointed Officials
June 30, 2013

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

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

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

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

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

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

Government Finance Officers Association

Certificate of Achievement 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, 2012

Executive Director/CEO

Orange County Fire Authority Safety Message

When to Call 9-1-1

- 9-1-1 is the number to call to get help in a police, fire or medical emergency. A 9-1-1 call goes over dedicated phone lines to the 9-1-1 answering point closest to the caller, and trained personnel then send the emergency help needed.

- 9-1-1 should only be used in emergency situations. An emergency is any situation that requires immediate assistance from the police/sheriff, the fire department or an ambulance. If you are ever in doubt of whether a situation is an emergency, you should call 9-1-1. It's better to be safe and let the 9-1-1 call taker determine if you need emergency assistance.

- If you call 9-1-1 by mistake, do not hang up. Tell the call taker what happened so they know there really isn't an emergency.

- Do **not** call 9-1-1:

  - ✓ For information
  - ✓ For directory assistance
  - ✓ When you're bored
  - ✓ For paying tickets
  - ✓ For your pet
  - ✓ As a prank

- If 9-1-1 fails, you should know these alternative numbers:

  - ✓ OCFA Emergency Number (non 9-1-1)
    (714) 538-3501

  - ✓ OC Sheriff's Emergency Number (non 9-1-1)
    (714) 288-6740
    (949) 770-6011

FINANCIAL SECTION

LSL
CERTIFIED PUBLIC ACCOUNTANTS
vpb A Division of LSL, CPAs
vanmure, peeler & boucher

• David E. Hale, CPA, CFP
• Donald G. Slater, CPA
• Richard K. Kikuchi, CPA
• Susan F. Matz, CPA
• Shelly K. Jackley, CPA
• Bryan S. Gruber, CPA
• Deborah A. Harper, CPA
• Gary A. Cates, CPA
• Michael D. Mangold, CPA
• David S. Myers, CPA

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the OCFA, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

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

Lance, Soll & Lunghard, LLP 203 North Brea Boulevard · Suite 203 · Brea, CA 92821 · TEL 714.672.0022 · Fax 714.672.0331 www.lslcpas.com
Orange County Temecula Valley Silicon Valley Los Angeles County

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

Other Matters

Required Supplementary Information

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

Prior Year Comparative Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

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

Lance, Soll & Lunghard, LLP

Brea, California
October 9, 2013

MANAGEMENT'S DISCUSSION & ANALYSIS

Career Fire Academy 38 Graduation

ORANGE COUNTY FIRE AUTHORITY

Management's Discussion and Analysis

Year ended June 30, 2013

As management of the Orange County Fire Authority (OCFA), we offer readers of the OCFA's financial statements this overview and analysis of the financial activities for the fiscal year ended June 30, 2013.

Financial Highlights

- **Governmental Activities:** The assets of the OCFA exceeded its liabilities by $257,564,704 at the end of the current fiscal year. Net position consisted of net investment in capital assets in the amount of $181,363,364 (70.4%); restricted for capital projects and other purposes in the amount of $1,690,858 (0.7%); and unrestricted net position in the amount of $74,510,482 (28.9%). The result of current fiscal year operations caused total net position to decrease by $8,972,452 from the prior fiscal year.

- **Governmental Funds:** As of the close of the current fiscal year, the OCFA's governmental funds showed combined ending fund balances totaling $176,807,734, an increase of $14,515,290 from the prior fiscal year. (Current year operations increased fund balance by $16,266,334, but beginning fund balance was decreased by $1,751,044 for a prior period adjustment.) Of the total ending fund balance, $25,782,851 (14.6%) was available for funding future operational needs (unassigned fund balance).

- **General Fund:** At the end of the current fiscal year, total fund balance for the General Fund was $107,585,144, which included the following amounts:

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

Overview of the Financial Statements

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

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

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

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

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

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

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

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the OCFA's own programs. Combined basic fiduciary fund financial statements can be found on pages 35-36 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-76 of this report.

Supplementary Schedules: The budgetary schedules referred to earlier in connection with governmental funds are presented in the supplementary schedules section. Combining and individual fund statements and schedules can be found on pages 77-87 of this report.

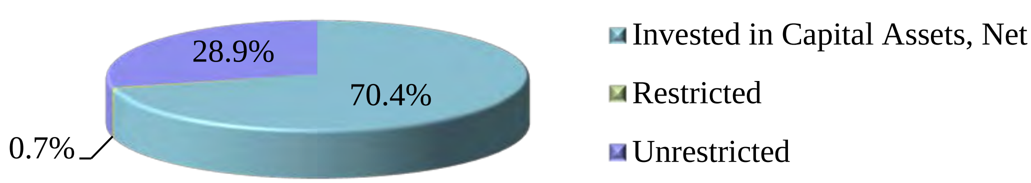
Government-wide Financial Analysis

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

ORANGE COUNTY FIRE AUTHORITY's Net Position

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

Net Position of Governmental Activities at June 30, 2013



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

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

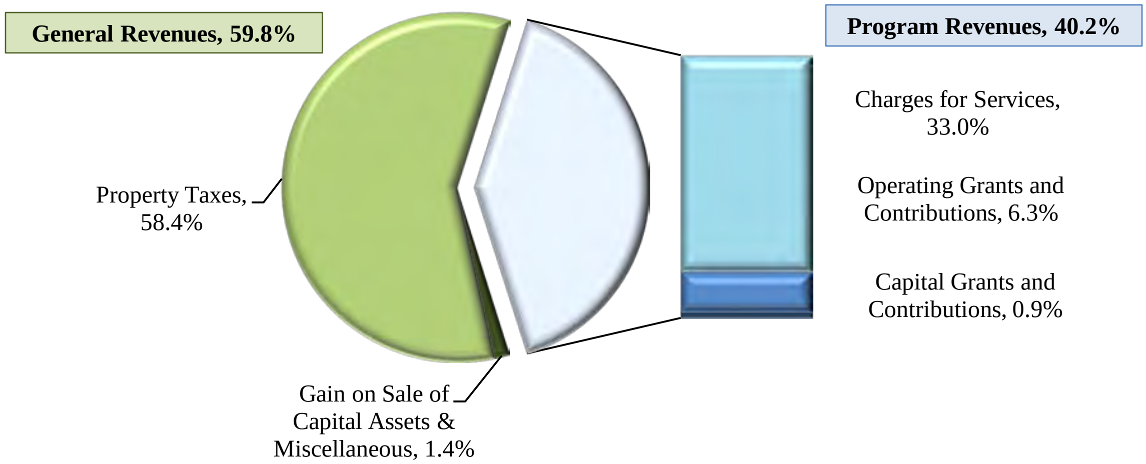
- The remaining balance of net position is considered unrestricted (28.9%) and may be used to meet the OCFA's ongoing obligations to citizens and creditors.

Changes in Net Position: Governmental activities decreased the OCFA's net position by $10,723,496 during the most recent fiscal year, an indication that the OCFA's financial position has deteriorated. Governmental activities are divided into two categories – program and general. Program revenues are those derived directly from a government program itself, or from parties outside the government's taxpayers, and thus reduce the net cost of providing that program. Any program expenses that are not offset by program revenues must essentially be financed by general revenues, such as taxes and investment earnings. Following is a summary of the OCFA's changes in net position for Fiscal Year 2012/13 and Fiscal Year 2011/12:

ORANGE COUNTY FIRE AUTHORITY's Changes in Net Position

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

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



- Program revenues, which totaled $125,210,443 for Fiscal Year 2012/13 and accounted for 40.2% of total revenues, increased by $38,356,361 (44.2%) over the prior fiscal year. Following is a description of each program revenue type, followed by an explanation of what contributed to the net increase or decrease from the prior fiscal year.

  - Charges for services include amounts received from those who purchase, use or directly benefit from or are affected by a program. These revenues increased by $26,528,284 (34.7%) over the prior fiscal year.

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

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

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

- Capital grants and contributions include grants, contributions, donations and similar items that are restricted to one or more specific capital-related programs. These revenues decreased by $1,115,095 (28.4%) from the prior fiscal year.

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

- General revenues, which totaled $185,925,287 for Fiscal Year 2012/13 and accounted for 59.8% of total revenues, increased by $5,171,967 (2.9%) over the prior fiscal year. Following is a description of each general revenue type and an explanation of what contributed to the net increase or decrease from the prior fiscal year.

  - The largest general revenue, property taxes, increased by $3,991,963 (2.2%) over the prior fiscal year, primarily due to increases in secured property taxes.

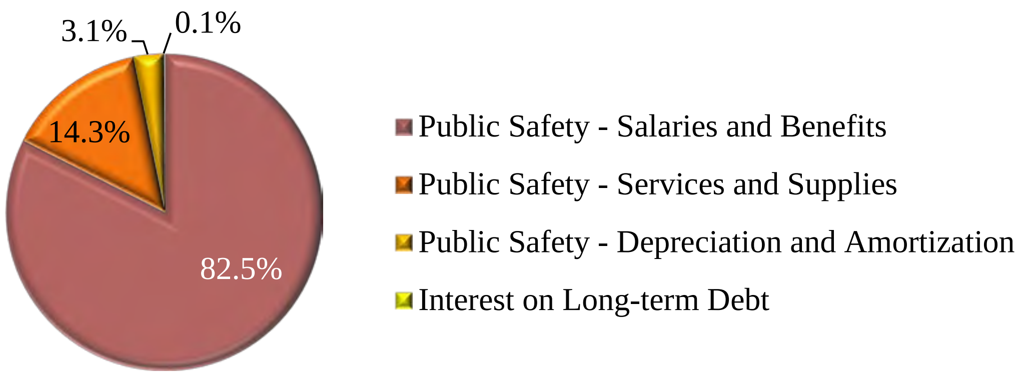
  - Investment income decreased by $661,095 (126.0%). An overall declining rate of return on the investment portfolio attributed to approximately $100,000 of the decrease. The OCFA's year-to-date effective rate of return as of June 30, 2013 was 0.31%, as compared to 0.39% as of June 30, 2012. In addition, in accordance with GASB Statement No. 31, OCFA adjusts its investments to market value as of June 30 each year. This resulted in an overall investment loss in Fiscal Year 2012/13, and attributed to approximately $550,000 of the decrease in total investment income as compared to the prior fiscal year. The market value adjustment is a "paper only" transaction, and no actual investment losses have been recognized since OCFA typically holds its investments to maturity. The components of investment income are summarized below:

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

  - Gain on sale of capital assets decreased by $67,781 (85.0%). A net gain on the sale of various fully-depreciated fire apparatus and other vehicles was recognized in both the current and prior fiscal years. However, only two vehicles were sold in Fiscal Year 2012/13, as compared to seventeen vehicles sold in Fiscal Year 2011/12.

  - Miscellaneous revenues increased by $1,908,880 (78.9%), primarily relating to amounts received from the Orange County Professional Firefighters Association IAFF Local 3631 in connection with the contract governing OCFA's contributions to the firefighter medical trust.

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



- Total expenses increased by $33,159,609 (11.6%) over the prior fiscal year. Following is an explanation of what contributed to the net increase or decrease of each expense type from the prior fiscal year.

  - Salaries and benefits increased by $23,982,882 (10.0%) over the prior fiscal year.

Amount	Reason for Increase / Decrease
+$26,850,000	The reasons for increases and decreases to the following categories of salaries and benefits are further explained in the ***Major Governmental Funds – General Fund*** portion of this Management's Discussion and Analysis: ➢ Regular pay: +$10,900,000 ➢ Retirement: +$5,500,000 ➢ Overtime: +$4,300,000 ➢ Employee group health insurance and other benefits: +$3,000,000 ➢ Other pay: +$1,950,000 ➢ Vacation and sick leave payouts: +$700,000 ➢ Other benefits: +$400,000 ➢ Extra help: +$100,000
-$3,200,000	Compensated absences for earned but unused leave balances decreased by $3,200,000 in Fiscal Year 2012/13. When the City of Santa Ana became a member city in April 2012, a general leave bank was established for transitioning personnel. OCFA pays amounts due to employees as time is used, and the city then reimburses those amounts to OCFA. The initial leave bank amount of $2.4 million was recognized as an expense and an increase to OCFA's overall compensated absences liability in the prior fiscal year, which caused a significant decrease to the expense when compared to the current fiscal year.
+$350,000	Other post-employment benefit (OPEB) cost for the defined benefit Retiree Medical Plan increased by $350,000. Annual OPEB cost is equal to an annual required contribution, as determined by an actuarial valuation, plus adjustments for cumulative interest and actual contributions to the plan. An updated actuarial study is completed every other year.
+$24,000,000	**Salaries and benefits – net increase**

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

Amount	Reason for Increase / Decrease
+$7,000,000	OCFA's long-term liability for workers' compensation reflects the present value of estimated outstanding losses, as determined by an actuarial valuation and the "confidence level" set by the Board of Directors. The change in the actuarial liability estimate, plus actual cash claims paid, is recognized as an expense. Workers' compensation expense increased by $7.0 million as follows:
+$2,050,000	Special department expenses increased by $2,050,000, which was primarily due to the purchase of 447 self-contained breathing apparatus (SCBA), and mass casualty incident supplies for the Metropolitan Medical Response System (MMRS). These purchases were funded by federal grants, with the MMRS grant being assumed from the City of Santa Ana.

	FY 2012/13	FY 2011/12	Increase (Decrease)
Actual claims paid	$ 6.0 million	$ 6.2 million	$(0.2) million
Change in actuarial estimate	13.3 million	6.1 million	7.2 million
Total fiscal year expense	$19.3 million	$12.3 million	$ 7.0 million

(Continued on next page)

Amount	Reason for Increase / Decrease
(Continued)	
-$1,300,000	The City of Santa Ana agreed to reimburse OCFA for up to $1,580,439 of start-up costs relating to the transition of fire and emergency medical services in April 2012. As of June 30, 2012, OCFA had incurred $1,551,040 of those start-up costs, with an additional $133,884 incurred during Fiscal Year 2012/13. OCFA's total actual start-up costs exceeded the reimbursable amount by $104,485. The following summarizes the change in start-up costs between the current and prior fiscal years:

Description	FY 2012/13	FY 2011/12	Increase (Decrease)
Various special department expenses (i.e., portable VHF radios, hand tools, physical fitness equipment, station alarm electrical and installation, etc.)	$ 35,000	$ 380,000	$(345,000)
Clothing and personal supplies	20,000	290,000	(270,000)
Employee physicals	-	200,000	(200,000)
Computer programming / maintenance and data processing	65,000	200,000	(135,000)
Medical and advanced life support supplies	-	95,000	(95,000)
Office equipment and supplies	-	90,000	(90,000)
Equipment and building maintenance	-	80,000	(80,000)
Miscellaneous professional services and other expenses	-	85,000	(85,000)
Subtotal – services and supplies	$120,000	$1,420,000	$(1,300,000)
Staff overtime and extra help	5,000	90,000	(85,000)
Capitalized equipment	5,000	40,000	(35,000)
Total start-up costs	$130,000	$1,550,000	$(1,420,000)

Amount	Reason for Increase / Decrease
+$600,000	Equipment and computer maintenance increased by $600,000, primarily due to vehicle maintenance on 23 vehicles acquired from the City of Santa Ana in April 2012. In addition, significant helicopter maintenance projects occurred in Fiscal Year 2012/13, including a ten-year overhaul of a hoist assembly and a five-year inspection of one of the newer Bell helicopters.
+$400,000	Utilities and communications charges increased by $400,000, primarily due to rising rates and the April 2012 transition of ten new fire stations in the City of Santa Ana. In addition, electricity and water utilities increased for the Regional Fire Operations and Training Center (RFOTC) due to higher rates and usage, respectively. The increased water usage was necessitated by a water tender academy, an engineer's academy, and flowing the swift water pit.
+$350,000	Professional services increased by $350,000. The most significant individual increase pertained to the annual property tax administration fee assessed by the County of Orange, which increased by $250,000 over the prior fiscal year.
-$285,000	During Fiscal Year 2011/12, OCFA incurred $285,000 of issuance costs to refinance the 2008 helicopter lease purchase agreement.
+$8,815,000	**Services and supplies – net increase**

- Depreciation and amortization expense, which had no impact on the OCFA's cash balances, increased by $492,638 (5.3%). Fiscal Year 2012/13 was the first full year of service for vehicles and equipment acquired from the City of Santa Ana in April 2012, resulting in increased depreciation in the amounts of $460,000 for vehicles and $75,000 for equipment. These increases were partially offset by decreases for vehicles and equipment that reached the end of their useful lives during Fiscal Year 2011/12, including two 1995 Quints ($35,000) and two 2005 trailers ($10,000).

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

Financial Analysis of the OCFA's Funds

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

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

At the end of Fiscal Year 2012/13, OCFA's governmental funds reported combined ending fund balances of $176,807,734, an increase of $14,515,290 in comparison with the prior fiscal year. Approximately 14.6% constitutes unassigned fund balance, which is available for spending for any purpose. The remaining 85.4% of fund balance is not available for spending on any new purpose, because it has already been restricted, committed or assigned for specific purposes, or it is in a nonspendable form.

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

- The ***General Fund*** is the chief operating fund of the OCFA. At the end of Fiscal Year 2012/13, the General Fund's fund balance totaled $107,585,144.

  - Unassigned fund balance totaling $25,782,851 (24.0%) is available for future spending. The remaining $81,802,293 (76.0%) of fund balance is not available for spending on any new purpose, because it has already been restricted, committed or assigned for specific purposes, or it is in a nonspendable form.

  - Total fund balance of the OCFA's General Fund increased by $23,040,378 during the current fiscal year. The prior fiscal year's fund balance increased by $1,055,695, a difference of $21,984,683.

Impact on Fund Balance	Description
+$4,000,000	Revenue from property taxes increased by $4.0 million, primarily due to an increase in secured property taxes.
+$15,100,000	Intergovernmental revenue increased by $15.1 million. The most significant increase pertained to ongoing tax increment passed through from member cities ($1.6 million) and one-time tax increment passed through from the County of Orange ($10.7 million), due to the dissolution of the State of California redevelopment program during Fiscal Year 2011/12. Other significant increases in Fiscal Year 2012/13 included various federal grant reimbursements ($1.8 million), and state and federal assistance by hire revenue due to increased emergency response activity ($1.0 million).
+$29,970,000	Charges for services increased by $29.97 million, primarily due to significant increases in cash contract city operating charges and leave balance reimbursements brought about by the addition of the City of Santa Ana as a member city in April 2012 ($28.5 million). Operating charges for all other cash contract cities, except the City of Stanton, also increased per terms of the Joint Powers Agreement ($1.1 million). Service reductions were requested by the City of Stanton and approved by OCFA's Board of Directors in July 2012, resulting in a reduction in the city's annual operating charge ($455,000). Planning and development fees increased in Fiscal Year 2012/13 by $825,000, primarily due to increased permit activity for fire sprinklers.
-$320,000	Use of money and property decreased by $320,000 due to an overall declining rate of return on the investment portfolio, as well as a $290,000 market value investment loss that was allocated to the General Fund.
+$2,450,000	Miscellaneous revenue increased by $2,450,000, primarily due to amounts received from the Orange County Professional Firefighters Association IAFF Local 3631 in connection with the contract governing OCFA's contributions to the firefighter medical trust. Other increases were due to student enrollment revenue from Santa Ana College and a one-time reimbursement from the County of Orange for underground storage tank clean-up.
-$26,850,000	Salaries and benefits expenditures increased by $26.85 million over the prior fiscal year. -$10,900,000 ➢ The $10.9 million increase in regular pay was due primarily to 197 employees hired from the City of Santa Ana effective April 20, 2012. -$5,500,000 ➢ Retirement costs increased by $5.5 million. Employer contributions for new Santa Ana employees caused costs to increase by $5.2 million. There was also a $300,000 decline in the annual savings achieved by pre-paying a portion of the subsequent fiscal year's contributions to OCERS. -$4,300,000 ➢ Overtime costs increased by $4.3 million, which included backfill for open/vacant suppression positions, as well as backfill for suppression personnel on workers' compensation or those utilizing leave balances. Other significant increases included overtime for emergency incident response, training, and academies. -$3,000,000 ➢ Employee group health insurance and other benefits increased by $3.0 million, due primarily to increases in firefighter health insurance premiums associated with additional suppression personnel hired from the City of Santa Ana. ***(Continued on next page)***

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

Continued on next page

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

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

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

Continued on next page

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

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

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

- The ***Vehicle Replacement Fund*** had total fund balance of $30,875,249 at the end of Fiscal Year 2012/13.

  - Fund balance pertaining to prepaid items ($228,004) was classified as nonspendable. The remaining fund balance was assigned to the capital improvement program ($28,588,494) and purchase of various fire apparatus and vehicles ($2,058,751).

  - Total fund balance decreased by $3,497,873 during the current fiscal year. The prior fiscal year's fund balance decreased by $1,567,441, a difference of $1,930,432.

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

- The ***Facilities Replacement Fund*** had total fund balance of $16,683,531 at the end of Fiscal Year 2012/13.

  - Fund balance pertaining to developer contributions received for future fire station construction ($1,553,182) was classified as restricted. The remaining fund balance was assigned to the capital improvement program ($15,130,349).

  - Total fund balance increased by $546,927 during the current fiscal year. The prior fiscal year's fund balance decreased by $89,702, a difference of $636,629.

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

General Fund Budgetary Highlights

The following table summarizes the changes in General Fund appropriations, as well as the variance between the final budget and actual amounts for Fiscal Year 2012/13.

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

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

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

- Final budgeted General Fund expenditures exceeded actual amounts by $10,220,347.

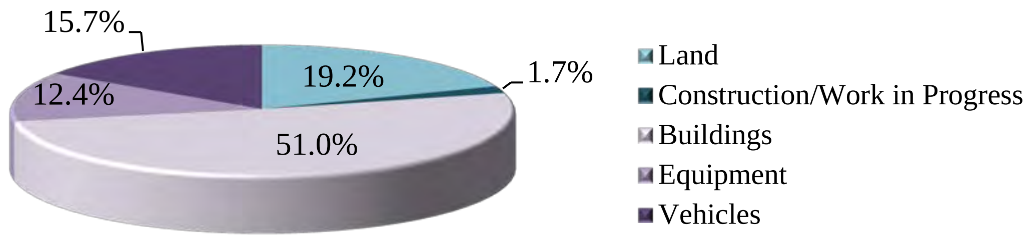
  - The positive variance in salaries and benefits is attributed primarily to $1.76 million of overtime appropriations approved by the Board of Directors in June 2013 for state and federal assistance by hire activities. OCFA experienced increased fire assistance activity in May and June 2013, and the exact financial impact was unknown at the time. The additional appropriations were approved to ensure that actual costs would not exceed budgeted amounts once all fire claims were processed.

  - The positive variance in services and supplies is attributed primarily to $3.6 million of workers' compensation costs. The amount budgeted for workers' compensation is based on an actuarially-determined estimate. Actual expenditures for workers' compensation cases typically occur over multiple years, which often attributes to a difference between budgeted costs and actual expenditures during any given fiscal year. In Fiscal Year 2012/13, actual claims paid from the General Fund were substantially less than the actuarial estimate. In addition, $1.1 million of structural fire fund entitlement projects were budgeted in Fiscal Year 2012/13, but were not actually completed and claimed for reimbursement by the member cities. These expenditures savings, along with $1.2 million for other uncompleted projects, will be re-budgeted as needed to Fiscal Year 2013/14.

Capital Assets and Debt Administration

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

Capital Assets, Net of Accumulated Depreciation and Amortization at June 30, 2013



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

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

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

- Work in progress (WIP) accounted for twelve projects during Fiscal Year 2012/13, one of which was placed into service and eleven of which were still in progress at year-end.

  - Fire engines, trucks and other vehicles are classified as WIP at year-end if they are in the process of being outfitted for operation and will be completed over the span of multiple fiscal years. The most significant additions during Fiscal Year 2012/13 were for two Type 3 engines ($780,000), two command trailers ($420,000) and two tow vehicles ($160,000). One vehicle improvement, a compressed air foam system ($20,000) installed on a 100’ tractor drawn aerial truck from the City of Santa Ana, was completed and transferred to the vehicles category during Fiscal Year 2012/13.

  - Communications and information system projects are also classified as WIP at year-end if they are implemented over the span of multiple fiscal years. The most significant additions were for the replacement Computer Aided Dispatch system ($1.5 million) and the Wireless Project ($330,000), both of which were classified as WIP at year-end.

- The most significant equipment purchases during Fiscal Year 2012/13 were eleven servers and virtual storage ($125,000); a portable satellite ($50,000) and two portable receivers ($100,000) for use on the new command trailers; a Cozad trailer ($75,000); ten portable radios ($50,000) and two chemical agent detectors ($20,000) for the Urban Search and Rescue cache; and a new asset management system ($40,000).

- Five vehicles and one vehicle improvement were added to the OCFA’s fleet during Fiscal Year 2012/13, including one that was transferred from WIP ($20,000), and five that were purchased and placed into service during the fiscal year ($1,500,000). The vehicle additions were as follows:

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

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

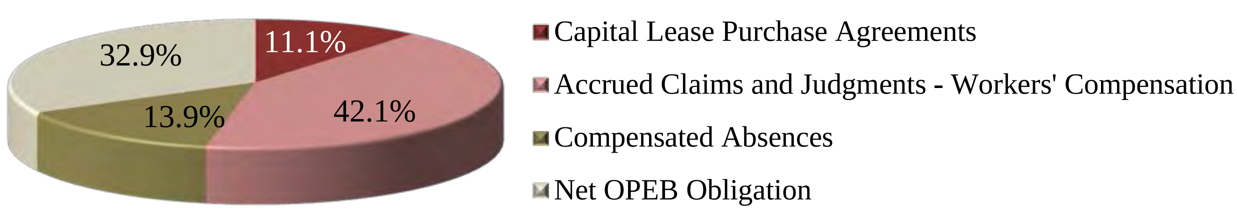
- Twenty-six capital equipment items were sold, scrapped, or written off during Fiscal Year 2012/13, including eight thermal imaging cameras ($140,000), eleven servers ($130,000), and three chemical agent detectors ($20,000).

- Five vehicles, most of which were fully depreciated, were removed from OCFA's fleet during Fiscal Year 2012/13. One sport utility vehicle ($20,000) and one Telesquirt engine ($350,000) were sold. Two Type 3 engines ($230,000) were donated to the cities of Orange and Fullerton, and one 110' tractor drawn aerial ($5,000) originally purchased in 1988 and acquired by OCFA during the transition was returned to the City of Santa Ana.

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

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

Long-term Liabilities at June 30, 2013



- The most significant increases to long-term liabilities were for the net other post-employment benefit (OPEB) obligation ($8.9 million) and workers' compensation ($13.3 million).

  - The OPEB obligation pertains to OCFA's defined benefit Retiree Medical Plan, which provides a monthly grant towards the cost of retirees' health insurance coverage. The difference between OCFA's actual contributions and an actuarially-determined annual cost is recorded as an addition to the liability each fiscal year. During Fiscal Year 2012/13, OCFA's actuarial annual cost was $13.6 million, but 4% employee withholdings contributed to the plan totaled only $4.7 million, resulting in an $8.9 million shortfall.

  - OCFA is self-insured for workers' compensation, and an actuarial study is completed every year to determine OCFA's outstanding claims liability. During Fiscal Year 2012/13, the actuarial liability for incurred claims increased by $19.3 million, but was offset by $6.0 million of actual claim payments made during the fiscal year. The net difference of $13.3 million was recorded as an addition to the outstanding claims liability.

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

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

Next Year's Budget

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

- Budgeted salaries and benefits increased by $4.1 million. The increase primarily relates to benefits for workers' compensation and medical insurance, partially offset by decreases for retirement costs.

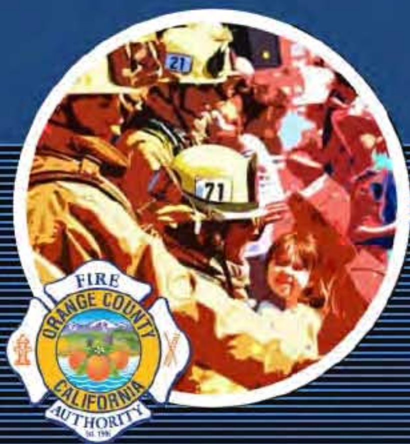
- Budgeted one-time or grant-related expenditures decreased by $5.9 million. These items are budgeted as-needed throughout the fiscal year, but are not incorporated into the original base budget at the time of adoption.

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

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

Requests for Information

This financial report is designed to provide a general overview of the OCFA's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Manager, Orange County Fire Authority, 1 Fire Authority Road, Irvine, California 92602.



GOVERNMENT-WIDE FINANCIAL STATEMENTS

2012 Open House

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

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

See Notes to the Financial Statements

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

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

See Notes to the Financial Statements

FUND
FINANCIAL STATEMENTS

Delivery of Grant Funded Communications Trailer

Orange County Fire Authority Safety Message

Home Escape Plans
(Part 1 of 3)

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

- **Draw a Floor Plan.**
  - ✓ Show two ways out of every room.
  - ✓ Discuss it with your family.
- **Select an Outside Meeting Place.**
  - ✓ Select a safe place where every member of your home will gather outside after escaping a fire. This is a spot where you wait for the fire department and let them know if anyone is missing or trapped inside.
  - ✓ After everyone is out safely, this is when you would call 9-1-1.
- **Practice Every Month.**
  - ✓ Practice your plan to ensure that children and adults react to the smoke alarm and know what to do.
  - ✓ Make sure you know the primary and secondary exits.
  - ✓ Make sure windows are not stuck, screens can be taken out quickly and that security bars can be opened easily.

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

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

See Notes to the Financial Statements

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

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

	2013	2012
Fund balances of governmental funds	**$ 176,807,734**	**$ 162,292,444**
When capital assets that are to be used in governmental activities are purchased or constructed, their costs are recorded as expenditures in governmental funds. However, the Statement of Net Assets includes those capital assets among the assets of the OCFA as a whole, net of accumulated		
Capital assets	294,441,802	289,950,195
Accumulated depreciation/amortization	(100,135,597)	(91,260,160)
Long-term liabilities applicable to the OCFA's governmental activities are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. A portion of OCFA's long-term liability for compensated absences is reimbursable by the City of Santa Ana, and therefore offset by a long-term receivable. Long-term receivables are not available to fund the activities of the current period, and are likewise not reported as governmental fund assets. All assets and liabilities, both current and long-term, are reported in the Statement of Net Assets.		
Capital lease purchase agreements	(12,942,841)	(15,105,650)
Accrued claims and judgments	(49,064,929)	(35,798,565)
Compensated absences	(16,239,283)	(16,403,273)
Long-term receivable for compensated absences	1,987,794	2,394,854
Net OPEB obligation	(38,317,138)	(29,387,117)
Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds. Accrued interest was calculated and reported in the Statement of Net Assets.	(7,259)	(8,472)

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

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

See Notes to the Financial Statements

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

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

See Notes to the Financial Statements

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

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

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

ORANGE COUNTY FIRE AUTHORITY
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
(Continued)

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

See Notes to the Financial Statements

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

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

See Notes to the Financial Statements

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

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

See Notes to the Financial Statements

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

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

See Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

Fire Corp Volunteer Program

ORANGE COUNTY FIRE AUTHORITY

Index to Notes to the Financial Statements

Year ended June 30, 2013

Orange County Fire Authority Safety Message

Home Escape Plans
(Part 2 of 3)

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

- **Test Doors Before Opening.**
  - ✓ While kneeling or crouching at the door, use the back of your hand to feel the door, working from the bottom up.
  - ✓ If it feels hot or warm, do not go open the door. Use a secondary (window, sliding door, etc.) way out.

- **If You Are Trapped – Shelter in Place.**
  - ✓ If smoke, heat or flames block your exit routes, stay in the room with the door closed. Stuff the cracks around the doors with bedding, towels, clothing or pillows to keep smoke out. Wait at the window and signal for help with a flashlight or by waving a light-colored cloth.
  - ✓ If there is a telephone in the room, call 9-1-1 and report your exact location.

- **Getting Out.**
  - ✓ Once a fire starts, it spreads rapidly. Normal exits may become filled with intense heat and blinding smoke. Because smoke and heat rise, cleaner air will be found near the floor.
  - ✓ If you must exit through smoke, crawl on your hands and knees, keeping your head 12-24 inches above the floor.

- **Once You Are Out - Stay Out!**
  - ✓ Once you are out, do not go back in for any reason. If people are trapped, the firefighters have the best chance of rescuing them. Firefighters have the training, experience, and protective equipment needed to enter burning buildings.
  - ✓ Do not go back in to find pets, money, or valuables.

ORANGE COUNTY FIRE AUTHORITY

Notes to the Financial Statements

Year ended June 30, 2013

(1) Summary of Significant Accounting Policies

(a) Description of the Reporting Entity

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

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

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

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

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

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

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

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

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

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

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

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

(b) <u>Measurement Focus and Basis of Accounting</u>

<u>Government-wide Financial Statements</u>

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

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

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

<u>Fund Financial Statements</u>

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

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

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

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

(c) Major Funds and Other Fund Types

Major Governmental Funds

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

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

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

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

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

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

Fiduciary Fund Types

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

(d) Deposits and Investments

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

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

(e) Receivables

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

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

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

(f) Prepaid Costs and Inventories

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

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

(h) Capital Assets

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

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

(i) Deferred Outflows and Inflows of Resources

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

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

(j) Compensated Absences

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

(k) Long-term Obligations

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

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

(l) Fund Equity

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

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

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

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

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

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

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

(m) Operating Contingency

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

(n) Prior Year Data

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

(o) Use of Estimates

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

(2) Compliance and Accountability

(a) Budgetary Information

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

Perspective differences occur when the framework used for budgeting differs from the fund structure used for financial reporting. The OCFA's General Fund consists of three separately-budgeted funds that have been combined and consolidated for financial statement presentation. The table below reconciles fund balance for the General Fund as reported on the budgetary basis to the presentation in the financial statements. The Supplementary Schedules section of this report includes additional General Fund combining schedules for balance sheet, budgetary data and actual operating data for the year ended June 30, 2013.

	Fund Balance as of June 30, 2013
Budgetary basis:	
General Operating Fund	$ 53,086,600
Structural Fire Entitlement	1,268,160
Self Insurance	53,230,384
General Fund for financial statement presentation	$107,585,144

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

Fund	Original Budget	Increase/ (Decrease)	Final Budget
General Fund	$286,279,872	$9,839,938	$296,119,810
Facilities Maintenance & Improvements	1,720,217	(445,000)	1,275,217
Communications & Information Systems	14,701,730	(6,234,420)	8,467,310
Vehicle Replacement	10,083,626	1,859,756	11,943,382
Facilities Replacement	2,212,812	68,863	2,281,675
Total budgeted governmental funds	$314,998,257	$5,089,137	$320,087,394

(b) Emergency Appropriations Policy

In September 2008, the Board adopted the Emergency Appropriations Policy to provide a means of increasing budgeted appropriations in the event that extraordinary fire or emergency incident activity occurs after the last Board meeting of the fiscal year, which may cause expenditures to exceed the authorized General Fund budget. The contingency appropriation, which may not exceed $3,000,000 each fiscal year, is established for unforeseen requirements, primarily salary and employee benefits for extraordinary fire or emergency response. No expenditures may be made directly against the contingency appropriations; however, OCFA management may recommend a transfer from the contingency appropriations to a specific purpose appropriation. The Chair of the Board of Directors or the Vice Chair, in the absence of the Chair, must pre-approve any such transfers. Upon approval by the Chair or Vice Chair, notice of this transfer must be provided immediately to the full Board in writing. There were no transfers made from the contingency appropriations during the year ended June 30, 2013; therefore, the budgetary comparison statements and schedules included in the financial statements do not reflect any increase to the final budgeted expenditures.

(c) Encumbrance Accounting

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

(3) Implementation of New Accounting Standards

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

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

(4) Prior Period Adjustments

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

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

(a) OCFA retroactively restated its beginning net position of governmental activities by $256,951, in order to eliminate deferred issuance costs from the Statement of Net Position, in conjunction with the implementation of GASB Statement No. 65. Additional information regarding this new accounting standard is included in Note 3.

(b) During Fiscal Year 2012/13, OCFA completed an internal review of its inspection records from all 71 fire stations and the Fire Prevention Department for Fiscal Years 2005/06 through 2011/12. Upon completion of that review, it was determined that certain businesses were billed a hazardous materials verification fee, but the performance of a corresponding inspection by OCFA personnel could not be verified through review of the inspection records (either via paper records and/or computer entries). In June 2013, the Board of Directors authorized refunds to those businesses. Because revenues relating to these unperformed inspections were overstated in prior fiscal years, OCFA has restated its beginning fund balances and net position and established an accrued liability for $1,751,044, which is the total estimated amount of potential refunds due to hazardous materials services businesses and authorized for refund by the Board of Directors.

(5) Cash and Investments

(a) Financial Statement Presentation

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

Cash and investments as of June 30, 2013, are reported in the accompanying financial statements as follows:

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

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

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

(b) Demand Deposits

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

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

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

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

Investment Types	Maximum Maturity	Maximum % of OCFA's Portfolio in Investment Type	Maximum % of OCFA's Portfolio in a Single Issuer
U.S. Treasury obligations	5 years	n/a	n/a
Federal agency securities	5 years	75%(1)	75%(1)
Bankers' acceptances	180 days	25%(1)	25%(1)
Commercial paper	270 days	15%(1)	15%(1)
Negotiable certificates of deposit	5 years	25%(1)	25%(1)
Repurchase agreements	14 days(1)	15%(1)	15%(1)
Money market mutual funds	n/a	15%(1,2)	15%(1,2)
Local Agency Investment Fund	n/a	75%(1)	75%(1)

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

(d) Investments Authorized by Debt Agreements

Proceeds of bonds or other indebtedness and any moneys set aside and pledged to secure payment of bonds may be invested in accordance with the resolution, indenture or statutory provisions governing the issuance of the indebtedness. The OCFA did not have any investments held by fiscal agent during Fiscal Year 2012/13.

(e) Investments in State Investment Pool

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

(f) GASB Statement No. 31

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

(g) Credit Risk

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

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

(h) Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The OCFA's investment policy requires that collateral be held by an independent third party with whom the OCFA has a current custodial agreement. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The OCFA's investment policy requires that all security transactions are conducted on a delivery-versus-payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of the OCFA's bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. As of June 30, 2013, none of the OCFA's deposits or investments was exposed to disclosable custodial credit risk.

(i) Concentration of Credit Risk

The OCFA's investment policy imposes restrictions for certain types of investments with any one issuer to 15% of the total investment pool with the following exceptions: U.S. Treasury obligations (100%), LAIF (75%), federal agency securities (75%), bankers' acceptances (25%) and negotiable certificates of deposit (25%). With respect to concentration risk as of June 30, 2013, the OCFA is in compliance with the investment policy's restrictions. In addition, GASB 40 requires a separate disclosure if any single issuer comprises more than 5% of the total investment value (exclusive of amounts held by fiscal agent). Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement. Investments with issuers exceeding 5% of the total investment portfolio at June 30, 2013, are summarized below.

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

(j) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The OCFA's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The OCFA's investment policy states that at least 50% of the portfolio must mature in one year or less, an additional 25% may mature up to 3 years and the remaining 25% may mature up to 5 years. The OCFA has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2013, the OCFA had the following investments and maturities:

	Investment Maturities in Months				
	6 or Less	7 to 12	13 to 36	37 to 60	Fair Value
Federal agency securities	$35,997,930	$ -	$35,827,830	$14,681,460	$86,507,220
Commercial paper	8,997,030	-	-	-	8,997,030
Money market mutual funds	8,073,102	-	-	-	8,073,102
LAIF	-	50,013,660	-	-	50,013,660
Total	$53,068,062	$50,013,660	$35,827,830	$14,681,460	$153,591,012

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

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

(6) Accounts Receivable

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

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

(7) Due from Other Governments

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

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

(8) Capital Assets

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

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

Capital Assets Acquired Under Capital Lease

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

Equipment	$22,118,301
Vehicles	15,974,690
Total capital assets acquired under capital lease	$38,092,991

Net Investment in Capital Assets

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

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

Depreciation/Amortization Expense

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

(9) Unearned and Unavailable Revenue

Unavailable revenue in the governmental funds consists of amounts that are considered *unavailable* to finance the expenditures of the current fiscal period. Only the amounts that are *unearned* are reported as liabilities of governmental activities. Unearned and unavailable revenues consist of the following as of June 30, 2013:

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

(10) Long-term Liabilities

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

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

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

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

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

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

Compensated Absences

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

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

Sick leave includes only those amounts that OCFA is obligated to reimburse employees at the end of their active service life. On March 5, 2012, OCFA and the City of Santa Ana entered into an agreement to establish a general leave bank for transitioning personnel from the Santa Ana Fire Management Association and the Santa Ana Fire Benevolent Association with more than ten years of service. Under the terms of the agreement, transitioning employees are required to exhaust their respective OCFA accrued leave banks before utilizing general leave transferred from the city. OCFA will pay amounts due to transitioning employees who use time from the general leave bank, and the City of Santa Ana will then reimburse those amounts to OCFA. General leave is not eligible to be cashed out by employees in lieu of using the time, and is available for use through April 13, 2017. Any amounts remaining at that time will no longer be available for use by transitioning employees. The portion of OCFA's compensated absences long-term liability that is reimbursable by the City of Santa Ana is offset by a long-term receivable of an equal amount. The beginning balance of compensated absences has been adjusted to reflect an additional $2,394,854 pertaining to the Santa Ana general leave bank that was not previously reported as of June 30, 2012.

(11) Commitments and Contingencies

(a) Outstanding Encumbrances / Commitments with Vendors

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

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

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

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

(b) Purchase and Sale Agreement

On June 14, 2010, the OCFA entered into a Purchase and Sale Agreement with the FW Aviation, LLC for a new hangar facility at Fullerton Municipal Airport to replace existing Fire Station No. 41. The hangar is being acquired in two phases. The eastern portion of the facility was acquired in December 2010 to house the OCFA's helicopter fleet and Air Operations administrative offices. The western portion of the facility is currently being occupied by various tenants of FW Aviation, who are expected to be relocated to a separate hangar in early 2014. On June 28, 2010, the OCFA transferred $6,156,743 to an escrow account, to be released to FW Aviation, LLC in two installments, upon final acquisition of each portion of the facility. On December 21, 2010, $3,958,693 was released when escrow was finalized for the eastern portion of the facility. The remaining escrow balance as of June 30, 2013 is $2,221,788, which includes $23,738 of accrued interest.

(12) Fund Balance of Governmental Funds

(a) Nonspendable Fund Balance

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

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

(b) Restricted Fund Balance

Restricted fund balance in the General Fund includes donations for specific programs ($15,139) and grant-funded or other restricted, unexpended encumbrances outstanding at year-end ($122,537). Restricted fund balance in the Facilities Replacement fund includes developer contributions and CALFIRE contract revenues that are legally restricted for new fire station development or improvements to existing fire stations. Restricted fund balance consists of the following as of June 30, 2013:

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

(c) Committed Fund Balance

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

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

(d) Assigned Fund Balance

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

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

Purpose of Encumbrance	Facilities Maintenance & Improvements	Communications & Information Systems	Vehicle Replacement
Type 1 pumpers	$ -	$ -	$2,053,421
Computer aided dispatch	-	1,506,045	-
MDC and mobile data network upgrade	-	83,210	-
Public safety systems	-	81,501	-
Network equipment and installation	-	68,451	-
Wireless network	-	15,371	-
Inventory tracking system	-	13,300	-
Other	$7,270	5,653	5,330
	$7,270	$1,773,531	$2,058,751

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

- The assignment to the Capital Improvement Program reflects cumulative amounts transferred from the General Fund to the OCFA's capital projects funds, net of actual cumulative project expenditures and other revenue sources accounted for in those funds. The assignment may not exceed the net cost of future identifiable projects. Fund balance assigned for the Capital Improvement Program totaled $63,477,538 as of June 30, 2013 and is reported in the Facilities Maintenance & Improvements Fund ($2,577,414), Communications & Information Systems Fund ($17,181,281), Vehicle Replacement Fund ($28,588,494) and Facilities Replacement Fund ($15,130,349).

- The assignment to workers' compensation reflects the cumulative difference between actual workers' compensation expenditures incurred and budgeted costs, which are based on an annual actuarial valuation prepared by an external actuary and a confidence level set by the Board of Directors. The assignment for workers' compensation is reported in the General Fund and totaled $53,230,384 as of June 30, 2013.

(e) Unassigned Fund Balance

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

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

(13) Interfund Transfers

Interfund transfers are used to move revenues from the fund required by statue or budget to collect them to the fund required by statute or budget to expend them. During the year ended June 30, 2013, transfers totaling $381,222 were made from the General Fund to the Communications & Information Systems Fund ($343,435) and the Vehicle Replacement Fund ($37,787) for current and future capital improvement projects identified in the Capital Improvement Plan.

(14) Operating Leases

(a) Operating Lease Revenue

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

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

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

Fiscal Year(s)	Carrier 1	Carrier 2	Carrier 3	Carrier 4	Carrier 5	Carrier 6	Total
2013/14	$ 15,437	$ 12,345	$ 6,180	$ 6,180	$ 6,180	$ 6,180	$ 52,502
2014/15	15,904	12,716	12,716	12,716	12,716	12,716	79,484
2015/16	16,384	13,100	13,100	13,100	13,100	13,100	81,884
2016/17	16,876	13,495	13,495	13,495	13,495	13,495	84,351
2017/18	17,379	13,903	13,903	13,903	13,903	13,903	86,894
2018/19 - 2022/23	95,079	76,047	76,047	76,047	76,047	76,047	475,314
2023/24 - 2027/28	110,230	88,153	88,153	88,153	88,153	88,153	550,995
2028/29 - 2032/33	127,824	102,199	102,199	102,199	102,199	102,199	638,819
2033/34 - 2037/38	118,059	94,397	94,397	94,397	94,397	94,397	590,044
	$533,172	$426,355	$420,190	$420,190	$420,190	$420,190	$2,640,287

(b) Operating Lease Obligations

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

- Twenty-seven city-owned stations are leased for $1 per year through June 30, 2030. In addition, OCFA leases land from three cities for three OCFA-owned stations. The station land leases are for $1 per year and extend through June 30, 2030 (Station 6); November 26, 2057 (Station 17); and April 30, 2045 (Station 36).

- On June 14, 2010, the OCFA entered into a land lease agreement with the City of Fullerton for a new space at Fullerton Municipal Airport. Monthly lease payments of $4,956 for the eastern half of the building commenced January 2011. An additional monthly lease payment of $3,154 for the western half of the building commences July 2013. Total monthly rent will increase annually by an amount equal to the change in CPI, from a minimum of 3% to a maximum of 5%. The term of the agreement extends forty years through July 2050, with a fifteen year extension option through July 2065.

- On August 25, 2011, the OCFA Executive Committee approved the execution of a Lease Agreement with FW Aviation, LLC for a training tower at Fire Station No. 41 Air Operations and Maintenance Facility at Fullerton Airport, which includes a helicopter training prop, an additional restroom, and approximately 600 square feet of classroom/storage area. The lease term is for ten years commencing September 2011, with an optional ten-year extension. Initial monthly rent of $1,575 will increase by $18 each year.

- OCFA leases a radio tower site from the Laguna Beach County Water District for $2,400 per year. The current lease term expires August 13, 2016.

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

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

(15) Insurance

(a) Coverage Limits

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

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

At June 30, 2013, the OCFA had no outstanding claims which exceed insurance coverage. There have been no significant changes in insurance coverage as compared to last year, and settlements have not exceeded coverage in each of the past three fiscal years.

(b) Self-Insurance

The OCFA transitioned its program for workers' compensation insurance from Guaranteed Cost to Self-Insurance effective March 1, 2002. The OCFA's self-insurance program covers workers' compensation claims up to $50,000,000, subject to a $2,000,000 self-insured retention (SIR) per incident. Workers' compensation claims in excess of the self-insured level are insured by the California State Association of Counties Excess Insurance Authority (CSAC-EIA) at statutory limits. The OCFA utilizes the services of a third-party claims administrator for administration of workers' compensation claims.

As of June 30, 2013, accrued claims and judgments for workers' compensation totaled $49,064,929 and were recorded as a long-term liability in the government-wide financial statements. This liability reflects the present value of estimated outstanding losses at the 50% confidence level, as determined by an actuarial valuation dated December 31, 2012, and includes claims that have been incurred but not yet reported (IBNR's). A confidence level is the statistical certainty that an actuary believes funding will be sufficient. For example, a 50% confidence level means that the actuary believes funding will be sufficient in five years out of ten. On May 27, 2010, the Board of Directors authorized to change the OCFA's confidence level from 80% to 50%.

Following is a summary of changes in workers' compensation claims payable for the years ended June 30, 2013 and 2012, including the current and long-term portions at year-end.

	Fiscal Year Ended June 30,	
	2013	2012
Unpaid claims at beginning of fiscal year	$35,798,565	$29,753,616
Incurred claims (including IBNR's)	19,277,576	12,288,305
Claim payments	(6,011,212)	(6,243,356)
Unpaid claims at end of fiscal year	$49,064,929	$35,798,565
Current portion	$ 8,238,869	$ 7,511,799
Long-term portion	40,826,060	28,286,766
Unpaid claims at end of fiscal year	$49,064,929	$35,798,565
Confidence level at end of fiscal year	50%	50%

Because of the long-term nature of this liability, it is excluded from the OCFA's governmental fund financial statements under the modified accrual basis of accounting. However, the OCFA has established a fund balance assignment for workers' compensation in the General Fund in the amount of $53,230,384. This assignment reflects the cumulative difference for multiple years between actual expenditures and budgeted costs, which are based on the annual actuarial valuation. Actual expenditures for workers' compensation cases often occur over multiple years, attributing to the cumulative difference between budgeted costs and expenditures.

(16) Jointly Governed Organization

In 1990, the OCFA entered into a joint powers agreement with the cities of Anaheim, Santa Ana, Huntington Beach and Newport Beach to form the Orange County-Cities Hazardous Materials Emergency Response Authority (OCCHMERA) Joint Powers Authority. The agreement was amended in November 2000 and the City of Newport Beach is no longer a participant. With Santa Ana joining the OCFA in April 2012, OCCHMERA has been reduce to three provider agencies (Anaheim, Huntington Beach and OCFA). The provider agencies provide hazardous materials incident response to the OCCHMERA's subscriber agencies, which include the cities of Brea, Costa Mesa, Fountain Valley, Fullerton, Garden Grove, Laguna Beach, Newport Beach and Orange. On November 15, 2012, OCFA's Board of Directors authorized the withdrawal of OCFA from OCCHMERA effective July 1, 2013.

The purpose of OCCHMERA is to enable public entities to receive hazardous materials emergency responses and related services without incurring the direct costs required to establish and maintain response teams. OCCHMERA's governing board consists of one representative from each participating member (Orange County Fire Authority, City of Anaheim and City of Huntington Beach) and three representatives from among any other public entities that have signed a subscription agreement to receive hazardous materials emergency response services.

Each provider agency is responsible for its percentage of interest contribution of OCCHMERA's annual budget by making in-kind contributions to the OCFA in the form of a response team. The percentage of interest contribution is calculated based on the estimated number of subscribing agencies. On a quarterly basis and upon dissolution, all surplus money is distributed to each of the provider members in accordance with the percentages stated in the agreement. Separate financial statements can be obtained from the City of Anaheim, 201 South Anaheim Boulevard, Suite 300, Anaheim, California 92805.

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

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

(17) Retirement Plan for Full-Time Employees

(a) Plan Description

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

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

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

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

(b) Funding Policy

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

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

California Public Employees' Pension Reform Act

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

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

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

Safety Member Category

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

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

OCFA assumes the contribution cost for both the employer and employee, which is memorialized in the respective Memorandums of Understanding and Personnel and Salary Resolution. However, employees have agreed to reimburse OCFA for a portion of their retirement costs. The retirement reimbursement is deducted from the employee's compensation earnable and continues throughout the employee's entire term of employment with the OCFA. Employee reimbursement rates vary depending on the individual employee's hire date and bargaining group, as follows:

- Employees in the Firefighter and Fire Management Units hired on or after January 1, 2011, reimburse 9% upon commencement of employment. Upon expiration of their respective Memorandums of Understanding, all employees may reimburse 50% of normal retirement costs, regardless of hire date. Memorandums of Understanding expire on June 30, 2014, for the Firefighter Unit, and on December 11, 2015, for the Fire Management Unit.

- Executive Management occupying suppression positions who were hired on or after January 1, 2013, with no reciprocal retirement benefits, contribute 50% of normal retirement costs upon commencement of employment.

- For employees hired prior to January 1, 2011 (Firefighter and Fire Management Units), or July 1, 2011 (Executive Management), the 9% contribution/reimbursement is being phased in, as summarized in the following table:

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

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

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

General Member Category

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

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

OCFA assumes the contribution cost for both the employer and employee, which is memorialized in the respective Memorandums of Understanding and Personnel and Salary Resolution. However, employees have agreed to reimburse OCFA for a portion of their retirement costs. This reimbursement continues throughout an employee's entire term of employment with the OCFA.

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

- Employees in the General and Supervisory Management Unit hired on or after July 1, 2011, reimburse 9% upon commencement of employment. Upon expiration of the current Memorandum of Understanding on December 18, 2014, all employees may reimburse 50% of normal retirement costs, regardless of hire date.

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

- Employees hired prior to July 1, 2011 (General and Supervisory Management Unit), and December 1, 2012 (Administrative Management and non-suppression Executive Management), are phasing in increases to their reimbursement rate from 6% to 9%, as summarized in the following table:

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

* *If a salary adjustment is implemented*
** *If not already at 9.00%*

(c) Benefits

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

(d) Contributions

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

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

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

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

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

(18) Retirement Plan for Part-Time Employees

(a) Plan Description

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

(b) Funding Policy

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

(c) Benefits

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

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

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

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

(d) Contributions

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

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

(e) Funded Status and Funding Progress

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

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

(e) Concentration of Plan Investments

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

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

(a) Plan Description

The OCFA provides a post-employment Retiree Medical Plan (Plan), a single-employer defined benefit plan, for its full-time employees hired prior to January 1, 2007. The Plan, which was established on January 1, 1997, and amended on September 28, 2006, provides a monthly grant toward the cost of retirees' health insurance coverage. The Board establishes and amends all Plan provisions through negotiations with labor bargaining units.

The Plan's assets are held in an irrevocable trust for the exclusive benefit of Plan participants and are administered by the Orange County Employees' Retirement System (OCERS). Funds are held in trust accounts established pursuant to Sections 115 and 401(h) of the Internal Revenue Code and are held separate from the assets of the OCERS retirement system, except for investment purposes. A publicly available financial report can be obtained from OCERS at 2223 Wellington Avenue, Santa Ana, California 92701.

Prior to the amendment on September 28, 2006, all Plan activity was accounted for in the OCFA's Retiree Medical Fund. Thereafter, plan assets were remitted to OCERS and are no longer reported in the OCFA's financial statements.

(b) Funding Policy

All retirees and full-time employees hired prior to January 1, 2007, are eligible to participate in the Plan. Current, active employees are required to contribute 4% of their pay through payroll deductions to the OCFA. (Prior to September 28, 2006, the required contribution rate was 1% of pay.) The OCFA periodically remits Plan contributions to the trust administered by OCERS in amounts authorized to be contributed by the Board of Directors.

(c) Benefits

Participating employees who are credited with at least one year of service are eligible to receive Plan benefits upon retirement. A participating employee who terminates employment with the OCFA for reasons other than retirement is eligible to begin receiving Plan benefits at age 55. Participants must be covered under a qualified health plan, Medicare or a recognized health insurance plan.

The amount of the monthly grant is based on years of credited service and is applied as a credit towards the cost of the retiree's monthly medical insurance premium. For the year ended June 30, 2013, there were 528 eligible retirees who received monthly benefits aggregating to an annual total of $2,981,599. In addition, there were three deferred retirees who received monthly benefits directly from the OCFA totaling $4,780.

(d) Annual OPEB Cost and Net OPEB Obligation/Asset

The OCFA's Annual OPEB Cost is equal to the annual required contribution to the Plan, plus an adjustment for the cumulative difference between the Annual OPEB Cost and the OCFA's actual contributions for the year. The cumulative difference is called the Net OPEB Obligation (NOPEBO) (or a Net OPEB Asset if annual required contributions are over-funded). For the year ended June 30, 2013, the OCFA's annual OPEB cost was $13,689,125, as determined by an actuarial valuation with a measurement date as of July 1, 2012, and was calculated as follows:

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

During the year ended June 30, 2013, the OCFA's actual contributions totaled $4,759,104 resulting in an increase to the NOPEBO of $8,930,021 (the difference between the Annual OPEB Cost and actual contributions). The outstanding balance of the NOPEBO as of June 30, 2013, was $38,317,138. Following is a schedule of employer contributions, *presented as required supplementary information*, as well as a calculation of the OCFA's Net OPEB Asset (Obligation) for the current and previous two fiscal years.

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

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

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

(e) Funded Status and Funding Progress

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

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

(f) Actuarial Methods and Assumptions

Actuarial calculations reflect a long-term perspective. Calculations are based on the benefits provided under the terms of the Plan in effect at the time of each valuation and on the pattern of sharing of costs between the OCFA and plan members to that point. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The funded status of the Plan and the annual required contributions of the OCFA are subject to revision as actual results are compared with past expectations and new estimates are made about the future. The annual required contribution for the year ended June 30, 2013, was determined by an actuarial valuation of the Plan dated July 1, 2012. Unfunded liabilities are amortized over a closed period ending June 30, 2036. The principle assumptions and methods used to determine the annual required contribution were as follows:

• Valuation date	July 1, 2012
• Actuarial cost method	Entry age normal
• Amortization method	30 years beginning July 1, 2006, closed, level dollar
• Remaining amortization period	24 years as of July 1, 2012
• Asset valuation method	Market value

- Actuarial assumptions:

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

- Plan membership:

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

(20) Retiree Defined Contribution Healthcare Expense Reimbursement Plan

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

All active, full-time employees who became employed by the OCFA on or after January 1, 2007, are required to contribute 4% of their gross pay through payroll deductions to the OCFA. All contributions, investment income, realized and unrealized gains and losses are credited to individual recordkeeping accounts maintained in the name of each Plan participant. Account assets are invested as directed by the participant from among investment funds selected by the OCFA. Participants are eligible to receive Plan benefits upon reaching retirement age, including those who terminate employment with the OCFA for reasons other than retirement. Required and actual OCFA contributions totaled $1,356,966 for the year ended June 30, 2013.

(21) Subsequent Events

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

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

(b) Purchase of Hangar Facility – Western Portion

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

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

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

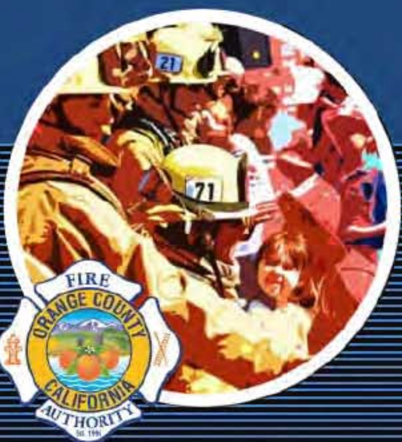
On November 15, 2012, OCFA's Board of Directors authorized the withdrawal of OCFA from the Orange County-Cities Hazardous Materials Emergency Response Authority (OCCHMERA) Joint Powers Authority. The withdrawal became effective July 1, 2013.

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

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

(e) Insurance Proceeds for Repair of Engine 61

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



SUPPLEMENTARY SCHEDULES

Grant Funded Breathing Apparatus

Major Governmental Funds

Capital Projects Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Orange County Fire Authority Safety Message

Home Escape Plans
(Part 3 of 3)

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

- **Smoke Alarms Save Lives.**
  - ✓ Smoke alarms sound when they detect smoke, giving you valuable time to get out the house. Install smoke alarms inside every sleeping area, in hallways outside of sleeping areas and on every level of your home.
  - ✓ Test your smoke alarm once a month and change the batteries per the manufacturer's recommendation.
- **Fire Sprinkler Systems.**
  - ✓ Sprinkler systems attack a fire in its early stages by spraying water only on the area where the fire has begun.
  - ✓ Consider installing sprinklers in existing homes or in plans for new construction.
  - ✓ To view a video demonstration on fire sprinklers, visit **www.ocfa.org/_uploads/video/sprinkler1.wmv**.

STATISTICAL SECTION

ORANGE COUNTY FIRE AUTHORITY

Overview of the Statistical Section

The Statistical Section provides a context for understanding information in the financial statements, note disclosures and required supplementary information and how that information relates to the OCFA's overall financial health. The detailed schedules presented in the Statistical Section are grouped into five sections pertaining to financial trends, revenue capacity, debt capacity, demographic and economic information and operating information.

Financial Trends Information – These schedules contain trend information to assist the reader in understanding how the OCFA's financial performance and well-being have changed over time.

Revenue Capacity Information – These schedules contain information to assist the reader in assessing property taxes, the OCFA's most significant local revenue source.

***Debt Capacity Information* –** These schedules present information to assist the reader in assessing the affordability of the OCFA's current levels of outstanding debt and its ability to issue additional debt in the future.

***Demographic and Economic Information* –** These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the OCFA's financial activities take place.

Operating Information – These schedules contain data to assist the reader in understanding how the information in the financial report relates to the services provided by and the activities performed by the OCFA.

Orange County Fire Authority Safety Message

Emergency Supply Checklist

Basic Emergency Supply Kit

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

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

ORANGE COUNTY FIRE AUTHORITY

Financial Trends Information

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

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

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

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

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

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

SOURCE: OCFA Comprehensive Annual Financial Reports

NOTES:
(1) Restricted net position as of June 30, 2009, pertained to requirements of the revenue bonds issued to construct the Regional Fire Operations and Training Center. Those revenue bonds were issued in Fiscal Year 2001/02 and repaid in full during Fiscal Year 2009/10.

(2) Restricted net position as of June 30, 2012, included a one-time, $1.5 million unperformed purchase order for self-contained breathing apparatus that was funded by a federal grant.

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

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

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

SOURCE: OCFA Comprehensive Annual Financial Reports

NOTES:

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

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

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

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

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

SOURCE: OCFA Comprehensive Annual Financial Reports

NOTES:

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

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

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

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

SOURCE: OCFA Comprehensive Annual Financial Reports

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

Orange County Fire Authority Safety Message

Protecting Your Pets

- Prepare for every member of your household well before an emergency takes place. Planning is the best way to ensure the safety and well being of all of your loved ones.

  - ✓ Keep a collar/harness and tag or other identification on your animals. Micro-chipping or tattooing is recommended, as collars can come off.

  - ✓ Keep a picture of you/your family with your pet in your emergency kit. This will help identify you as the owner if you should be separated in a disaster. Include detailed information about species, breed, age, sex, color and distinguishing characteristics.

  - ✓ Have a leash, carrier, cage, or kennel for each animal.

  - ✓ Keep vaccination records and a pet information sheet easily accessible and in waterproof containers.

  - ✓ Put together an emergency kit for your animal that includes a two week supply of water, food, and any necessary medications. Materials needed to properly dispose of waste should also be included in your kit.

  - ✓ Keep a list of contact information enclosed in both your pet's emergency supply kit and yours as well (i.e., veterinarian, local humane societies, pet shelters, and emergency animal clinics). Identify several locations where you can take your animals should you have to evacuate your neighborhood, including pet-friendly hotels and motels.

- Keep a removable sign in your window alerting authorities of the types and amount of pets inside your home. Write the words "Evacuated with Pets" across the sign, should you or someone else flee with them.

- Develop a buddy system with a trusted friend, neighbor, or family member to ensure that someone is available to care for or evacuate your pets should you be unable to do so.

ORANGE COUNTY FIRE AUTHORITY

Revenue Capacity Information

***Assessed Value and Estimated Actual Value of Taxable Property* –** Presents information on the assessed property values of each city and the unincorporated area within the OCFA's jurisdiction for each of the last ten fiscal years.

***Property Tax Rates of Direct and Overlapping Governments* –** Presents the County of Orange's direct property tax rate, as well as the rates of any overlapping governments that are applied to the same revenue base.

***Principal Property Tax Payers* –** Presents information about the OCFA's ten largest property tax payers for the current fiscal year, as compared to nine fiscal years ago.

***Property Tax Levies and Collections* –** Presents information on the levy and subsequent collection of OCFA's property taxes for each of the last ten fiscal years.

ORANGE COUNTY FIRE AUTHORITY
Assessed Value (1) and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(dollars in thousands)

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

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

NOTES:

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

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

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

(4) Santa Ana joined OCFA on April 20, 2012.

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

	Tax Rates Per $100 of Assessed/Full Cash Value		
Fiscal Year ended June 30	Overlapping County-wide Basic Levy - Operating	Direct Orange County - Debt Service	Total
2004	1.00000	0.00000	1.00000
2005	1.00000	0.00000	1.00000
2006	1.00000	0.00000	1.00000
2007	1.00000	0.00000	1.00000
2008	1.00000	0.00000	1.00000
2009	1.00000	0.00000	1.00000
2010	1.00000	0.00000	1.00000
2011	1.00000	0.00000	1.00000
2012	1.00000	0.00000	1.00000
2013	1.00000	0.00000	1.00000

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

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

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

	Fiscal Year 2003/04				Fiscal Year 2012/13			
Property Tax Payer		Actual Taxes Levied	Rank	Percent of Total Taxes Levied		Actual Taxes Levied	Rank	Percent of Total Taxes Levied
Irvine Company	$	43,395	1	1.33%	$	116,988	1	2.35%
Walt Disney Parks & Resorts US	$	26,352	2	0.80%	$	50,122	2	1.01%
Irvine Apartment Communities	$	18,644	3	0.57%				
So Cal Edison Company	$	13,955	4	0.43%	$	29,544	3	0.59%
Pacific Bell Telephone Company (AT&T; SBC California)	$	9,876	5	0.30%	$	8,013	4	0.16%
Kaiser Foundation Hospitals					$	7,510	5	0.15%
Cox Communications	$	7,256	6	0.22%				
United Laguna Hills Mutual	$	6,716	7	0.21%	$	7,177	6	0.14%
Heritage Fields El Toro					$	6,624	7	0.13%
Oxy USA Inc.					$	6,003	8	0.12%
McDonnell Douglas Corp.	$	5,403	8	0.16%				
Irvine Co. of W. VA.	$	5,086	9	0.16%				
Southern California Gas Company	$	4,354	10	0.13%	$	4,565	9	0.09%
Linn Western Operating Inc.					$	4,441	10	0.09%

SOURCES:
OCFA Comprehensive Annual Financial Report for Fiscal Year 2003/04
County of Orange, Treasurer-Tax Collector, Tax Collector Top 10 Taxpayer List for Fiscal Year 2012/13 (http://egov.ocgov.com)

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

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

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

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

NOTES:

(1) The Teeter Plan apportions delinquencies on a current year basis for Secured Property Taxes. Prior to Fiscal Year 2005/06, both interest earnings and the apportionment from the Teeter Plan were combined on this schedule with the amount collected within the fiscal year of levy.

(2) Prior to Fiscal Year 2005/06, collection of delinquent amounts and related penalties were combined for presentation on this schedule.

(3) Due to a Proposition 1A borrowing by the State, the property tax apportionment in Fiscal Year 2009/10 was reduced by $14,648,105. These funds were restored by a securitization mechanism and, had they been included in the tax ledger, collections would have been $177,543,386 (96.2% of levy collected within the fiscal year and 98.7% of levy collected to date).

(4) Upon dissolution of California redevelopment agencies during Fiscal Year 2011/12, property tax increment formerly remitted to OCFA by its member city redevelopment agencies was instead deposited into the newly formed Redevelopment Property Tax Trust Fund (RPTTF) from which the Auditor/Controller made disbursements on behalf of the successor agencies. There is no tax levy associated with these collections; thus, they have been excluded from the "% of levy collected" calculations.

ORANGE COUNTY FIRE AUTHORITY

Debt Capacity Information

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

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

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

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

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

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

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

	Governmental Activities (A)			(B)		(C)		
Fiscal Year ended June 30	Revenue Bonds	Capital Lease Purchase Agreements	Total Outstanding Debt	County of Orange Median Household Income	Debt as a Percentage of Household Income	Population (OCFA Jurisdiction Only)	Debt per Capita	
2004	$ 22,555	$ 8,147	$ 30,702	$74	41489.2%	1,310	$23	
2005	$ 19,665	$ 6,148	$ 25,813	$76	33964.5%	1,331	$19	
2006	$ 16,670	$ 9,952	$ 26,622	$78	34130.8%	1,346	$20	
2007	$ 13,570	$ 7,865	$ 21,435	$79	27132.9%	1,359	$16	
2008	$ 10,365	$ 6,203	$ 16,568	$84	19723.8%	1,376	$12	
2009	$ 7,040	$ 25,109	$ 32,149	$86	37382.6%	1,387	$23	
2010	$ -	$ 18,778	$ 18,778	$87	21583.9%	1,403	$13	
2011	$ -	$ 16,866	$ 16,866	$84	20078.6%	1,355	$12	
2012	$ -	$ 15,106	$ 15,106	$85	17771.8%	1,694	$9	(1)
2013	$ -	$ 12,943	$ 12,943	$84	15408.3%	1,712	$8	

SOURCES:

(A) Details regarding OCFA's outstanding debt can be found in the notes to the financial statements.

(B) U.S. Department of Housing and Urban Development, Median Family Income Documentation System by Fiscal Year (estimate) (http://www.huduser.org/portal/datasets/il.html)

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

NOTE:

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

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

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

SOURCES:

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

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

(C) Orange County Fire Authority, Finance Division, Accounting Section

(D) Minimum reserve requirement per bond documents

NOTE:

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

ORANGE COUNTY FIRE AUTHORITY
Computation of Direct and Overlapping Bonded Debt
June 30, 2013

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

(1) The percentage of overlapping debt applicable to the district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the OCFA divided by the district's total taxable assessed value.

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

Ratios to 2012-13 Assessed Valuation:
Total Overlapping Tax and Assessment Debt..................... 2.01%
Total Direct Debt 0.00%
Gross Combined Total Debt... 2.56%
Net Combined Total Debt 2.56%

Ratios to Redevelopment Incremental Valuation ($18,036,175,691):
Total Overlapping Tax Increment Debt................................. 2.83%

SOURCE: California Municipal Statistics, Inc.

ORANGE COUNTY FIRE AUTHORITY

Demographic and Economic Information

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

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

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

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

Calendar Year	(A) Population (Orange County)	(B) Total Personal Income	Per Capita Income	(C) Unemployment Rate
2004	3,016	$ 125,670,100	$ 41,668	6.0
2005	3,044	$ 133,031,800	$ 43,703	5.0
2006	3,062	$ 141,169,400	$ 46,104	4.4
2007	3,078	$ 153,446,600	$ 49,853	4.8
2008	3,104	$ 155,068,400	$ 49,958	6.9
2009	3,135	$ 145,247,400	$ 46,331	10.9
2010	3,166	$ 147,138,500	$ 46,475	11.8
2011	3,030	$ 154,131,500	$ 50,868	11.4
2012	3,056	$ 160,482,000	$ 52,514	10.1
2013	3,082	$ 167,998,800	$ 54,510	9.2

SOURCES:

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

(B) Chapman University Economic & Business Review, Annual History and Forecasts
June 2007 (2004-2006 data); June 2011 (2007-2008 data); June 2013 (2009-2013 data)
Most recent year is an estimate.

(C) Bureau of Labor Statistics (www.bls.gov/lau), Local Area Unemployment Statistics, Los Angeles-Long Beach-Santa Ana, CA Metropolitan Statistical Area (The 2007-2011 figures reflect revised inputs, reestimation, and new statewide control. The 2013 figure is a six-month average for a partial year January - June.)

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

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

	Population			Housing Units		
Jurisdiction	2004	2013	Percent Change	2004	2013	Percent Change
Aliso Viejo	44,809	49,477	10.4%	17,968	19,251	7.1%
Buena Park	80,574	81,953	1.7%	23,848	24,714	3.6%
Cypress	48,416	48,547	0.3%	16,381	16,094	-1.8%
Dana Point	36,505	33,863	-7.2%	15,880	15,960	0.5%
Irvine	171,708	231,117	34.6%	63,014	86,376	37.1%
Laguna Hills	32,987	30,703	-6.9%	11,108	10,993	-1.0%
Laguna Niguel	65,620	64,065	-2.4%	24,664	25,392	3.0%
Laguna Woods	18,272	16,500	-9.7%	13,629	13,079	-4.0%
Lake Forest	77,610	78,501	1.1%	26,385	27,142	2.9%
La Palma	16,028	15,818	-1.3%	5,131	5,234	2.0%
Los Alamitos	11,925	11,626	-2.5%	4,362	4,362	0.0%
Mission Viejo	99,297	94,824	-4.5%	34,277	34,307	0.1%
Placentia	49,855	51,776	3.9%	16,010	17,049	6.5%
Rancho Santa Margarita	48,988	48,550	-0.9%	16,684	17,268	3.5%
San Clemente	62,988	64,542	2.5%	25,396	26,018	2.4%
San Juan Capistrano	35,808	35,321	-1.4%	11,676	12,022	3.0%
Santa Ana (A)	-	329,915	n/a	-	76,968	n/a
Seal Beach	25,117	24,487	-2.5%	14,347	14,546	1.4%
Stanton	38,587	38,764	0.5%	11,065	11,296	2.1%
Tustin	70,291	77,983	10.9%	25,850	26,958	4.3%
Villa Park	6,199	5,900	-4.8%	2,020	2,018	-0.1%
Westminster	91,398	91,169	-0.3%	27,185	27,715	1.9%
Yorba Linda	63,946	66,437	3.9%	20,681	22,751	10.0%
Unincorporated	112,930	120,396	6.6%	37,957	39,346	3.7%
Total OCFA	1,309,858	1,712,234	30.7%	465,518	576,859	23.9%
Total non-OCFA	1,706,092	1,369,570	-19.7%	538,193	479,336	-10.9%
Total Orange County	3,015,950	3,081,804	2.2%	1,003,711	1,056,195	5.2%

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

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

ORANGE COUNTY FIRE AUTHORITY
Principal Employers
Current and Nine Years Ago

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

SOURCES:

(A) County of Orange, 2003 Facts & Figures Booklet
Based on O.C. Business Journal, Book of Lists (2002)

(B) Chapman University Economic & Business Review, Annual History and Forecasts,
June 2003 Book, Based on total payroll employment as of December 31, 2002

(C) County of Orange, 2013 Facts & Figures Booklet
Based on O.C. Business Journal, Book of Lists (2013)

(D) Chapman University Economic & Business Review, Annual History and Forecasts,
June 2013 Book, Based on total payroll employment as of December 31, 2012

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

ORANGE COUNTY FIRE AUTHORITY

Operating Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE:

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

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

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

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

SOURCE: OCFA Treasury & Financial Planning Division, Budget Section

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

ORANGE COUNTY FIRE AUTHORITY
Jurisdiction Information
Last Ten Fiscal Years

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

SOURCES:

(A) Orange County Fire Authority, Clerk of the Authority

(B) Orange County Fire Authority, Geographic Information Systems

(C) California Department of Finance, Population and Housing Estimates as of January http://www.dof.ca.gov/research/demographic/reports/estimates

NOTES:

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

ORANGE COUNTY FIRE AUTHORITY
Incidents by Major Category Definitions

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

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

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

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

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

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

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

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

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

SOURCE: Orange County Fire Authority, Support Services Department, Strategic Services

ORANGE COUNTY FIRE AUTHORITY
Incidents by Type
Last Ten Fiscal Years

Fiscal Year ended June 30 (1)	Fire/ Explosion	Ruptures	Rescue/ EMS	Hazmat	Service Call	Good Intent	False Alarm	Natural Disaster	Other	Total	
2004	2,136	177	52,000	1,665	4,918	10,938	4,455	2	105	76,396	
2005	1,923	169	52,348	1,559	5,246	10,990	4,434	47	552	77,268	
2006	1,972	179	54,461	1,402	5,271	11,413	4,543	4	417	79,662	
2007	2,155	179	55,863	1,465	5,475	10,636	4,734	5	209	80,721	
2008	1,946	178	57,871	1,353	5,257	10,933	4,835	10	547	82,930	
2009	1,795	169	58,358	1,080	5,508	10,839	4,503	3	294	82,549	
2010	1,464	164	59,408	1,049	5,703	10,979	4,300	25	349	83,441	
2011	1,541	158	61,870	1,011	6,157	12,897	4,293	51	249	88,227	(2)
2012	1,635	157	66,383	965	6,457	12,802	4,065	4	192	92,660	(3)
2013	2,004	219	80,167	1,100	7,753	14,786	5,710	1	149	111,889	(3)

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

NOTES:

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

(2) Beginning in Fiscal Year 2010/11, totals were revised to include incidents outside of OCFA jurisdiction that involved OCFA units and personnel (Auto/Mutual Aid Given).

(3) The City of Santa Ana joined the OCFA effective April 20, 2012. Fiscal Year 2011/12 data includes the portion of the fiscal year during which the city was a member of OCFA. Fiscal Year 2012/13 data includes the first full year of Santa Ana activity.

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

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

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

NOTES:

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

(2) Beginning in Fiscal Year 2010/11, methodology was revised to include incidents outside of OCFA jurisdiction that involved OCFA units and personnel (Auto/Mutual Aid Given).

(3) The City of Santa Ana joined the OCFA effective April 20, 2012. Fiscal Year 2011/12 data is reported only for the portion of the fiscal year during which the city was a member of OCFA. Fiscal Year 2012/13 data includes the first full year of Santa Ana activity.

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

	June 30, 2008		June 30, 2009	
Category	Historical Cost	Quantity	Historical Cost	Quantity
Air fill station	$ 53,179	2	$ 53,179	2
Aboveground storage tank	678,014	8	678,014	8
Audio visual equipment	784,559	25	784,559	25
Boat	36,504	4	36,504	4
Camera, thermal imaging	1,205,722	89	1,205,722	89
Camera, other	47,387	4	47,387	4
Communications equipment	1,456,590	37	1,465,264	38
Computer	85,459	5	91,328	6
Defibrillator	1,324,920	74	1,341,790	75
Exercise equipment	34,177	5	44,260	6
Fleet equipment	162,771	16	162,771	16
Forklift	114,243	4	114,243	4
Generator	564,051	25	553,049	24
GPS equipment (AVL projects)	1,391,000	2	1,391,000	2
Hazmat equipment	248,782	20	248,782	20
Helicopter	7,294,218	2	28,854,977	4
Helicopter, rotor blades	-	-	151,573	2
Helicopter equipment	414,798	15	663,759	36
Hydraulic tool	97,746	18	97,746	18
Kitchen equipment	33,403	4	33,403	4
Laptop	53,782	9	53,782	9
Manikin	73,144	12	73,144	12
Miscellaneous equipment	380,610	27	443,457	29
Mobile radio, (FY 2003/04 - FY 2004/05 project)	2,424,594	1	2,424,594	1
Mobile radio	110,199	17	116,008	18
Network equipment	976,386	29	976,386	29
Office equipment	500,659	7	635,138	8
Portable building	179,863	9	219,564	12
Portable radio	-	-	25,640	5
Printer	99,499	9	99,499	9
Projector	34,565	5	34,565	5
Router	25,980	2	37,405	4
Search equipment	192,378	13	192,377	13
Server	1,224,377	72	1,090,643	80
Software	6,636,035	47	6,709,908	52
Switch	232,515	11	232,515	11
Tent	122,237	12	122,237	12
Trailer	419,725	16	433,283	17
Workstation	1,634,122	24	1,641,243	25
	$ 31,348,193	681	$ 53,580,698	738

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

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

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

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

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

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

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

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

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

City of Aliso Viejo

Station 57, 57 Journey, 92656

City of Buena Park

Station 61, 8081 Western Ave. 90620

Station 62, 7780 Artesia Blvd. 90621

Station 63, 9120 Holder St. 90620

City of Cypress

Station 17, 4991 Cerritos Ave. 90630

City of Dana Point

Station 29, 26111 Victoria Blvd. 92624

Station 30, 23831 Stonehill Dr. 92629

City of Irvine

Station 4, 2 California Ave. 92612

Station 6, 3180 Barranca Pkwy. 92606

Station 20, 6933 Trabuco Rd., 92618

Station 26, 4691 Walnut Ave. 92604

Station 27, 12400 Portola Springs 92618

Station 28, 17862 Gillette Ave. 92614

Station 36, 301 E. Yale Loop 92604

Station 38, 26 Parker 92618

Station 47, 47 Fossil 92603

Station 51, 18 Cushing 92618

Station 55, 4955 Portola Pkwy. 92620

Cities of Laguna Hills and Laguna Woods

Station 22, 24001 Paseo de Valencia, Laguna Hills 92653

City of Laguna Niguel

Station 5, 23600 Pacific Island Dr. 92677

Station 39, 24241 Avila Rd. 92677

Station 49, 31461 St. of the Golden Lantern 92677

City of Lake Forest

Station 19, 23022 El Toro Rd. 92630

Station 42, 19150 Ridgeline Rd., 92679

Station 54, 19811 Pauling Ave., 92610

City of La Palma

Station 13, 7822 Walker St. 90623

City of Los Alamitos

Station 2, 3642 Green Ave. 90720

City of Mission Viejo

Station 9, #9 Shops at Mission Viejo 92691

Station 24, 25862 Marguerite Pkwy. 92692

Station 31, 22426 Olympiad Rd. 92692

City of Placentia

Station 34, 1530 N. Valencia 92870

Station 35, 110 S. Bradford 92870

City of Rancho Santa Margarita

Station 45, 30131 Aventura 92688

City of San Clemente

Station 50, 670 Camino de Los Mares 92672

Station 59, 48 Avenida La Pata 92673

Station 60, 100 Avenida Victoria 92672

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

City of San Juan Capistrano

Station 7, 31865 Del Obispo 92675

City of Santa Ana

Station 70, 2301 Old Grand 92701

Station 71, 1029 West 17th St. 92706

Station 72, 1668 East 4th St. 92701

Station 73, 419 Franklin 92703

Station 74, 1427 South Broadway 92707

Station 75, 120 West Walnut 92701

Station 76, 950 West MacArthur 92707

Station 77, 2317 South Greenville 92704

Station 78, 501 North Newhope 92703

Station 79, 1320 East Warner 92705

City of Seal Beach

Station 44, 718 Central Ave. 90740

Station 48, 3131 N. Gate Rd. 90740

City of Stanton

Station 46, 7871 Pacific St. 90680

City of Tustin

Station 37, 14901 Red Hill Ave. 92780

Station 43, 11490 Pioneer Way 92782

City of Villa Park

Station 23, 5020 Santiago Canyon Rd. 92869

City of Westminster

Station 64, 7351 Westminster Blvd. 92683

Station 65, 6061 Hefley St. 92683

Station 66, 15061 Moran St. 92683

City of Yorba Linda

Station 10, 18422 E. Lemon Dr. 92886

Station 32, 20990 Yorba Linda Blvd. 92887

Station 53, 25415 La Palma Ave. 92887

Specialty Stations

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

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

County of Orange, Unincorporated

Station 8, 10631 Skyline Dr., Santa Ana 92705

Station 11, 259 Emerald Bay, Laguna Beach 92651

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

Station 15, 27172 Silverado Canyon Rd., Silverado 92676

Station 16, 28891 Modjeska Canyon Rd., Silverado 92676

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

Station 21, 1241 Irvine Blvd., Tustin 92780

Station 25, 8171 Bolsa Ave., Midway City 92655

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

Station 58, 58 Station Way, Ladera Ranch 92694

DIVISION/BATTALION BOUNDARIES AND STATION LOCATIONS

Orange County Fire Authority

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

EXECUTIVE MANAGEMENT

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

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

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

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

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

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

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

OPERATIONS DEPARTMENT

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

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

Division I	• **Battalion 1** primarily serves the cities of Los Alamitos, Seal Beach and Westminster. • **Air Operations** is responsible for coordination of the OCFA's helicopters. The OCFA currently maintains firefighting helicopters used for emergency responses throughout the year for wildland and wildland urban interface fires and special rescues such as swift and still water rescues, medical rescue support and disaster mitigation.
Division II	• **Battalion 5** primarily serves the city of Irvine. • Division II oversees specialized emergency response capabilities and equipment for **Airport Rescue Firefighting** and the **Hazardous Material Response Team**. Division II is also responsible for administration and oversight of the **Explorer Program**.
Division III	• **Battalions 6 and 7** primarily serve the cities of Dana Point, Mission Viejo, Rancho Santa Margarita, San Clemente, and San Juan Capistrano. • **Crews and Equipment** is responsible for coordinating firefighting hand crews, heavy fire equipment emergency responses, fire road maintenance and various construction and maintenance projects within the organization.

Division IV	• **Battalions 2 and 3** primarily serve the cities of Placentia, Tustin, Villa Park, and Yorba Linda. • **Community Volunteer Services (CVS)** is responsible for the coordination of Reserve Firefighters (RFF) who provide emergency medical aid, fire suppression and support services responding out of three stand-alone fire stations, five combination fire stations (both RFF and career personnel assigned), one RFF Fire Crew location and one RFF Helicopter Crew location. CVS also administers and coordinates the OCFA Chaplain Program. • **Emergency Planning and Coordination (EPAC)** coordinates OCFA's emergency planning with federal, state and local jurisdictions and agencies; manages the Department Operations Center (DOC) during major emergencies; serves as the OCFA liaison to any agency requiring information on emergency response or planning; and represents the OCFA on working task forces such as the State and Federal Terrorism Task Force, Orange County Intelligence Assessment Center, Nuclear Power Authority, and Marine Disaster. This section coordinates all United States Forest Service (USFS), California Department of Forestry (CDF) and Fire Protection (CALFIRE) contract issues, contract counties review and automatic aid issues. EPAC also maintains and updates all city and county emergency plans, the Multi-Agency Mutual Aid Plan, California Emergency Management Agency (CALEMA) Mutual Aid Plan, Orange County Fire Service Operations Area Annex and Mutual Aid Plan, and the OCFA Supplement Response Guidebook.
Division V	• **Battalion 5** primarily serves the cities of Aliso Viejo, Laguna Hills, Laguna Niguel, Laguna Woods, and Lake Forest. • Division V oversees specialized emergency response capabilities and equipment for the **Urban Search and Rescue** task force.
Division VI	• **Battalion 9** primarily serves the city of Santa Ana. • **Emergency Medical Services (EMS)** provides management, oversight and direction for the delivery of emergency medical services by first responders and paramedics. This includes the implementation of the continuing quality improvement program; continuing education for all personnel and Emergency Medical Technician (EMT)-1 basic training for reserve personnel; EMS supply and equipment evaluation and purchasing; monitoring and tracking of paramedic licensure and EMT-1 certifications; oversight of compliance to Advanced Life Support (ALS) and medical supply fee requirements by the ambulance providers; issuance and evaluation of the ambulance Request for Proposal (RFP) in cooperation with the Finance Division; ambulance contract administration; serving as liaison to applicable regulatory agencies, hospitals, ambulance providers and other EMS groups; identification of paramedic staffing needs; recruitment, evaluation, selection, supervision and support of paramedic students; review of local, state and national legislation, statutes, regulations and policies that affect EMS; and participation in EMS workgroups, committees and advisory boards at various levels of government.

Division VII	
	• **Battalion 8** primarily serves the cities of Buena Park, Cypress, La Palma, and Stanton. • **Operations Training and Safety** (Training) delivers and facilitates all operations personnel training activities. This includes research, development and implementation of a variety of training courses, including basic and advanced firefighter techniques and administrative and supervisory training. Training coordinates and administers recruit and promotional training academies including reserve firefighters, firefighters, lateral paramedics, engineers and officer academies. Training also maintains a strong working relationship with Santa Ana College and the California Joint Apprentice Commission (CFFJAC) and is a leader in training research and development of the Orange County Training Officers Board locally, and the Training Resources and Data Exchange (TRADE) nationally. This section also serves in a lead capacity on issues of employee and incident safety, with training officers doubling as incident safety officers.

FIRE PREVENTION DEPARTMENT

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

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

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

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

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

BUSINESS SERVICES DEPARTMENT

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

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

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

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

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

SUPPORT SERVICES DEPARTMENT

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

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

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

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

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

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

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

APPENDIX C

FORM OF BOND COUNSEL OPINION

Upon delivery of the Notes, Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, proposes to issue an approving opinion in substantially the following form:

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

Ladies and Gentlemen:

We have acted as Bond Counsel to the Orange County Fire Authority (the "Authority") in connection with the issuance of its $44,000,000 aggregate principal amount of 2014-2015 Tax and Revenue Anticipation Notes (the "Notes") issued pursuant to and by authority of a resolution of the Board of Directors of the Authority duly passed and adopted on May 22, 2014 (the "Resolution"), and under and by the authority of Article 7.6 Chapter 4, Part 1, Division 2, Title 5 of the California Government Code (the "Act").

In such connection, we have examined the Resolution, certain estimates, expectations and assumptions made by or on behalf of the Authority, originals, or copies identified to our satisfaction as being true copies, of such records and proceedings of the Authority and such other documents, including a certificate of the Authority relating to certain federal income tax matters (the "Tax Certificate"), and other matters deemed necessary to render the opinions set forth herein.

Based on the foregoing, we are of the opinion that:

(1) The Notes constitute the valid and binding obligations of the Authority.

(2) As provided in the Act, the Notes and the interest thereon are general obligations of the Authority. Pursuant to the Act and the Resolution, the Authority has pledged the taxes, income, revenue, cash receipts and other moneys of the Authority (including moneys deposited in inactive or term deposits (but excepting certain moneys which, when received by the Authority, will be encumbered for a special purpose unless an equivalent amount of the proceeds from the Notes is set aside for and used for said special purpose)) received or accrued by the Authority for the General Fund of the Authority during the Fiscal Year 2014-15 that are lawfully available for payment of the Notes and the interest thereon (the "Unrestricted Revenues") as security for the Notes.

(3) Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations.

In rendering the opinions in this paragraph (3), we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact, contained in the Tax Certificate delivered on the date hereof by the Authority, and (ii) compliance by the Authority with procedures and covenants set forth in the Tax Certificate as to such matters.

(4) Interest on the Notes is exempt from State of California personal income tax.

The Code establishes certain requirements which must be met subsequent to the issuance of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. On the date of issuance of the Notes, the Authority will execute a Tax Certificate containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the Authority covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest on the Notes will, for federal income tax purposes, be excluded from gross income. Noncompliance with such requirements may cause interest on the Notes to be included in gross income of the owners thereof for federal income tax purposes retroactive to their date of issue, irrespective of the date on which such noncompliance is ascertained.

The foregoing opinions are qualified to the extent that the enforceability of the Notes and the Resolution may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California.

Except as stated in paragraphs (3) and (4) above, we express no opinion regarding any other Federal, state or local tax consequences with respect to the Notes or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion herein as the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Notes, or under state and local tax law.

Very truly yours,

APPENDIX D

FORM OF DISCLOSURE CERTIFICATE

This Disclosure Certificate (the "Certificate") is dated and made as of July 1, 2014 by the Orange County Fire Authority (the "Authority") in connection with the issuance of the Authority's $44,000,000 principal amount of Orange County Fire Authority 2014-2015 Tax and Revenue Anticipation Notes (the "Notes"). Capitalized terms used in this Certificate which are not otherwise defined in the Resolution approving the issuance of the Notes adopted by the Authority (the "Resolution") shall have the respective meanings specified above or in Article IV hereof. Pursuant to Section 203 of the Resolution, the Authority agrees as follows:

ARTICLE I
THE CERTIFICATE

Section 1.1. Purpose. This Certificate shall constitute a written undertaking for the benefit of the holders of the Notes, and is being executed and delivered to assist the Underwriter in complying with subsection (b)(5) of the Rule.

Section 1.2. Listed Event Notices. (a) If a Listed Event occurs, the Authority shall provide or cause to be provided, in a timely manner not in excess of ten (10) Business Days after the occurrence of such Listed Event, notice of such Listed Event to the MSRB.

Section 1.3. Additional Disclosure Obligations. The Authority acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended, may apply to the Authority, and that under some circumstances compliance with this Certificate, without additional disclosures or other action as may be additionally required under such other state or federal securities laws, may not fully discharge all duties and obligations of the Authority under such laws.

Section 1.4. Additional Information. Nothing in this Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Listed Event Notice, in addition to that which is required by this Certificate. If the Authority chooses to include any information in any Listed Event Notice in addition to that which is specifically required by this Certificate, the Authority shall have no obligation under this Certificate to update such information or include it in any future Listed Event Notice.

Section 1.5. No Previous Non-Compliance. The Authority represents that in the previous five years it has not failed to comply in all material respects with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

ARTICLE II
OPERATING RULES

Section 2.1. Listed Event Notices. Each Listed Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Notes.

Section 2.2. Transmission of Information and Notices. Unless otherwise required by law and, in the Authority's sole determination, subject to technical and economic feasibility, the Authority shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of the Authority's information and notices.

Section 2.3. Filing with Certain Dissemination Agents. The Authority may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Authority under this Certificate, and revoke or modify any such designation.

Section 2.4. Transmission of Information. (a) Unless otherwise required by the MSRB or the SEC, all notices, documents and information provided to the MSRB shall be provided to the MSRB's EMMA system, the current internet address of which is emma.msrb.org.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

ARTICLE III
TERMINATION, AMENDMENT AND ENFORCEMENT

Section 3.1. Effective Date; Termination (a) This Certificate and the provisions hereof shall be effective upon the execution and delivery of the Notes.

(b) The Authority's obligations under this Certificate shall terminate upon payment in full of all of the Notes. The Authority shall have no obligation to file a Listed Event Notice upon payment in full of all of the Notes.

(c) This Certificate, or any provision hereof, shall be null and void in the event that the Authority (1) receives an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the effect that those portions of the Rule which require this Certificate, or any of the provisions hereof, do not or no longer apply to the Notes, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB through its EMMA system within ten (10) Business Days from the execution thereof.

Section 3.2. Amendment. (a) This Certificate may be amended by the Authority without the consent of the holders of the Notes (except to the extent required under clause 3.2(a)(4)(ii) below), if all of the following conditions are satisfied:

(1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Authority or the type of business conducted thereby;

(2) this Certificate as so amended would have complied with the requirements of the Rule as of the date of this Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(3) the Authority shall have received an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the same effect as set forth in clause 3.2(a)(2) above;

(4) either (i) the Authority shall have received an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the effect that the amendment does not materially impair the interests of the holders of the Notes or (ii) the holders of the Notes consent to the amendment to this Certificate pursuant to the same procedures as are required for amendments to

the Resolution with consent of holders of the Notes pursuant to the terms of the Resolution as in effect on the date of this Certificate; and

(5) the Authority shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system within ten (10) Business Days from the execution thereof.

(b) In addition to subsection 3.2(a) above, this Certificate may be amended and any provision of this Certificate may be waived, by written certificate of the Authority, without the consent of the holders of the Notes, if all of the following conditions are satisfied:

(1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Certificate which is applicable to this Certificate;

(2) the Authority shall have received an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the effect that performance by the Authority under this Certificate as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule; and

(3) the Authority shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Certificate shall constitute a contract with and inure solely to the benefit of the holders of the Notes, except that beneficial owners of Notes shall be third-party beneficiaries of this Certificate.

(b) Except as expressly provided in this subsection (b), the provisions of this Certificate shall create no rights in any person or entity. The obligations of the Authority to comply with the provisions of this Certificate shall be enforceable, in the case of enforcement of obligations to provide notices, by any holder of Notes. Such holders' rights to enforce the provisions of this Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Authority's obligations under this Certificate. In consideration of the third-party beneficiary status of beneficial owners of Notes pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Notes for purposes of this subsection (b).

(c) Any failure by the Authority to perform in accordance with this Certificate shall not constitute a default under the Notes.

(d) This Certificate shall be construed and interpreted in accordance with the laws of the State; provided, however, that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof. If any party initiates any legal or equitable action to enforce the terms of this Certificate, to declare the rights of any party under this Certificate or which relates to this Certificate in any manner, each such party agrees that the place of making and for performance of this Certificate shall be Irvine, California, State of California, and the proper venue for any such action is the Superior Court of the State of California, in and for the Orange County Fire Authority.

ARTICLE IV
DEFINITIONS

Section 4.1. Definitions. The following terms used in this Certificate shall have the following respective meanings:

(a) "Business Day" means any day other than (a) a Saturday or Sunday, or (b) a day on which the Authority is required by law to close.

(b) "EMMA" means the MSRB's Electronic Municipal Market Access system or any other repository so designated by the MSRB or the SEC.

(c) "Listed Event" means any of the following events with respect to the Notes:

i. principal and interest payment delinquencies;

ii. non-payment related defaults, if material;

iii. modifications to rights of holders, if material;

iv. Bond calls, if material and tender offers;

v. defeasances;

vi. rating changes;

vii. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (Internal Revenue Service Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

viii. unscheduled draws on the debt service reserves reflecting financial difficulties;

ix. unscheduled draws on the credit enhancements reflecting financial difficulties;

x. release, substitution or sale of property securing repayment of the Notes, if material;

xi. bankruptcy, insolvency, receivership or similar event of the Authority (such event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority;

xii. substitution of credit or liquidity providers, or their failure to perform;

xiii. the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

xiv. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(d) "Listed Event Notice" means written or electronic notice of a Listed Event.

(e) "MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

(f) "Official Statement" means the "final official statement," as defined in paragraph (f)(3) of the Rule, relating to the Notes.

(g) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Certificate, including any official interpretations thereof.

(h) "SEC" means the Securities and Exchange Commission of the United States of America.

(i) "State" means the State of California.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Certificate as of the date first written above.

ORANGE COUNTY FIRE AUTHORITY

By: ______________________________
Treasurer