



# Comprehensive Annual Financial Report

## Year ended June 30, 2007



Orange County Fire Authority  
Orange County, California

Business Services Department - Finance Division





# Comprehensive Annual Financial Report

Year ended June 30, 2007

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June 2007

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**Chip Prather**  
Fire Chief

Prepared by Finance Division

# Orange County Fire Authority Mission Statement



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

**P**rofessionalism

**E**nthusiasm

**O**rganizational Integrity

**P**ride

**L**eadership

**E**ffectiveness

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

**ORANGE COUNTY FIRE AUTHORITY  
Comprehensive Annual Financial Report  
Year ended June 30, 2007**

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# Introductory Section

Introductory Section



*Sunnyvale Structural Fire*





**ORANGE COUNTY FIRE AUTHORITY**  
**P. O. Box 57115, Irvine, CA 92619-7115 • 1 Fire Authority Rd., Irvine, CA 92602**  
**Chip Prather, Fire Chief (714) 573-6000 [www.ocfa.org](http://www.ocfa.org)**

October 16, 2007

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, 2007.

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

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

The OCFA's financial statements have been audited by 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, 2007, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

**RESIDENTIAL SPRINKLERS AND SMOKE DETECTORS SAVE LIVES**

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

### **Profile of the OCFA**

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

The OCFA is the largest regional fire service organization in Orange County and one of the largest in California. Emergency response services are provided to a community of over 1.3 million residents in a 551 square mile area of Orange County. The OCFA's authorized staffing level was 1,111 full-time positions for Fiscal Year 2006-07. A total of 919 positions (82.7%) of personnel provide front-line services, including emergency response, dispatch and fire prevention. The remaining 192 positions (17.3%) are authorized for technical and administrative support. The OCFA's staffing levels also include 390 reserve firefighter positions.

Since 1998, the OCFA has used a customer satisfaction survey program to monitor the level of customer service satisfaction. During the fiscal year ended June 30, 2007, a total of 28,487 questionnaires were distributed and 8,298 (29.13%) were returned. The overall satisfaction rating of 97.18%, in conjunction with the high return rate, demonstrates that our communities continue to place high value on the OCFA's services and excellent service delivery.

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

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

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

### Factors Affecting Financial Condition

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

**National Economy:** The national economy performed well in early 2007 and is expected to expand at a moderate pace into 2008.<sup>1</sup> Exports are expected to be a major source of economic growth, with sales forecasted to increase by almost \$100 billion in 2007 in response to the sharp decline in value of the U.S. dollar.<sup>2</sup> The personal savings rate is expected to move from a negative rate to a more moderate level as consumers begin to restrain their spending in response to sharply rising energy costs. The labor market sustained at the same level during 2007, with the unemployment rate remaining at 4.5%. Most new jobs were added to service-producing industries; however, job losses were seen in the construction sector due to the sizable decreases in residential homebuilding activity. Significant risks persist in the housing sector, with declines in housing construction and the sub-prime mortgage industries.<sup>3</sup>

The Federal Reserve Board's goal is to promote maximum economic growth while still maintaining price stability and moderate, long-term interest rates.<sup>4</sup> A decrease in the federal funds rate (the overnight bank lending rate) stimulates economic growth, while an increase can keep inflation under control. After a series of eight consecutive interest rate increases, the Federal Reserve Board began the fiscal year with a federal funds rate of 5.25%, the highest level since 2001. The rate remained unchanged over the next twelve months, ending the fiscal year with a rate of 5.25% on June 30, 2007. On September 18, 2007, the Board lowered the rate to 4.75%.<sup>5</sup>

Approximately \$4.6 million in federal funding accounted for slightly over 1.9% of the OCFA's General Fund revenues for Fiscal Year 2006-07. This revenue was primarily in the form of Urban Search and Rescue reimbursements, grant awards and federal reimbursements for assistance by hire pertaining to fire incidents.

**State Economy:** California is expected to experience an overall economic slowdown in the upcoming year, with rising unemployment, slower job growth and a continued downturn in the housing market.

California currently employs a labor force of approximately 15.6 million, the highest of any state in the nation.<sup>6</sup> The state's unemployment rate, which climbed to a peak of 6.9% in 2003, steadily declined to 5.0% in 2006.<sup>7</sup> State employers added a higher-than-expected 260,000 jobs in 2006.<sup>8</sup> However, overall

<sup>1</sup> *Monetary Policy Report*, The Federal Reserve Board – submitted to Congress on July 18, 2007

<sup>2</sup> *Economic Forecast Update*, Chapman University, A. Gary Anderson Center for Economic Research – June 26, 2007

<sup>3</sup> *Monetary Policy Report*, The Federal Reserve Board – submitted to Congress on July 18, 2007

<sup>4</sup> *Federal Reserve Act, Section 2A – Monetary Policy Objectives*

<sup>5</sup> *Historical Changes of the Target Federal Funds and Discount Rates*, Federal Reserve Bank of New York

<sup>6</sup> *Average Weekly Wages in California: Fourth Quarter 2006*, United States Department of Labor, Bureau of Labor Statistics – September 24, 2007

<sup>7</sup> *California Economic Indicators*, California Department of Finance – May/June 2006

job growth is expected to grow by less than 1% over the upcoming year and the state unemployment rate is expected to peak at 5.9% by the end of 2008.<sup>9</sup> Most job losses are expected to be realized in the construction and manufacturing sectors.<sup>10</sup>

A long-anticipated slowdown in California's housing activity began to take place in 2006 and continued into 2007 with the downturn of the sub-prime mortgage industry. The number of potential homebuyers continues to decrease, evidenced by a corresponding decrease in the number of permits issued for new residential dwellings.<sup>11</sup> That trend continues to push the inventory of available housing inventory up while prices decline.<sup>12</sup> Housing prices are projected to decline by 2.4% in 2007.<sup>13</sup>

The direct influence of the state economy on the OCFA's financial condition is in the form of reimbursements (including reimbursements for state mandates) and our contract with the California Department of Forestry (CDF). California contracts with the OCFA to provide fire suppression services to the State Responsibility Areas (SRA) that are within the OCFA's jurisdiction. Indirect influences include changes to workers' compensation law that have resulted in some cost savings and other statutory changes that provide for cost recovery.

**County Economy:** Orange County benefits from a diverse economy, a significant labor force and employment that is well-distributed among industry sectors.

Orange County currently employs a labor force of approximately 1.5 million, which is ranked as the sixth largest labor force in the nation.<sup>14</sup> The county's largest labor markets are trade, transportation and utilities and business and professional services. However, construction continues to be the county's fastest-growing sector.<sup>15</sup> Unemployment in the county peaked in 2002 at 5.0% and then declined steadily over the next four years to 3.5% in 2007.<sup>16</sup>

The projected 2007 median family income for Orange County is approximately \$79,000.<sup>17</sup> Although the county's per capita income is higher than averages for California and the nation, its cost of living is the third highest among its peer regions nationwide.<sup>18</sup> The most significant factor affecting the county's cost of living is housing. Despite relatively high income levels, the gap between the county's middle class income and its housing prices continues to widen.<sup>19</sup>

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<sup>9</sup> *UCLA Economists Still See No California Recession*, The Orange County Register – September 12, 2007

<sup>10</sup> *Economic Forecast Update*, Chapman University, A. Gary Anderson Center for Economic Research – June 26, 2007

<sup>11</sup> *Economic Forecast Update*, Chapman University, A. Gary Anderson Center for Economic Research – June 26, 2007

<sup>12</sup> *Daniel Weintraub: Arnold's Luck May be Running Out*, The Orange County Register – April 6, 2007

<sup>13</sup> *Economic Forecast Update*, Chapman University, A. Gary Anderson Center for Economic Research – June 26, 2007

<sup>14</sup> *County Employment and Wages: Fourth Quarter 2006*, United States Department of Labor, Bureau of Labor Statistics – July 25, 2007

<sup>15</sup> *2007 Community Indicators Report*, Orange County Community Indicators Project – March 2007

<sup>16</sup> *Orange County Facts & Figures*, Center for Demographic Research – June 2007

<sup>17</sup> *Orange County Facts & Figures*, Center for Demographic Research – June 2007

<sup>18</sup> *2007 Community Indicators Report*, Orange County Community Indicators Project – March 2007

<sup>19</sup> *Community Indicators Report*, Orange County Community Indicators Project – March 2007

The most significant county economic factor impacting the OCFA is the housing market. Property taxes comprised 67.7% of the OCFA's total revenues in Fiscal Year 2006-07.

- In 2006, Forbes' identified Orange County's high housing costs as a significant, negative factor when evaluating its overall business climate. A high cost of living has the potential to make the county less attractive for business and may influence existing businesses and workers to relocate elsewhere.<sup>20</sup>
- Current projections indicate that Orange County is not producing enough homes to meet the demand spurred by anticipated job growth. Currently, there is a two-to-one ratio between the number of jobs created and the number of housing permits issued. By the year 2030, the county is expected to add 530,179 new residents but only 104,587 new housing units. As a result, long-term high housing prices are expected to appreciate even further.<sup>21</sup>
- Orange County has experienced a decade of consecutively rising housing prices, including several years with double-digit rates of appreciation. That rapid appreciation rate has subsided somewhat in the last year, as evidenced by a larger inventory of real estate on the market. However, housing prices continue to stay at high levels.<sup>22</sup>
- The number of unsold homes increased from a low of 13,200 in January 2007 to 18,600 units in June 2007. Stricter mortgage standards and a decrease in the availability of sub-prime mortgage loans have reduced the pool of potential homebuyers, especially first-time buyers who would be purchasing homes at or below the median price. There has been greater sales activity at prices above the median price. Although the county has experienced an overall reduction in sales activity in 2007, median home prices have not yet recorded a significant decrease because of this change in the mix of homes being sold.<sup>23</sup>
- In early 2007, the average prices for existing and new homes were approximately \$606,000 and \$593,000, respectively, while the median price of an existing, resale homes was approximately \$714,000.<sup>24</sup> Short-term housing prices are projected to decline by 4.1% in 2007.<sup>25</sup>

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

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<sup>20</sup> 2007 Community Indicators Report, Orange County Community Indicators Project – March 2007

<sup>21</sup> 2007 Community Indicators Report, Orange County Community Indicators Project – March 2007

<sup>22</sup> 2007 Community Indicators Report, Orange County Community Indicators Project – March 2007

<sup>23</sup> Economic Forecast Update, Chapman University, A. Gary Anderson Center for Economic Research – June 26, 2007

<sup>24</sup> Orange County Facts & Figures, Center for Demographic Research – June 2007

<sup>25</sup> Economic Forecast Update, Chapman University, A. Gary Anderson Center for Economic Research – June 26, 2007

### Relevant Financial Policies

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

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

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

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

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

### Major Initiatives for Fiscal Year 2006-07

#### Strategic Studies:

- **Information Technology Master Plan** – This study established strategic goals and priorities to guide IT decision-making for five years, including a reorganization of IT positions and the addition of capital projects that had previously been deferred. The IT Master Plan, which was completed in March 2006, initiated the planning phase of a multi-year project to upgrade and integrate major systems, including Computer Aided Dispatch (CAD), Orange County Fire Incident Reporting System (OCFIRS) and the Integrated Fire Prevention (IFP) System.
- **Deployment Study** – The Strategic Plan calls for a study to review, validate and/or modify the deployment of emergency resources to member cities and the county. A final report with recommendations was adopted by the Board in September 2006.
  - As an initial step in providing improvements in service delivery, twelve new firefighter positions were approved, effective as of April 2007. The increased staffing is expected to improve emergency medical services in the South County region.
  - Any additional requirements based on the results of the study will require additional identification and approval by the Board.

- **Fire Prevention Fee Study** – When the fee structure was adopted in 2002, consultants recommended that it be reviewed and updated as needed on a biennial basis to ensure that the fee structure and fees are appropriate. A comprehensive fee study has recently been completed and an updated Fee Schedule was approved by the Board at their September 2007 meeting.

#### **Renegotiated Agreements:**

- **Retiree Medical Funding** – In September 2006, the Board approved an Amended Retiree Medical Plan (Plan) that resolved the projected \$66 million unfunded liability of the defined benefit Plan through the following actions:
  - A separate, irrevocable trust fund administered by the Orange County Employee Retirement System (OCERS) was established in order to obtain higher investment returns.
  - Required employee contributions were increased from 1% to 4%.
  - Additional contributions were made to the Plan by the OCFA (\$7 million) and the Orange County Professional Firefighters Association (\$1 million) in order to provide for the Plan's existing retirees.
  - A new defined contribution plan was established for employees hired on or after January 1, 2007.
- **Employee Agreements** – The OCFA worked collaboratively with its labor groups to renegotiate the expiring Memorandums of Understanding (MOU's) with the Orange County Employees Association (OCEA), which represents non-management employees, the Orange County Professional Firefighters Association (OCPFA), which represents the Firefighter Unit, and the Chief Officers Association (COA), which represents the Fire Management Unit.
  - Contracts were extended with all three labor groups for five years, with a 3% cost-of-living adjustment each year of the contract extension.
  - The Firefighter Health Agreement was renewed for five years with a 10% increase per year.
  - In addition, the OCFA amended its Personnel and Salary Resolution (P&SR) for unrepresented management.
- **John Wayne Airport Agreement** – The agreement between the OCFA and John Wayne Airport to provide on-site aircraft, rescue and firefighting services was extended for a five-year period through 2011. Terms of the agreement include a 4% cap on cost increases and include a recapture provision for years when increases vary from the 4% cap.

#### **Disaster Preparedness:**

- **Field Division Addition** – Effective July 2006, the Board authorized the creation of a fifth field division to better serve the needs of Irvine, John Wayne Airport and Emerald Bay.
- **Countywide Interoperability Projects** – Over the past several years, the Orange County Fire Chiefs Association (OCFCA) has been working on initiatives and projects that mutually benefit the group, including projects that improve interoperability among fire departments through the use of enhanced technology. In Fiscal Year 2006-07, the OCFA was designated as the lead

agency for two grant-funded projects – a Countywide Geographic Information System (GIS) Interoperability project and a Wireless Interoperability project. Both of those projects were completed and placed into service during Fiscal Year 2006-07.

- The GIS project provides infrastructure for the linking and sharing of land base data with other fire departments and agencies in Orange County.
- The wireless project provides infrastructure for county-wide mobile data communications and will enable the future implementation of Automatic Vehicle Location (AVL) technology, allowing the dispatch of the closest available resources.

#### **Staffing and Personnel:**

- As part of the OCFA's ongoing succession planning to replace retiring employees, numerous promotional tests and academies were completed in Fiscal Year 2006-07. In addition to the completion of internal promotional tests for Division Chief, Battalion Chief, Fire Captain and Firefighter positions, the following academies graduated during Fiscal Year 2006-07:
  - Two Firefighter academies
  - One Firefighter Reserve academy
  - One Fire Apparatus Engineer academy
  - One Fire Captain academy

#### **Fire Station Construction:**

- Replacements for Fire Stations No. 39 (Laguna Niguel), No. 19 (Lake Forest) and No. 29 (Dana Point) were completed and placed into operation during Fiscal Year 2006-07.

#### **Major Initiatives for the Future**

**Strategic Studies:** The following strategic studies will be undertaken and/or implemented in Fiscal Year 2007-08. As recommendations are implemented from each study, revenues and cost recovery areas may be enhanced and additional expenditure needs may be identified.

- **Fire Prevention Action Plan** – The OCFA has established a priority to develop and adopt a plan to transform the traditional fire prevention program from a regulatory, mandate-driven program to one that is dynamic and targets specific communities at risk in order to reduce loss of life, injuries and property damage.
- **Update Fire Building Codes** – The OCFA will adopt and implement new California Fire and Building codes in 2008. The new code will place emphasis on areas of greatest risk, including structures built in the wildland interface areas, high-rise buildings and residential occupancies.
- **Helicopter Program** – The Strategic Plan calls for a review of the current helicopter program in Fiscal Year 2007-08. The process will include a review of the new hanger and replacement helicopters, which are currently included in the CIP budget, as well as the identification of future goals for the program.

- **RFOTC Security Plan** – Recommendations received from the RFOTC Security Study will be utilized to implement a variety of security measures. Implementation will focus on maintaining a facility that is readily accessible to the community, with sufficient levels of security to safeguard assets and resources on a daily basis and in times of national crisis.

#### **New and Expiring Agreements:**

- **Joint Powers Authority (JPA) Agreement Renewal** – The current JPA term expires on June 30, 2010. Discussions have begun between the OCFA and its member agencies regarding renewal of the JPA. A goal has been established to achieve conceptual agreement for renewal by November 2007, with formal approval by member agencies to follow thereafter.

#### **Staffing and Personnel:**

- An Open Entry Firefighter Recruitment is necessary in Fiscal Year 2007-08 to replace retiring employees. This process will establish an eligibility list for future fire academies. Approximately 4,500 candidates completed the written testing process in August 2007 and approximately 500 of those candidates will be interviewed in the upcoming year.
- Staffing of new Irvine Fire Stations No. 27 and No. 20 is anticipated for Fiscal Year 2007-08 and Fiscal Year 2008-09, respectively.
- As part of our succession planning strategic initiative, the following fiscal year will include:
  - Two Firefighter academies
  - Firefighter Reserve and Dispatcher academies
  - Fire Apparatus Engineer, Fire Captain and Battalion Chief promotional academies as needed

#### **Fire Station Construction:**

- The Irvine Company began construction of replacement Fire Stations No. 38 (Irvine) and No. 55 (Irvine), as well as new Fire Station No. 27 (Irvine), during Fiscal Year 2006-07. Those stations are expected to be completed during Fiscal Year 2007-08. Existing Fire Station No. 38 will be demolished after construction of its replacement station is completed on the adjacent parcel.
- The following fire stations are expected to be constructed at no cost to the OCFA:
  - The Irvine Company is scheduled to begin construction of new Fire Station No. 20 (Irvine) in Fiscal Year 2007-08.
  - The City of Stanton is scheduled to begin construction of replacement Fire Station No. 46 (Stanton) in Fiscal Year 2007-08.
  - The City of Tustin is scheduled to begin construction of replacement Fire Station No. 37 (Tustin) in Fiscal Year 2008-09. The station will be located on the former Marine Corps Tustin Air Station.
  - The City of San Clemente is scheduled to begin construction of replacement Fire Station No. 60 (San Clemente) in Fiscal Year 2008-09.

- During the next five years, the OCFA is scheduled to commence construction on the following fire stations:
  - New Fire Station No. 56 (Ortega Valley)
  - Replacement Specialty Fire Station No. 41 (Fullerton Airport)
  - Replacement Fire Station No. 17 (Cypress)
  - Replacement Fire Station No. 18 (Trabuco Canyon)
  - Replacement Fire Station No. 10 (Yorba Linda)
  - New fire station to serve the Irvine Business Center

### 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, 2006. This was the ninth consecutive year that the OCFA has received this prestigious award. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and the applicable legal requirements. This certificate is valid for a period of one year only. We believe that our current CAFR continues to meet the program's requirements and we are submitting it to the GFOA to determine its eligibility for this year's award.

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

Respectfully submitted,

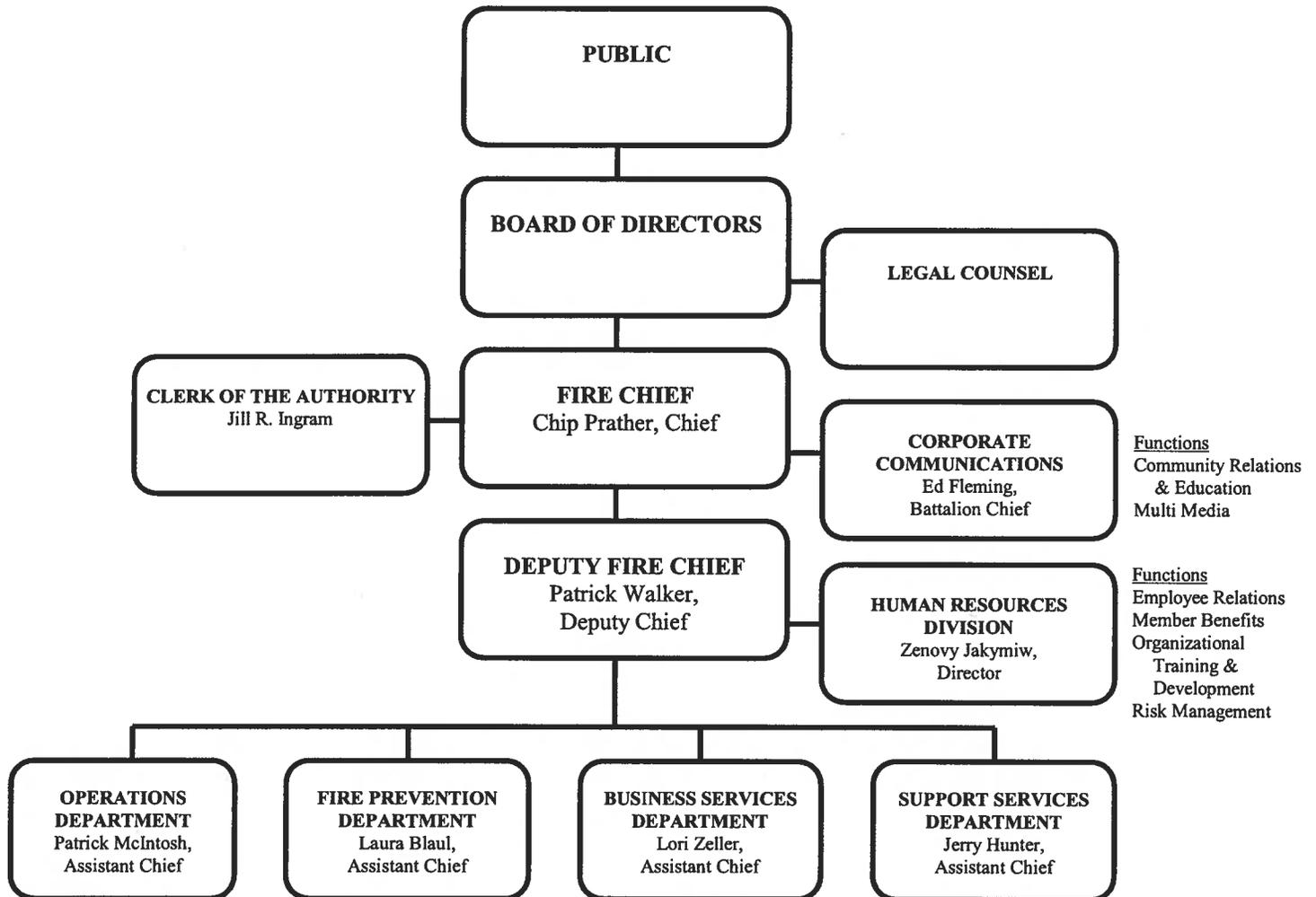


Chip Prather, Fire Chief



Lori Zeller, Assistant Chief  
Business Services Department

## ORANGE COUNTY FIRE AUTHORITY Organization Chart



Functions  
 Community Relations  
 & Education  
 Multi Media

Functions  
 Employee Relations  
 Member Benefits  
 Organizational  
 Training &  
 Development  
 Risk Management

Functions  
 Division I  
 Battalions 1 & 8  
 Division II  
 Battalion 5 & JWA  
 Division III  
 Battalions 6 & 7  
 Division IV  
 Battalions 2 & 3  
 Division V  
 Battalion 4 & USAR  
 Operations Support Division  
 Community Volunteer  
 Services  
 Emergency Communications  
 Center  
 Emergency Medical Services  
 Emergency Planning &  
 Coordination  
 Special Operations  
 Training & Safety

Functions  
 Investigation Services  
 Planning and Development  
 Services  
 Risk Analysis & Mitigation  
 Evaluation  
 Safety & Environmental Services

Functions  
 Finance Division  
 Information Technology Division  
 Purchasing & Materiel  
 Management  
 Treasury & Financial Planning

Functions  
 Fleet Services  
 Legislative Services  
 Property Management  
 Strategic Services

**ORANGE COUNTY FIRE AUTHORITY  
Management Staff and Appointed Officials  
June 30, 2007**

Charles “Chip” Prather                      Fire Chief

Patrick L. Walker                              Deputy Fire Chief

---

Patrick McIntosh                              Assistant Chief  
Operations Department

Jerry Hunter                                  Assistant Chief  
Support Services Department

Lori Zeller                                      Assistant Chief  
Business Services Department

Laura Blaul                                      Assistant Chief  
Fire Prevention Department

---

Jill R. Ingram                                  Appointed – Clerk of the Authority

Jim Ruane                                        Appointed – Auditor

Patricia Jakubiak                              Appointed – Treasurer

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Woodruff, Spradlin, & Smart                General Counsel

## ORANGE COUNTY FIRE AUTHORITY Organization of Board of Directors

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

The **Executive Committee** conducts all business of the OCFA, with the exception of policy issues, including labor relations, budget issues and other matters specifically retained by the Board of Directors.

The Executive Committee consists of no more than nine members of the Board of Directors. The committee membership is comprised of the following designated positions: the Chair and Vice Chair of the Board of Directors, the immediate past Chair of the Board and the Chair of the Budget and Finance Committee. In addition, the Chair appoints five at-large members. At least one member of the Board of Supervisors serves on this committee. In addition, the ratio of committee members representing cash contract cities to the total committee membership will be as close as reasonably possible to the ratio of the number of cash contract cities to total member agencies. The Chair of the City Managers Technical Advisory Committee serves as an ex officio non-voting member of the Executive Committee.

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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Orange County  
Fire Authority, California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

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



President

Executive Director



# Financial Section



Financial Section

*State Route 261 Fire*



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Orange County Fire Authority  
Irvine, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Orange County Fire Authority, California (Authority) as of and for the year ended June 30, 2007, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. 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 of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Orange County Fire Authority, California as of June 30, 2007, and the respective changes in financial position and the respective budgetary comparison for the General Fund, Communications & Information Systems Fund and Vehicle Replacement Fund thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2007, on our consideration of the Orange County Fire Authority's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Board of Directors  
Orange County Fire Authority  
Irvine, California

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Orange County Fire Authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The scope of our audit did not include the supplementary statistical schedules listed in the table of contents, and we do not express an opinion on them.

*Lance, Soll & Lunghard, LLP*

October 16, 2007



# Management's Discussion and Analysis



*Serving our Communities...*

*...Executive Management*

1. Assistant Chief Bill Dean is honored at a retirement ceremony for his years in the fire service.
2. A Community Education Specialist visits with a child at Water Safety Day, a public education community event.
3. The Assistant Clerk reviews a meeting agenda with the Chair of OCEA's Board of Directors.
4. Participants work as a team to complete the Trevor Wir'E Memorial Challenge, a workout fundraiser event to support U.S. military personnel.

## ORANGE COUNTY FIRE AUTHORITY

### Management's Discussion and Analysis

Year ended June 30, 2007

As management of the Orange County Fire Authority (OCFA), we offer readers of the OCFA's financial statements this narrative overview and analysis of the financial activities of the OCFA for the fiscal year ended June 30, 2007.

#### Financial Highlights

- The assets of the OCFA exceeded its liabilities by \$246,514,925 at the end of the current fiscal year. Net assets consisted of investments in capital assets, net of related debt, in the amount of \$138,152,825 (56.0%); amounts restricted for debt service totaling \$15,179,905 (6.2%); and unrestricted net assets in the amount of \$93,182,195 (37.8%).
- The OCFA's total net assets increased by \$23,155,190 over the prior fiscal year. This increase was primarily attributable to increased property tax revenues.
- As of the close of the current fiscal year, the OCFA's governmental funds showed combined ending fund balances totaling \$135,184,122, an increase of \$14,896,718 over the prior fiscal year. Of the total ending fund balance, approximately \$119,641,237 (88.5%) was available for funding future operational needs (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$54,391,252, or 25.6% of total General Fund expenditures. A total of \$20,754,167 was designated for the Board-directed 10% operating contingency and \$26,492,420 was designated for workers' compensation.

#### Overview of the Financial Statements

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

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the OCFA's finances, in a manner similar to a private-sector business.

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

The *Statement of Activities* presents information showing how the OCFA's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are

reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

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

The government-wide financial statements can be found on pages 15-16 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 18-28 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 29-30 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 31-54 of this report.

**Supplementary Schedules.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented in the Supplementary Schedules section. Combining and individual fund statements and schedules can be found on pages 56-67 of this report.

### Government-wide Financial Analysis

**Net Assets.** Net assets may serve over time as a useful indicator of a government's financial position. The OCFA's net assets totaled \$246,514,925 at the end of the current fiscal year, a 14.1% increase over the prior fiscal year. Following is a summary of the government-wide Statement of Net Assets:

#### ORANGE COUNTY FIRE AUTHORITY Net Assets of Governmental Activities

	<u>FY 2006-07</u>	<u>FY 2005-06</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>%</u>
<b>Assets:</b>				
Current and other assets	\$ 149,870,056	\$ 134,122,334	\$ 15,747,722	11.7%
Capital assets	<u>152,452,939</u>	<u>141,363,403</u>	<u>11,089,536</u>	7.8%
Total assets	<u>302,322,995</u>	<u>275,485,737</u>	<u>26,837,258</u>	9.7%
<b>Liabilities:</b>				
Long-term liabilities	45,675,194	48,563,695	(2,888,501)	-5.9%
Other liabilities	<u>10,132,876</u>	<u>10,860,802</u>	<u>(727,926)</u>	-6.7%
Total liabilities	<u>55,808,070</u>	<u>59,424,497</u>	<u>(3,616,427)</u>	-6.1%
<b>Net assets:</b>				
Invested in capital assets, net of related debt	138,152,825	122,819,640	15,333,185	12.5%
Restricted	15,179,905	18,673,581	(3,493,676)	-18.7%
Unrestricted	<u>93,182,195</u>	<u>74,568,019</u>	<u>18,614,176</u>	25.0%
Total net assets	<u>\$ 246,514,925</u>	<u>\$ 216,061,240</u>	<u>\$ 30,453,685</u>	14.1%

- The largest portion of the OCFA's net assets (56.0%) reflects its investment in capital assets, less any related outstanding debt used to acquire those assets. The OCFA uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the OCFA's investment in its capital assets is reported net of related debt, it should be noted that the repayment of any debt issued to acquire capital assets must be from other sources. The OCFA cannot sell the assets to obtain funding.

- An additional portion of the OCFA's net assets (6.2%) represents resources that are subject to external restrictions on how they may be used. Restricted net assets are reported in connection with the OCFA's governmental activities. The restricted net assets were established due to requirements of the revenue bonds issued for the construction of the Regional Fire Operations and Training Center. During Fiscal Year 2004-05, a significant portion of reserves were reallocated to the Debt Service Fund in order to fully pre-fund the future debt payments on the 2001 revenue bonds, which resulted in a significant increase in restricted net assets. The \$3,493,676 decrease in restricted net assets from Fiscal Year 2005-06 is caused primarily by debt payments made during the current fiscal year.
- The remaining balance of net assets is considered unrestricted (37.8%) and may be used to meet the OCFA's ongoing obligations to citizens and creditors. At the end of the current and prior fiscal years, the OCFA reported positive balances in all three categories of net assets.

**Changes in Net Assets.** For the year ended June 30, 2007, the net assets of the OCFA increased by \$23,155,190, an indication that its financial position improved during the year. Following is a summary of the government-wide Statement of Activities:

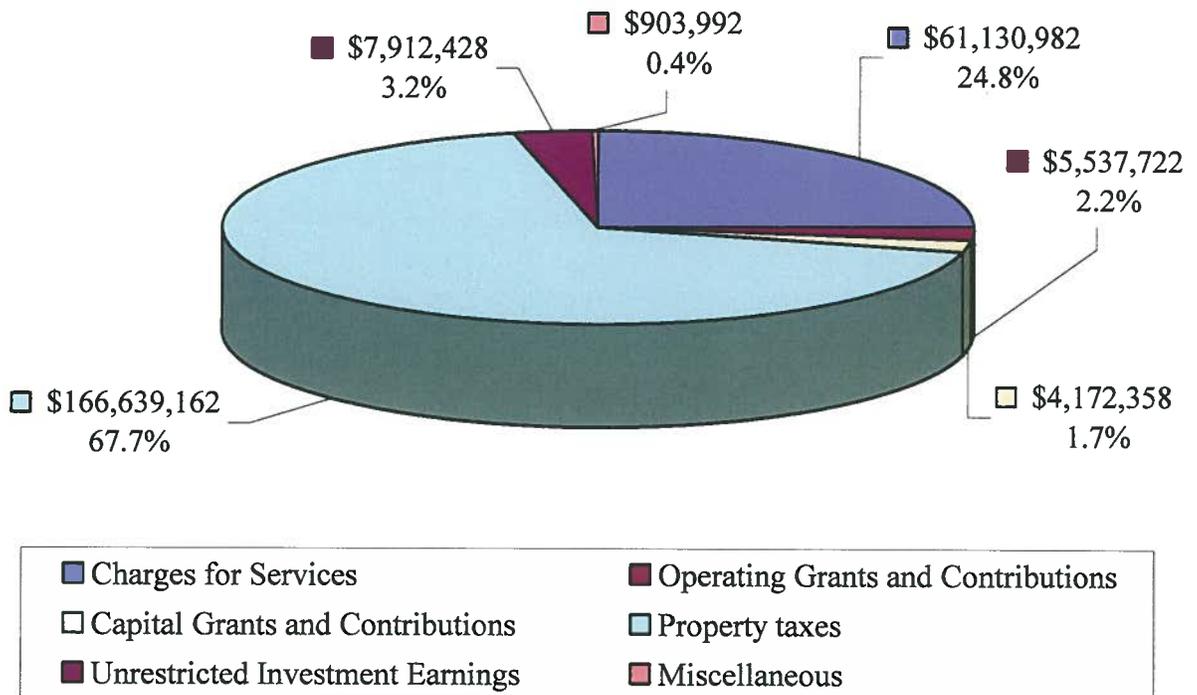
**ORANGE COUNTY FIRE AUTHORITY**  
**Changes in Net Assets of Governmental Activities**

	FY 2006-07	FY 2005-06	Increase (Decrease)	
			Amount	%
Program revenues:				
Charges for services	\$ 61,130,982	\$ 56,509,909	\$ 4,621,073	8.2%
Operating grants and contributions	5,537,722	6,650,839	(1,113,117)	-16.7%
Capital grants and contributions	4,172,358	2,730,652	1,441,706	52.8%
General revenues:				
Property taxes	166,639,162	152,747,044	13,892,118	9.1%
Unrestricted investment earnings	7,912,428	4,875,101	3,037,327	62.3%
Miscellaneous	903,992	573,389	330,603	57.7%
Total revenues	<u>246,296,644</u>	<u>224,086,934</u>	<u>22,209,710</u>	9.9%
Public safety expenses:				
Salaries and benefits	187,129,443	166,930,470	20,198,973	12.1%
Services and supplies	27,139,113	25,905,315	1,233,798	4.8%
Depreciation	7,000,915	7,277,623	(276,708)	-3.8%
Interest on long-term debt	1,871,983	1,522,705	349,278	22.9%
Total expenses	<u>223,141,454</u>	<u>201,636,113</u>	<u>21,505,341</u>	10.7%
Change in net assets	23,155,190	22,450,821	704,369	3.1%
Net assets, beginning of year, restated	<u>223,359,735</u>	<u>193,610,419</u>	<u>29,749,316</u>	15.4%
Net assets, end of year	<u>\$ 246,514,925</u>	<u>\$ 216,061,240</u>	<u>\$ 30,453,685</u>	14.1%

- General revenues in the amount of \$175,455,582 accounted for 71.2% of total revenues.
  - The largest general revenue, property taxes, increased by \$13,892,118 (9.1%) over the prior fiscal year due to increased property values. Property taxes accounted for 67.7% of total revenues.
  - Other general revenues, which included unrestricted investment earnings and miscellaneous revenues, accounted for 3.5% of total revenues.
- Program revenues in the amount of \$70,841,062 accounted for 28.8% of total revenues.
  - Charges for services increased by \$4,621,073 (8.2%) over the prior fiscal year and accounted for 24.8% of total revenues.
    - The increase in charges for services was primarily due to increases in cash contract city charges and ambulance fees totaling approximately \$1.5 million, as well as increases in disclosure, inspection and plan check fees totaling approximately \$1.1 million.
    - In addition, revenues pertaining to assistance by hire services performed for the California Department of Forestry (CDF) and the Office of Emergency Services (OES) increased by approximately \$1.9 million. Significant fire incidents reimbursed by CDF during the current fiscal year included the 241, Esperanza, Sawtooth and White fires.
  - Operating grants and contributions decreased by \$1,113,117 (16.7%) from the prior fiscal year and accounted for 2.2% of total revenues.
    - The overall decrease of approximately \$2.4 million in operating contributions and grants was primarily due to one-time USAR reimbursement revenues pertaining to Hurricane Katrina that were received in the prior fiscal year.
    - Certain sources of operating grants and contributions increased during the current fiscal year, including approximately \$450,000 of increased revenue from the USAR cooperative agreements.
  - Capital grants and contributions increased by \$1,441,706 (52.8%) over the prior fiscal year and accounted for 1.7% of total revenues.
    - The OCFA received approximately \$1.8 million of new capital grant funding from the cities of Anaheim and Santa Ana through the Urban Area Security Initiative (UASI). The cost-reimbursement grants were used to fund the Wireless Mobile Data Network and the Public Safety GIS Interoperability Project.

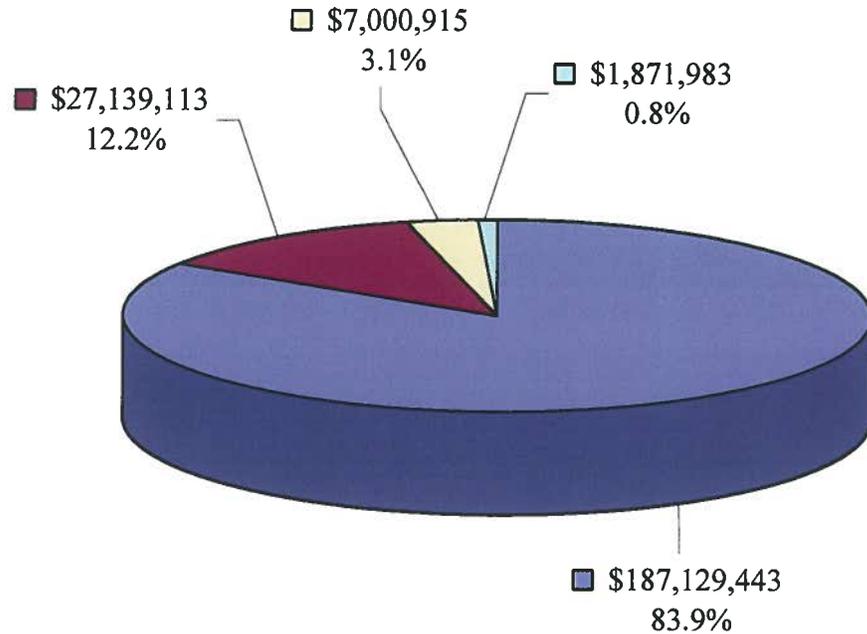
- The OCFA received approximately \$1.2 million of contributed capital assets during the current fiscal year, including 56 thermal imaging cameras and a new hazmat emergency response vehicle granted by the Orange County Sheriff's Department through the UASI.
- Significant developer contributions were received in the current fiscal year for a Type 1 engine and the development of new Fire Station No. 56 (Ortega Valley). However, overall developer contributions were approximately \$1.6 million less than the prior fiscal year, which included several contributions from The Irvine Company for the development of new stations in Irvine (Fire Stations No. 27, 38, 47 and 55).

**Revenues by Source - Governmental Activities**



- Total expenses increased by \$21,505,341 (10.7%) over the prior fiscal year.
  - Salaries and benefits increased by 12.1% over the prior fiscal year and accounted for 83.9% of total expenses. Services and supplies increased by 4.8% over the prior year and accounted for 12.2% of total expenses. Depreciation expense, which had no impact on the OCFA's cash balances, decreased by 3.8% and accounted for 3.1% of total expenses.
  - Interest on long-term debt increased by 22.9% over the prior year and accounted for 0.8% of total expenses. The increase was due primarily to approximately \$430,000 in additional interest pertaining to the annual TRAN.

### Expenses - Governmental Activities



<span style="color: blue;">■</span> Public safety - salaries and benefits	<span style="color: maroon;">■</span> Public safety - services and supplies
<span style="color: yellow;">■</span> Public safety - depreciation	<span style="color: lightblue;">■</span> Interest on long-term debt

### Financial Analysis of the OCFA's Funds

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

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

As of the end of the current fiscal year, the OCFA's governmental funds reported combined ending fund balances of \$135,184,122, an increase of \$14,896,718 in comparison with the prior fiscal year.

- **Unreserved fund balance**, which is the portion of fund balance available for funding future operational needs, totaled \$119,641,237 (88.5%). Unreserved fund balance includes \$107,024,210 that is designated for specific purposes such as developer contributions, capital improvement program, workers' compensation, debt service and the 10% operating

contingency for emergencies and economic uncertainties. Unreserved fund balance that was undesignated totaled \$12,617,027.

- **Reserved fund balance**, which is the portion of fund balance that is not available for new spending, totaled \$15,542,885 (11.5%). Reserved fund balance has already been committed as follows: (1) \$12,222,793 to liquidate contracts and purchase orders of the prior period, (2) \$2,806,000 to pay debt service and (3) \$514,092 to fund costs that were prepaid during the current fiscal year.

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

- The **General Fund** is the chief operating fund of the OCFA. At the end of the current fiscal year, fund balance totaled \$55,868,042, of which \$54,391,252 (97.4%) was unreserved and \$1,476,790 (2.6%) was reserved for encumbrances and prepaid costs.
  - As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. General Fund expenditures totaled \$212,434,540 in the current fiscal year. Unreserved fund balance equaled 25.6% of total General Fund expenditures, while total fund balance equaled 26.3% of that same amount.
  - A portion of the General Fund's unreserved fund balance totaling \$47,246,587 was considered designated. OCFA policy modified by the Board on November 18, 2004, requires the establishment of an operating contingency designation set at 10% of the total operating expenditures, excluding grant-funded expenditures. The purpose of the operating contingency designation is to provide for emergencies and economic uncertainties. The total amount of General Fund's fund balance designated for the operating contingency at the end of the current fiscal year was \$20,754,167. Additionally, \$26,492,420 was designated for workers' compensation claims.
  - Total fund balance of the OCFA's General Fund *increased* by \$5,312,366 during the current fiscal year, which was less than the prior year's change in fund balance by \$7,062,203. As compared to the prior year, the fund earned approximately \$1.4 million more in interest income but incurred approximately \$4.1 million more of budgeted transfers out to other funds. In addition, the General Fund reported a one-time \$7 million contribution to the defined benefit Retiree Medical Plan. That expenditure was included in salaries and benefits during the current fiscal year and was offset by \$1,750,000 of transfers in from other OCFA funds.
- The **Communications & Information Systems Fund** had a total fund balance of \$18,503,824 at the end of the current fiscal year, of which \$18,306,958 (98.9%) was unreserved and \$196,866 (1.1%) was reserved for encumbrances.

- Total fund balance *increased* by \$4,207,885 during the current fiscal year, which was less than the prior year's change in fund balance by \$6,016,149. As compared to the prior year, the fund earned approximately \$600,000 more in interest income but received approximately \$5.3 million fewer budgeted transfers in from other funds. In addition, the issuance of a capital lease generated approximately \$1 million of other financing sources in the prior year. This funding source was not available in the current fiscal year.
- The **Vehicle Replacement Fund** had a total fund balance of \$35,069,253 at the end of the current fiscal year, of which \$24,163,673 (68.9%) was unreserved and \$10,905,580 (31.1%) was reserved for encumbrances and prepaid costs.
  - Fund balance reserved for encumbrances pertains to purchase orders issued for various fire apparatus, including a Heavy Rescue Vehicle, four 100' Tractor Drawn Aerial Trucks and sixteen Type 1 Fire Engines.
  - Total fund balance *increased* by \$16,155,559 during the current fiscal year, which exceeded the prior year's change in fund balance by \$6,097,346. As compared to the prior year, the fund earned approximately \$1 million more in interest income and received approximately \$9.6 million more of budgeted transfers in from other funds. In addition, the issuance of a capital lease generated approximately \$4.8 million of other financing sources in the prior year. This funding source was not available in the current fiscal year.
- The **Debt Service Fund** had a total fund balance of \$15,454,661 at the end of the current fiscal year, of which \$12,648,661 (81.8%) was unreserved and \$2,806,000 (18.2%) was reserved for debt service.
  - The portion of fund balance reserved for debt service equals the minimum reserve requirement on the 2001 Revenue Bonds.
  - Total fund balance *decreased* by \$3,555,719 during the current fiscal year, which exceeded the prior year's change in fund balance by \$492,359. As compared to the prior year, the fund incurred approximately \$600,000 more of budgeted transfers out to other funds.

**General Fund Budgetary Highlights**

Total appropriations in the General Fund increased during this fiscal year by \$19,195,345 and included a \$7 million increase to salaries and benefits for the OCFA's one-time contribution to the Defined Benefit Retiree Medical Plan. Net changes to General Fund appropriations are summarized as follows:

Salaries and benefits	\$ 9,506,739
Services and supplies	879,024
Capital outlay	514,225
Interest and fiscal charges	430,080
Transfers out	<u>7,865,277</u>
Total increase to General Fund appropriations	<u>\$19,195,345</u>

Portions of this increase in General Fund appropriations were funded by net increases to budgeted revenues and transfers in from other funds totaling \$11,778,796 and \$1,750,000, respectively. The net change in budgeted revenues included an increase to budgeted property tax revenue of \$5,665,494 and an increase to budgeted intergovernmental revenues of \$4,444,526.

**Capital Asset and Debt Administration**

**Capital Assets.** The OCFA’s investment in capital assets for its government activities at the end of the current fiscal year totaled \$152,452,939 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, vehicles, work in progress and construction in progress. Net capital assets increased over the prior fiscal year by \$3,791,041 (2.6%). Following is a summary of net capital assets:

**ORANGE COUNTY FIRE AUTHORITY  
 Capital Assets Net of Accumulated Depreciation**

	Governmental Activities			
	FY 2006-07	(Restated)	Increase (Decrease)	
		FY 2005-06	Amount	%
Land	\$ 33,647,850	\$ 33,647,850	\$ -	0.0%
Construction in progress	734,251	9,715,199	(8,980,948)	-92.4%
Work in progress	315,460	1,045,851	(730,391)	-69.8%
Buildings	91,312,891	79,300,464	12,012,427	15.1%
Equipment	10,537,312	8,720,450	1,816,862	20.8%
Vehicles	15,905,175	16,232,084	(326,909)	-2.0%
Total, net	<u>\$ 152,452,939</u>	<u>\$ 148,661,898</u>	<u>\$ 3,791,041</u>	2.6%

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

- Construction in progress (CIP) consisted of on-going construction projects at stations. Approximately \$5.5 million of additional project costs were incurred during the current fiscal year. The most significant additions pertained to the completion of replacement Fire Stations No. 39 (Laguna Niguel), No. 19 (Lake Forest) and No. 29 (Dana Point), all of which were placed into service during the current fiscal year.
- Work in progress (WIP) accounted for eighteen projects during the current fiscal year, thirteen of which were placed into service and five 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 addition during the current fiscal year was \$261,545 for the purchase of three ambulances.
  - The total cost of projects that were completed and transferred to vehicles during the current fiscal year was approximately \$800,000, which included \$618,718 for the completion of a 2006 Pierce 75’ Aerial Ladder Truck.

- Computer system replacement and enhancement projects that span multiple fiscal years are classified as WIP until they are placed into service. The total cost of projects that were completed and transferred to equipment during the current fiscal year was approximately \$250,000, which included \$83,036 for the CAD to CAD System Enhancement Project.
- Significant equipment additions included the grant-funded Public Safety GIS Interoperability Project (\$998,441) and the Wireless Mobile Data Network (\$848,570). The most significant vehicle addition was the 2006 Pierce Hazardous Materials Unit (\$536,478), which was received via a UASI grant and outfitted by the OCFA.

Additional information pertaining to the OCFA's capital assets can be found in Note 3c of the accompanying Notes to the Financial Statements.

**Long-term Debt.** At the end of the current fiscal year, the OCFA had total bonded debt outstanding (including premium) of \$13,610,829. This amount represents bonds secured solely by a specified revenue source (i.e., property taxes). Following is a summary of revenue bonds outstanding:

**ORANGE COUNTY FIRE AUTHORITY  
Outstanding Debt - Revenue Bonds**

	Governmental Activities			
	FY 2006-07	FY 2005-06	Increase (Decrease)	
			Amount	%
2001 Regional Fire Operations				
Operations & Training Center				
Revenue Bonds (includes premium)	\$ 13,610,829	\$ 16,724,439	\$ (3,113,610)	-18.6%

Total long-term liabilities decreased by \$2,888,501 (5.9%) during the current fiscal year. Additions to long-term liabilities included additions to the estimated liabilities for compensated absences and accrued claims and judgments in the amounts of \$10,888,345 and \$5,346,485, respectively. Decreases to long-term liabilities included debt service payments on revenue bonds and capital lease obligations totaling \$5,200,376, vacation/sick leave payouts and usage totaling \$9,790,134 and payments on accrued claims and judgments totaling \$4,132,821.

Additional information on the OCFA's long-term liabilities can be found in Notes 3e – 3g of the accompanying Notes to the Financial Statements.

**Next Year's Budget**

The Fiscal Year 2007-08 General Fund adopted expenditure budget is approximately \$217 million, which is a 0.3% decrease from the adopted Fiscal Year 2006-07 General Fund budget. The decrease reflects the \$7 million one-time contribution to the Defined Benefit Retiree Medical Plan in Fiscal Year 2006-07, offset by the impact of salary increases authorized by existing Memorandums of Understanding (MOU's) with all bargaining units and updated employee benefit rates in Fiscal Year

2007-08. The General Fund budget is balanced and also provides transfers of approximately \$18.8 million to other funds for current and future capital projects.

Staffing changes authorized in the Fiscal Year 2007-08 budget included an increase of sixteen positions. Staffing additions included the following:

- Three fire captain, three fire apparatus engineer and nine firefighter positions were added in order to staff new Fire Station No. 27 (Irvine) with a three-person engine company and a two-person medic van.
- One fire captain position was added for the Wellness and Fitness (WEFIT) program, which was originally started as a pilot program with temporary staffing.

### **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

# Government-wide Financial Statements



*Serving our Communities...*

*...Operations*

1. The OCFA's firefighting helicopter responds to an emergency incident.
2. A dispatcher responds to a 911-emergency call received at the OCFA's Emergency Communications Center (ECC).
3. A manikin is used for a medical aid demonstration at Fire Safety Day for public officials, an event hosted by the OCFA as part of "National Emergency Services Week."
4. Graduates of OCFA Fire Academy #32 complete their training at the Regional Fire Operations and Training Center (RFOTC).

**ORANGE COUNTY FIRE AUTHORITY**

**Statement of Net Assets**

**June 30, 2007**

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

	<b>Governmental Activities</b>	
	<b>2007</b>	<b>2006</b>
<b>Assets:</b>		
Cash and investments (Note 3a)	\$ 131,020,740	\$ 113,819,387
Receivables:		
Accounts, net (Note 3b)	1,942,625	2,086,686
Accrued interest	628,625	366,255
Prepaid costs	514,092	1,823,351
Deferred bond issuance costs	118,677	158,237
Due from other governments (Note 3b)	11,476,812	10,547,127
Restricted cash and investments (Note 3a)	4,168,485	5,321,291
Capital assets (Note 3c):		
Land	33,647,850	31,749,355
Construction in progress	734,251	9,715,199
Work in progress	315,460	1,045,851
Capital assets, net of accumulated depreciation	117,755,378	98,852,998
<b>Total assets</b>	<b>302,322,995</b>	<b>275,485,737</b>
<b>Liabilities:</b>		
Accounts payable	3,538,768	5,082,005
Accrued liabilities	5,529,084	4,753,998
Accrued interest	274,756	336,799
Unearned revenue	60,206	-
Deposits payable	723,400	688,000
Due to other governments	6,662	-
Long-term liabilities (note 3e, 3f and 3g):		
Due within one year	11,680,622	10,146,572
Due beyond one year	33,994,572	38,417,123
<b>Total liabilities</b>	<b>55,808,070</b>	<b>59,424,497</b>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	138,152,825	122,819,640
Restricted for:		
Debt service	15,179,905	18,673,581
Unrestricted	93,182,195	74,568,019
<b>Total net assets</b>	<b>\$ 246,514,925</b>	<b>\$ 216,061,240</b>

See Notes to the Financial Statements

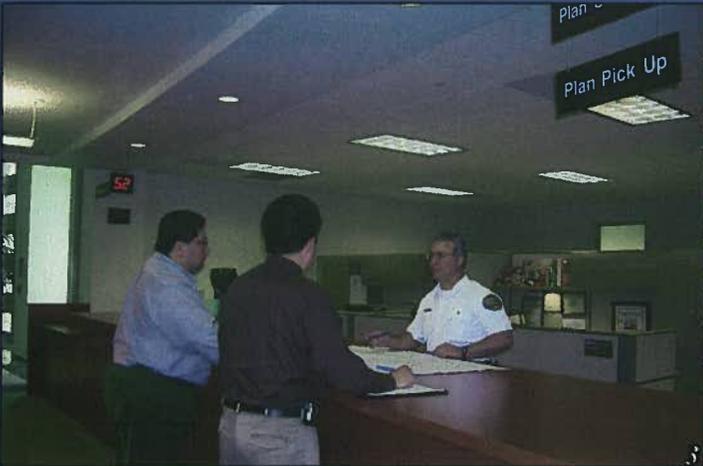
**ORANGE COUNTY FIRE AUTHORITY**  
**Statement of Activities**  
 Year ended June 30, 2007  
 (With Comparative Data for Prior Year)

	<b>Governmental Activities</b>	
	<b>2007</b>	<b>2006</b>
<b>Expenses:</b>		
Public safety:		
Salaries and benefits	\$ 187,129,443	\$ 166,930,470
Services and supplies	27,139,113	25,905,315
Depreciation	7,000,915	7,277,623
Interest on long-term debt	1,871,983	1,522,705
<b>Total program expenses</b>	<b>223,141,454</b>	<b>201,636,113</b>
<b>Program revenues:</b>		
Charges for services	61,130,982	56,509,909
Operating grants and contributions	5,537,722	6,650,839
Capital grants and contributions	4,172,358	2,730,652
<b>Total program revenues</b>	<b>70,841,062</b>	<b>65,891,400</b>
Net program (expenses) revenues of governmental activities	(152,300,392)	(135,744,713)
<b>General revenues:</b>		
Property taxes, levied for general purpose	166,639,162	152,747,044
Use of money and property	7,912,428	4,875,101
Miscellaneous	903,992	573,389
<b>Total general revenues</b>	<b>175,455,582</b>	<b>158,195,534</b>
Change in net assets	23,155,190	22,450,821
Net assets at beginning of year, as restated (Note 3c)	223,359,735	193,610,419
<b>Net assets at end of year</b>	<b>\$ 246,514,925</b>	<b>\$ 216,061,240</b>

See Notes to the Financial Statements



# Fund Financial Statements



Fund Financial Statements

*Serving our Communities...*

*...Fire Prevention*

1. An investigations officer determines the primary cause of a fire.
2. Building plans are reviewed to ensure compliance with fire code requirements.
3. Members of the public discuss plans with OCEA's Planning and Development staff.
4. OCEA staff completes a field inspection of a water pump.



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## Orange County Fire Authority Safety Message

### Smoke Alarm Requirements

1. Install at least one smoke alarm on each level of the home, one in each bedroom and one outside of each sleeping area. Alarm should be loud enough to hear while sleeping, even with the bedroom door closed.
2. For the hearing impaired, install smoke alarms that vibrate or flash a strobe light.
3. Test smoke alarms once a month by using the alarm's test button.
4. Change the batteries in your smoke alarms twice a year.
5. Vacuum or dust your smoke alarm following manufacturer's instructions.
6. Replace smoke alarms every ten years.
7. Ensure that everyone can hear and recognize the sound of the alarm.
8. Mount smoke alarms at the correct level to respond to rising smoke.
9. Don't install smoke alarms near windows, exterior doors, or ducts.
10. Don't paint or decorate your smoke alarms.
11. Never disconnect or borrow a battery from a smoke alarm.

ORANGE COUNTY FIRE AUTHORITY  
 Governmental Funds

Balance Sheet

June 30, 2007

(With Comparative Data for Prior Year)

	General Fund	Special Revenue Funds	
		Communications & Information Systems	Vehicle Replacement
<b>Assets</b>			
Cash and investments	\$ 54,386,369	\$ 18,383,425	\$ 31,468,789
Receivables:			
Accounts	1,907,098	-	-
Accrued interest	316,763	59,901	86,681
Prepaid costs	39,543	-	474,549
Due from other governments	11,428,315	42,793	-
Restricted assets:			
Cash and investments	-	867,706	3,300,779
<b>Total assets</b>	<b>\$ 68,078,088</b>	<b>\$ 19,353,825</b>	<b>\$ 35,330,798</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 1,990,523	\$ 769,708	\$ 261,545
Accrued liabilities	5,523,811	-	-
Deferred revenues	131,339	80,293	-
Accrued claims and judgments	4,557,711	-	-
Deposits payable	-	-	-
Due to other governments	6,662	-	-
<b>Total liabilities</b>	<b>12,210,046</b>	<b>850,001</b>	<b>261,545</b>
<b>Fund balances:</b>			
Reserved:			
Reserved for encumbrances	1,437,247	196,866	10,431,031
Reserved for debt sevice	-	-	-
Reserved for prepaid costs	39,543	-	474,549
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Capital projects fund	-	-	-
Designated for capital improvement program	-	16,584,913	22,145,223
Designated for workers compensation	26,492,420	-	-
Designated for operating contingency	20,754,167	-	-
Designated for debt service	-	-	-
Undesignated	7,144,665	1,722,045	2,018,450
<b>Total fund balances</b>	<b>55,868,042</b>	<b>18,503,824</b>	<b>35,069,253</b>
<b>Total liabilities and fund balances</b>	<b>\$ 68,078,088</b>	<b>\$ 19,353,825</b>	<b>\$ 35,330,798</b>

See Notes to the Financial Statements

<b>Debt Service Fund</b>		<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>	
<b>Debt Service</b>			<b>2007</b>	<b>2006</b>
\$ 15,404,430		\$ 11,377,727	\$ 131,020,740	\$ 113,819,387
-		35,527	1,942,625	2,086,686
50,231		115,049	628,625	366,255
-		-	514,092	1,823,351
-		5,704	11,476,812	10,547,127
-		-	4,168,485	5,321,291
<b>\$ 15,454,661</b>		<b>\$ 11,534,007</b>	<b>\$ 149,751,379</b>	<b>\$ 133,964,097</b>
\$ -		\$ 516,992	\$ 3,538,768	\$ 5,082,005
-		5,273	5,529,084	4,753,998
-		-	211,632	-
-		-	4,557,711	3,152,690
-		723,400	723,400	688,000
-		-	6,662	-
-		<b>1,245,665</b>	<b>14,567,257</b>	<b>13,676,693</b>
-		157,649	12,222,793	9,925,565
2,806,000		-	2,806,000	2,806,000
-		-	514,092	1,823,351
-		4,528,131	4,528,131	4,903,172
-		5,602,562	5,602,562	8,875,958
-		-	38,730,136	26,132,533
-		-	26,492,420	24,298,920
-		-	20,754,167	20,186,646
12,620,483		-	12,620,483	16,107,813
28,178		-	10,913,338	5,227,446
<b>15,454,661</b>		<b>10,288,342</b>	<b>135,184,122</b>	<b>120,287,404</b>
<b>\$ 15,454,661</b>		<b>\$ 11,534,007</b>	<b>\$ 149,751,379</b>	<b>\$ 133,964,097</b>

**ORANGE COUNTY FIRE AUTHORITY**

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

**June 30, 2007**

<b>Fund balances of governmental funds</b>	<b>\$ 135,184,122</b>
Differences with governmental activities in the Statement of Net Assets:	
When capital assets that are to be used in governmental activities are purchased or constructed, their costs are recorded as expenditures in governmental funds. However, the Statement of Net Assets includes those capital assets among the assets of the OCFA as a whole, net of accumulated depreciation.	
Capital assets	214,887,396
Accumulated depreciation	(62,434,457)
Long-term liabilities applicable to the OCFA's governmental activities are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Assets.	
Bonds payable	(13,570,000)
Bond premium	(40,829)
Lease purchase agreements	(7,864,983)
Compensated absences	(11,180,646)
The long-term portion of accrued claims and judgments is not due and payable in the current period; thus, only the current portion is reported as a governmental fund liability. All liabilities, both current and long-term portions, are reported in the Statement of Net Assets.	
	(8,461,025)
Bond issuance costs are recognized as debt service expenditures when paid in the year of issue in governmental funds. Deferred bond issuance costs are capitalized in the Statement of Net Assets and amortized over the life of the bonds.	
	118,677
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.	
	(274,756)
Earned revenue relating to certain grants receivable is deferred in governmental funds if not collected within the OCFA's availability period. However, liabilities relating to deferred revenue are not reported in the Statement of Net Assets since revenue recognition is not based upon measurable and available criteria.	
	151,426
<b>Net assets of governmental activities</b>	<b>\$ 246,514,925</b>

**See Notes to the Financial Statements**



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## Orange County Fire Authority Safety Message

### Please Abide – Move Aside

1. If you hear a siren or see red emergency lights, do not panic.
2. Pull over to the right when it is safe to do so.
3. While approaching an intersection, stop at the limit line or the crosswalk at the intersection. Wait for all emergency vehicles to pass before getting back on the road. Don't stop in the middle of an intersection.
4. While on a one-way street, slow down and stop to make a safe lane of passage for the emergency vehicles.
5. While on the freeway, continue to move forward at a safe speed.

**ORANGE COUNTY FIRE AUTHORITY**  
**Governmental Funds**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**Year ended June 30, 2007**

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

	General Fund	Special Revenue Funds	
		Communications & Information Systems	Vehicle Replacement
<b>Revenues:</b>			
Taxes	\$ 166,639,162	\$ -	\$ -
Intergovernmental	13,776,062	1,842,376	-
Charges for services	53,013,200	-	-
Use of money and property	4,230,777	933,724	1,614,007
Miscellaneous	189,713	107,045	65,615
Developer contributions	-	-	890,684
<b>Total revenues</b>	<b>237,848,914</b>	<b>2,883,145</b>	<b>2,570,306</b>
<b>Expenditures:</b>			
Current - public safety:			
Salaries and benefits	185,768,313	-	-
Services and supplies	24,552,434	1,067,681	55,462
Capital outlay	554,056	2,512,683	1,187,236
Debt service:			
Principal retirement	-	331,743	1,584,700
Interest and fiscal charges	1,559,737	35,113	252,313
<b>Total expenditures</b>	<b>212,434,540</b>	<b>3,947,220</b>	<b>3,079,711</b>
Excess (deficiency) of revenues over (under) expenditures	25,414,374	(1,064,075)	(509,405)
<b>Other financing sources (uses):</b>			
Transfers in (Note 3d)	1,750,000	5,268,063	16,664,964
Transfers out (Note 3d)	(21,904,057)	-	-
Issuance of capital lease	-	-	-
Sale of capital and other assets	52,049	3,897	-
<b>Total other financing sources (uses)</b>	<b>(20,102,008)</b>	<b>5,271,960</b>	<b>16,664,964</b>
Net change in fund balances	5,312,366	4,207,885	16,155,559
Fund balances, beginning of year	50,555,676	14,295,939	18,913,694
<b>Fund balances, end of year</b>	<b>\$ 55,868,042</b>	<b>\$ 18,503,824</b>	<b>\$ 35,069,253</b>

See Notes to the Financial Statements

<b>Debt Service Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>	
<b>Debt Service</b>		<b>2007</b>	<b>2006</b>
\$ -	\$ -	\$ 166,639,162	\$ 152,747,044
-	24,736	15,643,174	12,737,022
-	178,797	53,191,997	50,431,293
805,061	795,676	8,379,245	5,284,539
-	66,102	428,475	581,708
-	205,578	1,096,262	2,730,652
<b>805,061</b>	<b>1,270,889</b>	<b>245,378,315</b>	<b>224,512,258</b>
-	306,310	186,074,623	166,670,733
-	1,471,359	27,146,936	23,188,784
-	5,460,790	9,714,765	10,838,654
3,100,000	170,323	5,186,766	5,033,119
564,500	2,790	2,414,453	1,985,533
<b>3,664,500</b>	<b>7,411,572</b>	<b>230,537,543</b>	<b>207,716,823</b>
(2,859,439)	(6,140,683)	14,840,772	16,795,435
-	667,310	24,350,337	18,435,635
(696,280)	(1,750,000)	(24,350,337)	(18,435,635)
-	-	-	5,841,858
-	-	55,946	92,824
<b>(696,280)</b>	<b>(1,082,690)</b>	<b>55,946</b>	<b>5,934,682</b>
(3,555,719)	(7,223,373)	14,896,718	22,730,117
19,010,380	17,511,715	120,287,404	97,557,287
<b>\$ 15,454,661</b>	<b>\$ 10,288,342</b>	<b>\$ 135,184,122</b>	<b>\$ 120,287,404</b>

**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, 2007**

**Net change in fund balances - total governmental funds** **\$ 14,896,718**

Differences with governmental activities in the Statement of Activities:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.

Capital outlay	9,714,765
Capitalized labor, included in salaries and employee benefits	43,391
Depreciation expense	(7,000,915)

Capital assets received through a grant or donation are reported at the estimated fair value at time of receipt and corresponding revenue is recognized in the Statement of Activities. Revenue is not recognized in the governmental funds. 1,233,720

Governmental funds report the proceeds from sale of capital and other assets as other financing sources. However, in the Statement of Activities, those proceeds are offset by the net book value of the asset, resulting in a gain or loss on the sale. As a result, fund balances decrease by the amount of the net book value of capital and other assets sold during the year.

Loss on sale of capital and other assets	(199,920)
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Repayment of long-term debt principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the OCFA as a whole, however, the principal payments reduce the liabilities in the Statement of Net Assets and do not result in an expense in the Statement of Activities.

Debt service principal - bonds payable	3,100,000
Debt service principal - lease purchase agreements	2,086,766

**ORANGE COUNTY FIRE AUTHORITY**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in  
 Fund Balances of Governmental Funds to the Statement of Activities  
 (Continued)**

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

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

The current portion of accrued claims and judgments is reported as a governmental funds liability, but the long-term portion is expended as incurred. Both current and long-term portions are included in the outstanding liability in the Statement of Net Assets. Accordingly, the net change in the long-term portion of accrued claims and judgments is reported as a reduction to that liability rather than an expense in the Statement of Activities.

Net change in long-term portion of accrued claims and judgments	191,357
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Interest expenditures are reported when paid in the governmental funds; however, the total amount of interest incurred for the period is accrued and recognized in the government-wide financial statements. The net change in accrued interest is recognized as interest expense in the Statement of Activities.

62,043
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Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

(1,098,211)
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Certain grants receivable that have been accrued but not collected are reflected as deferred revenue in the governmental funds. However, all earned revenue is recognized in the Statement of Activities regardless of when the receivables were collected.

Current year deferred revenue	151,426
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**Change in net assets of governmental activities**

<u><u>\$ 23,155,190</u></u>
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See Notes to the Financial Statements

**ORANGE COUNTY FIRE AUTHORITY**  
**General Fund**  
**Budgetary Comparison Statement**  
**Year ended June 30, 2007**  
**(With Comparative Data for Prior Year)**

	2007		Variance with Final Budget Positive (Negative)	2006	
	Budget Amounts			Actual Amounts	Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 50,555,676	\$ 50,555,676	\$ 50,555,676	\$ -	\$ 38,181,107
<b>Resources (inflows):</b>					
Taxes	159,568,121	165,233,615	166,639,162	1,405,547	152,747,044
Intergovernmental	7,321,035	11,765,561	13,776,062	2,010,501	12,569,441
Charges for services	52,314,456	52,741,832	53,013,200	271,368	50,286,110
Use of money and property	2,159,273	3,253,448	4,230,777	977,329	2,814,585
Miscellaneous	33,000	177,839	189,713	11,874	264,147
Transfers in	-	1,750,000	1,750,000	-	-
Sale of capital and other assets	30,000	32,386	52,049	19,663	92,824
<b>Amounts available for appropriations</b>	<b>271,981,561</b>	<b>285,510,357</b>	<b>290,206,639</b>	<b>4,696,282</b>	<b>256,955,258</b>
<b>Charges to appropriation (outflows):</b>					
Salaries and benefits	178,082,049	187,588,788	185,768,313	1,820,475	166,377,783
Services and supplies	28,062,432	28,941,456	24,552,434	4,389,022	20,681,690
Capital outlay	317,293	831,518	554,056	277,462	467,144
Interest and fiscal charges	1,118,758	1,548,838	1,559,737	(10,899)	1,074,059
Transfers out	14,038,780	21,904,057	21,904,057	-	17,798,906
<b>Total charges to appropriations</b>	<b>221,619,312</b>	<b>240,814,657</b>	<b>234,338,597</b>	<b>6,476,060</b>	<b>206,399,582</b>
<b>Budgetary fund balance, June 30</b>	<b>\$ 50,362,249</b>	<b>\$ 44,695,700</b>	<b>\$ 55,868,042</b>	<b>\$ 11,172,342</b>	<b>\$ 50,555,676</b>

See Notes to the Financial Statements

**ORANGE COUNTY FIRE AUTHORITY**  
**Communications & Information Systems**  
**Budgetary Comparison Statement**  
**Year ended June 30, 2007**  
**(With Comparative Data for Prior Year)**

	2007			<b>Variance with Final Budget Positive (Negative)</b>	2006
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 14,295,939	\$ 14,295,939	\$ 14,295,939	\$ -	\$ 4,071,905
<b>Resources (inflows):</b>					
Intergovernmental	-	3,664,653	1,842,376	(1,822,277)	96,814
Use of money and property	551,718	749,010	933,724	184,714	344,261
Miscellaneous	-	107,045	107,045	-	132,644
Developer contributions	-	50,000	-	(50,000)	4,188
Transfers in	3,661,630	5,268,063	5,268,063	-	10,557,144
Issuance of capital lease	-	-	-	-	1,010,000
Sale of capital and other assets	-	-	3,897	3,897	-
<b>Amounts available for appropriations</b>	<b>18,509,287</b>	<b>24,134,710</b>	<b>22,451,044</b>	<b>(1,683,666)</b>	<b>16,216,956</b>
<b>Charges to appropriation (outflows):</b>					
Services and supplies	1,516,534	1,732,463	1,067,681	664,782	1,265,317
Capital outlay	8,527,743	5,450,478	2,512,683	2,937,795	341,964
Principal retirement	331,743	331,743	331,743	-	288,247
Interest and fiscal charges	35,113	35,113	35,113	-	25,489
<b>Total charges to appropriations</b>	<b>10,411,133</b>	<b>7,549,797</b>	<b>3,947,220</b>	<b>3,602,577</b>	<b>1,921,017</b>
<b>Budgetary fund balance, June 30</b>	<b>\$ 8,098,154</b>	<b>\$ 16,584,913</b>	<b>\$ 18,503,824</b>	<b>\$ 1,918,911</b>	<b>\$ 14,295,939</b>

See Notes to the Financial Statements

**ORANGE COUNTY FIRE AUTHORITY**  
**Vehicle Replacement**  
**Budgetary Comparison Statement**  
**Year ended June 30, 2007**  
**(With Comparative Data for Prior Year)**

	2007			Variance with Final Budget Positive (Negative)	2006
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 18,913,694	\$ 18,913,694	\$ 18,913,694	\$ -	\$ 8,855,481
<b>Resources (inflows):</b>					
Use of money and property	925,385	1,316,512	1,614,007	297,495	579,236
Miscellaneous	-	65,615	65,615	-	81,305
Developer contributions	905,456	452,728	890,684	437,956	784,110
Transfers in	9,807,004	16,664,964	16,664,964	-	7,056,164
Issuance of capital lease	-	-	-	-	4,831,858
<b>Amounts available for appropriations</b>	<b>30,551,539</b>	<b>37,413,513</b>	<b>38,148,964</b>	<b>735,451</b>	<b>22,188,154</b>
<b>Charges to appropriation (outflows):</b>					
Services and supplies	37,372	55,472	55,462	10	58,627
Capital outlay	10,995,424	13,375,805	1,187,236	12,188,569	1,420,989
Principal retirement	1,584,700	1,584,700	1,584,700	-	1,583,202
Interest and fiscal charges	252,313	252,313	252,313	-	211,642
<b>Total charges to appropriations</b>	<b>12,869,809</b>	<b>15,268,290</b>	<b>3,079,711</b>	<b>12,188,579</b>	<b>3,274,460</b>
<b>Budgetary fund balance, June 30</b>	<b>\$ 17,681,730</b>	<b>\$ 22,145,223</b>	<b>\$ 35,069,253</b>	<b>\$ 12,924,030</b>	<b>\$ 18,913,694</b>

See Notes to the Financial Statements

**ORANGE COUNTY FIRE AUTHORITY**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**  
**June 30, 2007**  
**(With Comparative Data for Prior Year)**

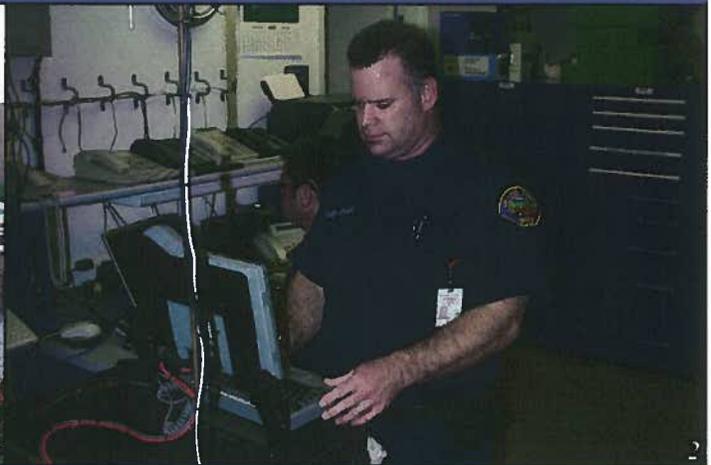
	<u>Private Purpose Trust Fund</u>		<u>Pension Trust Funds</u>	
	<u>Miscellaneous Trust</u>		<u>2007</u>	<u>2006</u>
	<u>2007</u>	<u>2006</u>		
<b>Assets:</b>				
Cash and investments (Note 3a):				
Local Agency Investment Fund	\$ 495,840	\$ 244,079	\$ 1,274,461	\$ 6,794,753
Receivables, net of allowance for uncollectibles:				
Accounts	95,996	80,884	-	1,053,592
Accrued interest	-	-	3,614	-
Due from other governments	-	-	3,204	2,479
Capital assets, net of accumulated depreciation (Note 3c)	72,973	-	-	-
	<u>664,809</u>	<u>324,963</u>	<u>1,281,279</u>	<u>7,850,824</u>
<b>Total assets</b>				
<b>Liabilities:</b>				
Accounts payable	70,047	1,736	1,194,852	370,932
	<u>70,047</u>	<u>1,736</u>	<u>1,194,852</u>	<u>370,932</u>
<b>Total liabilities</b>				
<b>Net assets:</b>				
Held in trust for retirement and other purposes	<u>\$ 594,762</u>	<u>\$ 323,227</u>	<u>\$ 86,427</u>	<u>\$ 7,479,892</u>

See Notes to the Financial Statements

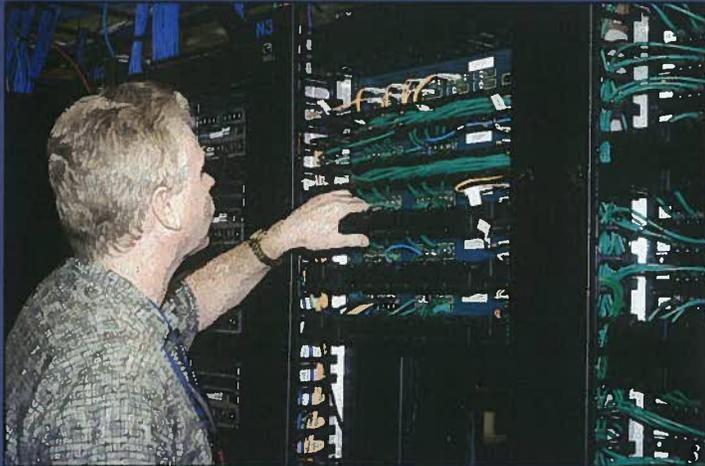
**ORANGE COUNTY FIRE AUTHORITY**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Assets**  
**Year ended June 30, 2007**  
**(With Comparative Data for Prior Year)**

	Private Purpose Trust Fund		Pension Trust Funds	
	Miscellaneous Trust		2007	2006
	2007	2006		
<b>Additions:</b>				
Contributions:				
Plan members	\$ -	\$ -	\$ 329,397	\$ 1,002,327
Other	386,209	348,510	57,050	-
<b>Total contributions</b>	<b>386,209</b>	<b>348,510</b>	<b>386,447</b>	<b>1,002,327</b>
Investment earnings:				
Interest	13	38	106,150	268,059
<b>Total investment earnings</b>	<b>13</b>	<b>38</b>	<b>106,150</b>	<b>268,059</b>
<b>Total additions</b>	<b>386,222</b>	<b>348,548</b>	<b>492,597</b>	<b>1,270,386</b>
<b>Deductions:</b>				
Benefits	-	-	7,886,062	915,627
Other	110,627	117,725	-	-
Depreciation expense (Note 3c)	4,060	-	-	-
<b>Total deductions</b>	<b>114,687</b>	<b>117,725</b>	<b>7,886,062</b>	<b>915,627</b>
Change in net assets	271,535	230,823	(7,393,465)	354,759
Net assets, beginning of year	323,227	92,404	7,479,892	7,125,133
<b>Net assets, end of year</b>	<b>\$ 594,762</b>	<b>\$ 323,227</b>	<b>\$ 86,427</b>	<b>\$ 7,479,892</b>

See Notes to the Financial Statements



# Notes to the Financial Statements



Notes to the  
Financial Statements

*Serving our Communities...*

*...Business Services*

1. Finance and Treasury personnel at the RFOTC Firefighter Memorial.
2. A Communications Services staff member checks the programming on a mobile data computer (MDC).
3. Information Technology staff inspects equipment that makes up the technical infrastructure of the OCFA.
4. Services Aides provide support to the Service Center and help in the day-to-day operations at the RFOTC.

## ORANGE COUNTY FIRE AUTHORITY

### Notes to the Financial Statements

Year ended June 30, 2007

#### **Note 1: Summary of Significant Accounting Policies**

##### **a. Description of the Reporting Entity**

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

The purpose of the OCFA is to provide for 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 city and two from the County of Orange.

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

##### **b. Financial Statement Presentation, Measurement Focus and Basis of Accounting**

###### **1. Government-wide Financial Statements**

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

The Statement of Activities demonstrates the degree to which the direct expenses of the given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to

customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

## 2. Fund Financial Statements

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

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

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

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

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

**c. Major Funds**

The OCFA reports the following major governmental funds:

- The **General Fund** is used to account for all financial activity associated with the provision of services to its member cities and unincorporated areas. Primary sources of revenue are property taxes designated for fire protection (Structural Fire Fund), cash contracts and intergovernmental reimbursements, as well as various user fees. Activities include structural, watershed and wildland fire protection; paramedic; rescue; planning and development services; hazardous materials disclosure; and hazardous materials response services.
- The **Communications & Information Systems Fund** is a special revenue fund used to account for the replacement of specialized fire communications equipment and information systems equipment.
- The **Vehicle Replacement Fund** is a special revenue fund used to account for the planned replacement of fire apparatus and vehicles.
- The **Debt Service Fund** is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. This fund was established in January 2002 after the issuance of the 2001 Revenue Bonds for the Regional Fire Operations and Training Center. It is used to track and fund semi-annual debt service payments and to maintain the required 10% debt service reserve.

Additionally, the OCFA reports the following fund types:

**Governmental Fund Types:**

- **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.
- **Capital Projects Funds** are used to account for the construction or acquisition of significant capital projects, such the replacement of sub-standard fire stations and construction of new fire stations.

**Fiduciary Fund Types:**

- **Private Purpose Trust Funds** are used to report all other trust arrangements under which principal and income benefit individuals, private organizations or other governments. The OCFA's private purpose trust fund accounts for all miscellaneous trust activity.
- **Pension Trust Funds** are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post-employment benefit plans or other employee

benefit plans. The OCFA's pension trust funds account for the cost of retired employees' medical insurance, the extra help post-employment defined benefit retirement plan and enhanced retirement benefits.

**d. Other Significant Accounting Policies**

**1. 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.

**2. 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

**3. Prepaid Costs**

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

#### 4. 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 initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or developer-contributed capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment of the OCFA are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10 - 45
Equipment	2 - 40
Vehicles	5 - 20

#### 5. 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).

#### 6. Long-Term Obligations

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

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

#### 7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by

outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## 8. 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.

### Note 2: Compliance and Accountability

The OCFA establishes accounting control through formal adoption of an annual operating budget for the governmental funds. The operating budgets are prepared on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all of the governmental funds. The adopted budget can be amended by the Board to change both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Increases and decreases in revenue and appropriations and transfers between funds require the Board of Directors' 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 fund type:

<u>Fund Type</u>	<u>Original Budget</u>	<u>Increase/ (Decrease)</u>	<u>Final Budget</u>
General Fund	\$ 221,619,312	\$ 19,195,345	\$ 240,814,657
Special Revenue Funds	25,155,989	1,062,006	26,217,995
Capital Projects Fund	3,701,439	3,995,348	7,696,787
Debt Service Fund	<u>3,664,500</u>	<u>696,280</u>	<u>4,360,780</u>
Total governmental funds	<u>\$ 254,141,240</u>	<u>\$ 24,948,979</u>	<u>\$ 279,090,219</u>

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

**Note 3: Detailed Notes**

**a. Cash and Investments**

**1. Financial Statement Presentation**

Cash and investments consist of the following as of June 30, 2007:

Cash and cash equivalents:	
Petty cash/cash on hand	\$ 11,896
Demand deposits	297,400
Short-term investments	13,976,240
Investments	<u>122,673,990</u>
Total cash and investments	<u>\$ 136,959,526</u>

Cash and investments as of June 30, 2007, are reported in the accompanying financial statements as follows:

Cash and investments:	
Governmental activities	\$ 131,020,740
Fiduciary funds:	
Private Purpose Trust Fund	495,840
Pension Trust Funds	1,274,461
Cash and investments restricted for capital projects:	
Governmental activities	<u>4,168,485</u>
Total cash and investments	<u>\$ 136,959,526</u>

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets because they are maintained in separate trustee bank accounts and their use is limited to applicable bond covenants.

The OCFA maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The OCFA has adopted an investment policy which authorizes it to invest in various investments.

**2. Demand Deposits**

At June 30, 2007, the carrying amount of the OCFA's demand deposits was \$297,400 and the bank balance was \$3,320,846. The \$3,023,446 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$100,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "agent of depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

### 3. Investments Authorized by Government Code and OCFA Investment Policy

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

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

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

#### **4. Investments Authorized by Debt Agreements**

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

- U.S. Treasury obligations
- Federal agency securities
- Money market mutual funds
- Certificates of deposit
- Investment agreements
- Commercial paper
- Local agency bonds
- Bankers acceptances, 1 year maximum maturity
- Repurchase agreements, 30 days maximum maturity (2001 Revenue Bonds)
- Local Agency Investment Fund

#### **5. 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.

#### **6. 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.

#### **7. Credit Risk**

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

Investment Type	Minimum Rating Required	Exempt from Disclosure	Rating at Year-End			Fair Value
			Aaa / AAA	P-1/A-1+	Unrated	
U.S. Treasury obligations	N/A	\$17,841,000	\$ -	\$ -	\$ -	\$ 17,841,000
Federal agency securities	N/A	-	46,835,070	-	-	46,835,070
Commercial paper	P1/A1/F1	-	-	8,924,790	-	8,924,790
Money market mutual funds	Aaa/AAA	-	2,358,864	-	-	2,358,864
LAIF	N/A	-	-	-	39,657,245	39,657,245
Held by fiscal agent:						
Federal agency securities	N/A	-	2,803,261	-	-	2,803,261
Money market mutual funds	Aaa/AAA	-	4,253,760	-	-	4,253,760
Total		<u>\$17,841,000</u>	<u>\$ 56,250,955</u>	<u>\$ 8,924,790</u>	<u>\$ 39,657,245</u>	<u>\$122,673,990</u>

## 8. 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, 2007, none of the OCFA's deposits or investments was exposed to custodial credit risk.

## 9. 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, 2007, 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, 2007, are summarized below.

<u>Issuer</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Federal National Mortgage Association (FNMA)	\$41,357,400	35.8%
UBS Finance Delaware	5,978,100	5.2%

## 10. 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, 2007, the OCFA had the following investments and maturities:

	<u>Investment Maturities (in Months)</u>			<u>Fair Value</u>
	<u>6 Months or Less</u>	<u>7 to 12 Months</u>	<u>13 to 36 Months</u>	
U.S. Treasury obligations	\$ 17,841,000	\$ -	\$ -	\$ 17,841,000
Federal agency securities:				
FNMA <sup>(1)</sup>	39,411,600	1,945,800	-	41,357,400
FHLB <sup>(2)</sup>	5,477,670	-	-	5,477,670
Commercial paper	8,924,790	-	-	8,924,790
Money market mutual funds	2,358,864	-	-	2,358,864
LAIF	39,657,245	-	-	39,657,245
Held by fiscal agent:				
Federal agency securities:				
FHLB <sup>(2)</sup>	-	-	2,803,261	2,803,261
Money market mutual funds	4,253,760	-	-	4,253,760
<b>Total</b>	<b>\$ 117,924,929</b>	<b>\$ 1,945,800</b>	<b>\$ 2,803,261</b>	<b>\$ 122,673,990</b>

<sup>(1)</sup> Federal National Mortgage Association

<sup>(2)</sup> Federal Home Loan Bank

### b. Receivables

The amounts reported as "accounts receivable, net" and "due from other governments" on the Statement of Net Assets and the Governmental Funds Balance Sheet consist of the following: (1) amounts due from cash contract cities for fire services, (2) amounts due from the state for fire protection and other services, (3) amounts due from the federal government for the assistance by hire, (4) amounts due from the Federal Emergency Management Agency (FEMA) and (5) amounts due from other governmental entities. These amounts for the governmental funds are summarized as follows (net of applicable allowance for uncollectible amounts):

	Communications			Total
	General Fund	& Information Systems	Nonmajor Governmental	Governmental Funds
Receivables:				
Accounts	\$ 2,012,979	\$ -	\$ 35,527	\$ 2,048,506
Less: allowance for uncollectibles	(105,881)	-	-	(105,881)
Net receivables - accounts	<u>\$ 1,907,098</u>	<u>\$ -</u>	<u>\$ 35,527</u>	<u>\$ 1,942,625</u>
Due from other governments:				
Fire services	\$10,071,277	\$ -	\$ 5,704	\$ 10,076,981
State	967,621	-	-	967,621
Assistance for hire	389,417	42,793	-	432,210
Total due from other governments	<u>\$11,428,315</u>	<u>\$ 42,793</u>	<u>\$ 5,704</u>	<u>\$ 11,476,812</u>

**c. Capital Assets**

Capital asset activity for the year ended June 30, 2007, was as follows:

Governmental Activities (3)	Beginning Balances, as Restated (1)	Increases (2)	Decreases	Transfers	Ending Balances
Capital assets not being depreciated:					
Land	\$ 33,647,850	\$ -	\$ -	\$ -	\$ 33,647,850
Construction in progress	9,715,199	5,489,413	(498)	(14,469,863)	734,251
Work in progress	1,045,851	324,708	-	(1,055,099)	315,460
Total capital assets not being depreciated	<u>44,408,900</u>	<u>5,814,121</u>	<u>(498)</u>	<u>(15,524,962)</u>	<u>34,697,561</u>
Capital assets being depreciated:					
Buildings	91,158,796	-	(209,841)	14,469,863	105,418,818
Equipment	24,707,621	3,606,976	(251,636)	510,785	28,573,746
Vehicles	44,732,649	1,570,779	(650,471)	544,314	46,197,271
Total capital assets being depreciated	<u>160,599,066</u>	<u>5,177,755</u>	<u>(1,111,948)</u>	<u>15,524,962</u>	<u>180,189,835</u>
Less accumulated depreciation for:					
Buildings	(11,858,332)	(2,341,246)	93,651	-	(14,105,927)
Equipment	(15,987,171)	(2,144,284)	219,577	(124,556)	(18,036,434)
Vehicles	(28,500,565)	(2,515,385)	599,298	124,556	(30,292,096)
Total accumulated depreciation	<u>(56,346,068)</u>	<u>(7,000,915)</u>	<u>912,526</u>	<u>-</u>	<u>(62,434,457)</u>
Capital assets being depreciated, net	<u>104,252,998</u>	<u>(1,823,160)</u>	<u>(199,422)</u>	<u>15,524,962</u>	<u>117,755,378</u>
Governmental activities capital assets, net	<u>\$ 148,661,898</u>	<u>\$ 3,990,961</u>	<u>\$ (199,920)</u>	<u>\$ -</u>	<u>\$ 152,452,939</u>

- (1) Beginning balances of land and buildings were restated by \$1,898,495 and \$5,400,000, respectively, to report the receipt of developer-contributed Fire Station No. 47 (Shady Canyon), which was accepted by the OCFA in May 2006.
- (2) Depreciation expense of \$7,000,915 was charged to Public Safety in the Statement of Activities.
- (3) Capital assets held by fiduciary funds are excluded from the OCFA's governmental activities. During the year ended June 30, 2007, the purchase of equipment and vehicles in the amounts of \$45,497 and \$31,536, respectively, was accounted for in the Miscellaneous Trust Fund. Depreciation expense on fiduciary equipment and vehicles was \$4,060 and \$0, respectively, resulting in net fiduciary capital assets totaling \$72,973 at June 30, 2007.

**d. Transfers**

The composition of interfund transfers for the year ended June 30, 2007, was as follows:

	Transfers In				Totals	
	General Fund	Communications & Information Systems	Vehicle Replacement	Nonmajor Governmental		
Transfers out:						
General Fund	\$ -	\$ 5,177,542	\$ 16,067,668	\$ 658,847	\$ 21,904,057	(1)
Debt Service	-	90,521	597,296	8,463	696,280	(2)
Nonmajor governmental	<u>1,750,000</u>	-	-	-	<u>1,750,000</u>	(3)
	<u>\$1,750,000</u>	<u>\$ 5,268,063</u>	<u>\$ 16,664,964</u>	<u>\$ 667,310</u>	<u>\$ 24,350,337</u>	

Transfers are used to move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them. The following transfers were made for the year ended June 30, 2007:

- (1) Transfers totaling \$21,904,057 were made from the General Fund for current and future capital improvement projects.
- (2) The 2001 Revenue Bonds were pre-funded during the year ended June 30, 2005, by transfers from other funds. Transfers representing interest earned in the amount of \$696,280 were made from the Debt Service Fund. These transfers were not required for repayment of the bonds.
- (3) Transfers in the amount of \$1,750,000 were made from the Capital Projects Fund (nonmajor governmental) to the General Fund to offset a portion of the OCFA's \$7 million contribution to the Retiree Medical Trust, as approved in the extended Memorandums of Understanding.

**e. Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2007, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Revenue bonds:					
2001 revenue bonds	\$16,670,000	\$ -	\$ (3,100,000)	\$ 13,570,000	\$ 3,205,000
Bond premium	54,439	-	(13,610)	40,829	13,610
Subtotal - 2001 revenue bonds	<u>16,724,439</u>	<u>-</u>	<u>(3,113,610)</u>	<u>13,610,829</u>	<u>3,218,610</u>
Lease purchase agreements:					
Lease purchase agreement - 2003	4,480,940	-	(1,324,695)	3,156,245	872,968
Lease purchase agreement - 2005	5,470,809	-	(762,071)	4,708,738	789,486
Subtotal - lease purchase agreements	<u>9,951,749</u>	<u>-</u>	<u>(2,086,766)</u>	<u>7,864,983</u>	<u>1,662,454</u>
Compensated absences	<u>10,082,435</u>	<u>10,888,345</u>	<u>(9,790,134)</u>	<u>11,180,646</u>	<u>2,241,847</u>
Accrued claims and judgments	<u>11,805,072</u>	<u>5,346,485</u>	<u>(4,132,821)</u>	<u>13,018,736</u>	<u>4,557,711</u>
Total governmental activities	<u>\$48,563,695</u>	<u>\$ 16,234,830</u>	<u>\$ (19,123,331)</u>	<u>\$ 45,675,194</u>	<u>\$11,680,622</u>

The accrued compensated absences are normally liquidated by the General Fund.

**f. Revenue Bonds**

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

Bonds maturing on or after September 1, 2007, are subject to redemption at the election of the OCFA, in the order of maturity directed by the OCFA and by lot within a maturity as a whole or in part, on any date on or after August 1, 2006. Redemption prices are expressed as a percentage of the principal amount of the bonds called for redemption. Bonds maturing August 1, 2006, through July 31, 2007, may be redeemed at a redemption price of 101%, plus accrued interest to the date fixed for redemption. Bonds maturing August 1, 2007, and thereafter may be redeemed at a redemption price of 100%, plus accrued interest to the date fixed for redemption.

Principal is payable annually on August 1. Interest is payable semiannually on February 1 and August 1. The 10% required reserve for the bonds was fully funded as of June 30, 2007. The amount of bonds outstanding as of June 30, 2007 was \$13,570,000.

The annual debt service payment requirements with respect to the 2001 Revenue Bonds as of June 30, 2007, are as follows:

FYE June 30	Principal	Interest	Total
2008	\$ 3,205,000	\$ 457,263	\$ 3,662,263
2009	3,325,000	339,663	3,664,663
2010	3,450,000	210,875	3,660,875
2011	3,590,000	71,800	3,661,800
Subtotal	13,570,000	1,079,601	14,649,601
Plus: Bond premium	40,829	-	40,829
Total	<u>\$ 13,610,829</u>	<u>\$ 1,079,601</u>	<u>\$ 14,690,430</u>

Arbitrage is the difference between the yield on an issuer's tax-exempt bonds and the investment income earned on the proceeds. Arbitrage restrictions imposed by the federal government prohibit an issuer from retaining arbitrage profits when investing bond proceeds at a yield that exceeds the yield on the bonds. Any excess arbitrage must be rebated to the U.S. Treasury. The OCFA is required to have an arbitrage rebate calculation performed for its 2001 Revenue Bonds every five years after the bonds are issued and to rebate any arbitrage earnings in excess of the bond yield (3.57308600%) to the federal government. No rebate liability existed on the 2001 Revenue Bonds as of June 30, 2007.

**g. Capital Lease Purchase Agreements**

**1. Lease Purchase Agreement – 2003**

On July 29, 2003, the OCFA entered into a seven-year financing agreement for \$9,147,260 Equipment Lease-Purchase Agreement with Bank of America Leasing & Capital, LLC, which bears interest rates ranging from 1.96% to 2.59%. Principal payments totaling \$1,324,695 were made during the year ended June 30, 2007. All lease proceeds and interest earnings were expended in the final disbursement request dated June 1, 2005, and the related assets have been capitalized as equipment in the government-wide financial statements. Amortization of the leased assets is included with depreciation expense.

The annual lease payment requirements with respect to the 2003 Lease Purchase Agreement as of June 30, 2007, are as follows:

FYE June 30	Principal	Interest	Total
2008	\$ 872,968	\$ 76,130	\$ 949,098
2009	895,722	53,376	949,098
2010	919,073	30,025	949,098
2011	468,482	6,067	474,549
Total	<u>\$ 3,156,245</u>	<u>\$ 165,598</u>	<u>\$ 3,321,843</u>

**2. Lease Purchase Agreement – 2005**

On November 17, 2005, the OCFA entered into an Equipment Lease-Purchase Agreement and Escrow Trust Agreement (Agreement) with Citimortgage, Inc. (Citimortgage). Under the terms of the Agreement, \$5,841,858 was deposited into an escrow account with UMB Bank, N.A. (UMB) to be used by the OCFA for the acquisition of certain equipment. As of June 30, 2007, the OCFA had purchased \$218,982 and \$1,844,604 of equipment and vehicles, respectively. The escrow account had a remaining balance of \$4,168,485, which included \$390,213 of accrued interest income earned. The balance in the escrow account was invested in money market mutual funds.

Under the terms of the Agreement, Citimortgage leased the equipment to the OCFA at an annual interest rate of 3.55%. Rental payments are payable quarterly commencing February 17, 2006, and terminating on November 17, 2012. Title to the equipment vests with the OCFA during the term of the Agreement; accordingly, the lease has been recorded as a capital lease liability of the OCFA. During the year ended June 30, 2007, the OCFA made principal payments totaling \$762,071. The outstanding balance of the capital lease liability was \$4,708,738 as of June 30, 2007.

The annual lease payment requirements with respect to the 2005 Lease Purchase Agreement as of June 30, 2007, are as follows:

<u>FYE June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 789,486	\$ 156,728	\$ 946,214
2009	817,889	128,325	946,214
2010	847,312	98,902	946,214
2011	877,796	68,416	946,212
2012	909,374	36,838	946,212
2013	466,881	6,225	473,106
Total	<u>\$ 4,708,738</u>	<u>\$ 495,434</u>	<u>\$ 5,204,172</u>

**h. Operating Leases**

The OCFA is obligated under operating lease agreements for the rental of various fire stations, including a space at the Fullerton Airport. The OCFA is also obligated under operating lease agreements for five vehicles. Future minimum lease payments under these operating leases are as follows:

<u>FYE June 30</u>	<u>Fire Stations</u>	<u>Vehicles</u>	<u>Total</u>
2008	\$ 43,155	\$ 23,930	\$ 67,085
2009	43,814	18,129	61,943
2010	21,915	1,511	23,426
Total	<u>\$ 108,884</u>	<u>\$ 43,570</u>	<u>\$ 152,454</u>

Additionally, the OCFA has an operating lease for a fire station for which there currently is no expiration date. The current monthly payment on this lease is \$2,500.

**Note 4: Other Information**

**a. Insurance**

**1. Coverage Limits**

The OCFA has purchased commercial insurance coverage for general liability, property and auto, pollution liability, aviation, public official bonds and excess coverage for the self-insured workers compensation. Coverage limits include general liability at \$1,000,000 (primary limit) and \$10,000,000 (umbrella limit); property liability at scheduled replacement cost; auto liability at \$1,000,000 per accident; pollution liability at \$2,000,000; aviation at \$20,000,000; public official bonds at \$1,000,000 each; and workers compensation excess coverage of \$250,000,000. At June 30, 2007, the OCFA had no outstanding claims which exceed insurance coverage; therefore, no claims liability has been accrued. 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.

**2. Self-Insurance**

The OCFA transitioned its program for workers' compensation insurance from Guaranteed Cost to Self-Insurance effective March 1, 2002. The OCFA's self-insurance program covers workers' compensation claims up to \$2,000,000. Workers' compensation claims in excess of the self-insured level are insured by a commercial carrier up to \$100,000,000. The OCFA utilizes the services of a third-party claims administrator for administration of workers' compensation claims.

The claims liability reported in the General Fund for workers' compensation is based on the requirements of Governmental Accounting Standards Board Statement No. 10. GASB Statement No. 10 requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. This estimated liability includes claims that have been incurred but not yet reported (IBNR's). As of June 30, 2007, claims payable amounted to \$13,018,736. The OCFA has established a designation for workers' compensation in the General Fund for \$26,492,420. A summary of changes in claims payable for the years ended June 30, 2007 and 2006, including the current and long term portions at year-end, is as follows:

	FYE June 30	
	2007	2006
Unpaid claims, beginning of fiscal year	\$ 11,805,072	\$ 11,708,132
Incurred claims (including IBNR's)	5,346,485	3,223,741
Claim payments	(4,132,821)	(3,126,801)
Unpaid claims, end of fiscal year	\$ 13,018,736	\$ 11,805,072
Less: current portion	(4,557,711)	(3,152,690)
Long-term portion	\$ 8,461,025	\$ 8,652,382

**b. Short-Term Debt**

On July 3, 2006, the OCFA issued \$24,560,000 of Tax and Revenue Anticipation Notes (TRAN) at an interest rate of 4.5% for the purpose of funding interim cash flow requirements in the General Fund. The TRAN was repaid on June 29, 2007. The interest expense relating to the TRAN for the year ended June 30, 2007, was \$1,092,920.

Governmental Activities	Beginning Balance	Additions	Payments	Ending Balance
2006-2007 TRAN	\$ -	\$ 24,560,000	\$ (24,560,000)	\$ -

**c. Jointly Governed Organization**

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

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

Separate financial statements can be obtained from the City of Anaheim, 201 South Anaheim Boulevard, Suite 300, Anaheim, California 92805. The following is summarized, unaudited financial information of OCCHMERA for the year ended June 30, 2007:

Total assets	\$ 67,662
Total liabilities	\$ 44,776
Total members equity	\$ 22,886
Total revenues	\$ 158,829
Total expenditures	\$ 158,337

**d. Retirement Plan for Full-Time Employees**

**1. Plan Description**

The OCFA participates in the Orange County Employees' Retirement System (OCERS), a cost-sharing multiple-employer, defined-benefit pension plan. OCERS was established in 1945 under the provisions of the County Employees Retirement Law of 1937, and provides members with retirement, death, disability and cost-of-living benefits. The OCFA's total payroll for the year ended June 30, 2007, was \$112,504,325, of which \$95,823,423 was covered by OCERS. OCERS issues a publicly available financial report that includes financial statements and required supplementary information. The report can be obtained from OCERS at 2223 Wellington Avenue, Santa Ana, California 92701.

**2. Funding Policy**

The OCERS pension plan covers substantially all full-time and part-time employees (over 20 hours per pay period) of the OCFA, the County of Orange and several other special districts within the County. Each of the participating entities shares proportionally in all risks and costs. One actuarial valuation is performed for OCERS as a whole and the contribution rates vary by each participating entity. The funding policy for participating agencies is to make periodic contributions to OCERS in amounts such that, when combined with employees' contributions and with investment income, will fully provide for all employees' benefits by the time they retire.

The OCFA's policy is to pay both the employer's and the employees' contributions to the plan pursuant to Government Code Sections 31581.1 and 31581.2, respectively. In addition, the OCEA members, Administrative Management members and non-suppression Executive Management members contribute towards the enhanced retirement benefit of 2.7% at age 55.

**3. Benefits**

All of the OCFA's permanent, full-time employees participate in OCERS. Employees who retire at or after age 50 with 10 or more years of service are entitled to an annual retirement allowance. The amount of the retirement allowance is based upon 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

employee's classification as a Tier I or Tier II member. Benefits fully vest on reaching five years of service. OCERS also provides death and disability benefits.

**4. Contributions**

Tier I and Tier II covered employees are required to contribute 4.28% to 14.38% and 5.93% to 14.38%, respectively, of their annual compensation to OCERS. The contribution requirement for the year ended June 30, 2007, was \$33,872,141, which consisted of \$33,753,068 for the OCFA portion and \$119,073 for the employees' portion paid by the OCFA. The OCFA's contribution represented 35.2% of covered payroll and the employees' contributions represented 0.12%.

The table below summarizes contribution information for the year ended June 30, 2007, and the prior two fiscal years. The OCFA's actual contributions were equal to 100% of the required contributions.

FYE June 30	Required and Actual Contributions			Net Pension Obligation		
	Safety	Misc.	Total	Safety	Misc.	Total
2005	\$23,501,749	\$1,990,163	\$25,491,912	\$ -	\$ -	\$ -
2006	28,553,825	1,864,642	30,418,467	-	-	-
2007	30,592,570	3,160,498	33,753,068	-	-	-

**e. Retirement Plan for Part-Time Employees**

The OCFA provides a 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.

Contributions to the plan are from the part-time employees' earnings. The amount of the contribution is determined from a formula based on the age of the employee and totaled \$27,208 for the year ended June 30, 2007. Interest is earned at an annual rate of 5% and is applied to participant balances each December 31 and June 30.

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, 2007, there were no retirees eligible to receive these benefits. If employment with the OCFA is terminated prior to retirement, the employee may be eligible to receive a lump sum distribution in lieu of any future benefits payable under the Plan. During the year ended June 30, 2007, 27 employees received lump sum payments totaling \$7,194.

**f. Defined Benefit Retiree Medical Plan – Other Post-Employment Benefits (OPEB)**

**1. 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. Following is a summary of the total Plan activity for the year ended June 30, 2007:

	(Unaudited Information)			
	OCFA Retiree Medical Fund	Accounted for by OCERS	Eliminations	Total FY 06/07 Plan Activity
<b>Contributions:</b>				
Employer (OCFA)	\$ -	\$ 7,000,000	-	\$ 7,000,000
Plan members	302,189	2,062,762	-	2,364,951
Other	<u>57,050</u>	<u>1,206,303</u>	-	<u>1,263,353</u>
Total contributions	359,239	10,269,065	-	10,628,304
<b>Investment earnings:</b>				
Interest	83,997	1,489,231	-	1,573,228
Plan assets remitted by OCFA	-	<u>7,455,593</u>	<u>(7,455,593)</u>	-
Total additions	<u>\$ 443,236</u>	<u>\$19,213,889</u>	<u>\$(7,455,593)</u>	<u>\$12,201,532</u>
<b>Benefits:</b>				
Insurance premiums	\$ 413,813	\$ 686,887	-	\$ 1,100,700
Lump sum payouts	9,462	-	-	9,462
Plan assets remitted to trust	<u>7,455,593</u>	-	<u>(7,455,593)</u>	-
Total benefits	7,878,868	686,887	(7,455,593)	1,110,162
Administrative costs	-	<u>26,822</u>	-	<u>26,822</u>
Total deductions	<u>\$7,878,868</u>	<u>\$ 713,709</u>	<u>\$(7,455,593)</u>	<u>\$ 1,136,984</u>

## 2. Funding Policy

All retirees and full-time employees hired prior to January 1, 2007, are eligible to participate in the Plan. Current, active employees are required to contribute 4% of their pay through payroll deductions to the OCFA. (Prior to September 28, 2006, the required contribution rate was 1% of pay.) The OCFA periodically remits Plan contributions to the trust administered by OCERS in amounts such that, when combined with investment income, should fully provide for all employees' benefits by the time they retire.

In addition, during the year ended June 30, 2007, the OCFA and the Orange County Professional Firefighters Association (OCPFA) made one-time contributions to the Plan in the amounts of \$7 million and \$1 million, respectively, in order to fund the portion of the Plan's unfunded liability pertaining to retirees.

During the year ended June 30, 2001, the OCFA entered into an agreement with OCERS that resulted in additional funding for the Plan via OCERS' Additional Retiree Benefit Account (ARBA) when and if there are excess earnings. The OCFA will no longer receive ARBA excess earnings after the year ended June 30, 2007, due to Plan amendments.

### 3. 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, 2007, there were 284 eligible retirees who received monthly benefits totaling \$1,100,700. Prior to the Plan revisions on September 28, 2006, employees who separated from the OCFA before reaching retirement age were eligible to receive their benefit as a lump sum payment. There were 4 lump sum payments totaling \$9,462 during the year ended June 30, 2007.

### 4. Annual OPEB Cost

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 overfunded). For the year ended June 30, 2007, the OCFA's annual OPEB cost was \$6,529,769, as determined by an actuarial valuation with a measurement date as of July 1, 2006. The OCFA's actual contributions for the same period totaled \$9,729,352, which included a one-time \$7 million contribution approved by the OCFA's Board. Following is a calculation of the OCFA's Net OPEB Asset as of June 30, 2007:

	(a)	(b)	(b/a)	(b-a)
FYE	Annual	Actual	% of Annual	Net OPEB
June 30 *	OPEB Cost	Contributions	OPEB Cost	(Obligation)
			Contributed	Asset
2007	\$6,529,769	\$9,729,352	149.0%	\$3,199,583

\* Three years will be presented as data becomes available in future fiscal years.

## 5. Funded Status and Funding Progress

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

	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/c
As of	Actuarial	Entry Age	Unfunded	Funded	Covered	UAAL as a %
July 1*	Value of	Actuarial Accrued	AAL	Ratio	Payroll	of Covered
	Assets	Liability (AAL)	(UAAL)			Payroll
2006	\$ 7,435,632	\$60,807,597	\$53,371,965	12.2%	\$95,608,358	55.8%

\* Three years will be presented as data becomes available in future fiscal years.

## 6. Actuarial Methods and Assumptions

The annual required contribution for the year ended June 30, 2007, was determined by an actuarial valuation of the Plan dated June 30, 2006. 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, 2006
- Actuarial cost method Entry age normal, level dollar
- Amortization method 30 years, closed, level dollar
- Remaining amortization period 30 years as of June 30, 2006
- Asset valuation method Market value
- Actuarial assumptions:
  - Investment rate of return / discount rate 7.75%
  - Projected salary increases 4.1% - 10.5%
  - Inflation 3.5%
  - Increase in retiree medical grant 5.0%
- Plan membership:
  - Current retirees and surviving spouses 243
  - Current active members 1,042

### g. 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 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 \$23,849 for the year ended June 30, 2007.

#### **h. Subsequent Events**

##### **1. Short-term Debt**

On July 2, 2007, the OCFA issued \$20,000,000 of Tax and Revenue Anticipation Notes (TRAN) at an interest rate of 4.0%. The TRAN matures on June 30, 2008, and was issued for the purpose of funding interim cash flow requirements in the General Fund. The OCFA has issued this short-term borrowing instrument annually for each of the last ten fiscal years.

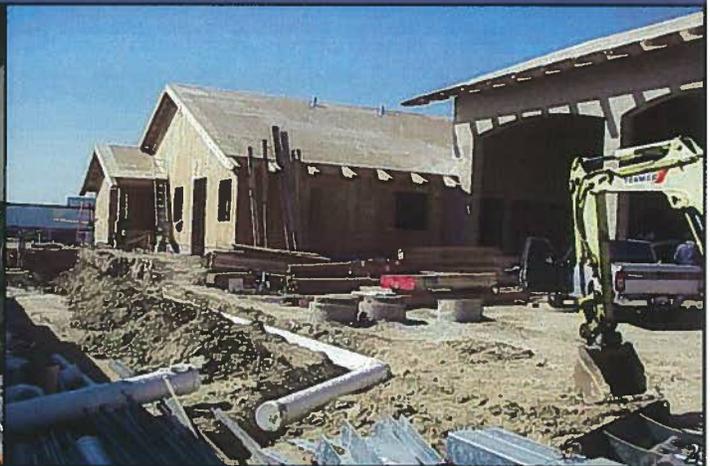
In conjunction with the issuance of the TRAN, the OCFA Board also authorized short-term interfund borrowing in the General Fund to cover projected cashflow shortfalls. On September 1, 2007, an interfund liability was established in the General Fund for amounts borrowed from the Debt Service Fund (\$9 million), the Communications & Information Systems Fund (\$10 million) and the Vehicle Replacement Fund (\$11.5 million). Amounts will be repaid with interest when General Fund revenues become available.

##### **2. Contract Commitments**

The OCFA approved the following Professional Services Agreements in August and September 2007 for projects that will be partially or fully reimbursed with grant funds:

- The OCFA approved a Professional Services Agreements with Psomas in the amount of \$573,736 to develop and implement enhancements to the Orange County Public Safety Regional GIS System. Project costs will be reimbursed to the OCFA by the State Homeland Security Grant Program (SHSGP) and the Urban Area Security Initiative (UASI) through the County of Orange.
- The OCFA approved Professional Services Agreements with FATPOT Technologies totaling \$1,350,792 to implement the Regional Automatic Vehicle Location (AVL) Project, along with its web component and interoperability portions. A portion of the project costs totaling \$1,203,792 will be reimbursed to the OCFA by the SHSGP and the UASI through the City of Anaheim.

On September 27, 2007, the OCFA approved the issuance of a purchase order to West-Mark for eleven 4x4 Wildland Fire Engines in an amount not to exceed \$3,768,404.



# Supplementary Schedules



*Serving our Communities...*

*...Support Services*

1. A Fleet Services technician performs repairs on OCFA fire apparatus.
2. Fire Station 19 in Lake Forest under construction.
3. Fire Station 29 in Dana Point was one of three new stations constructed during FY 2006-07. New stations were also placed into operation in the cities of Laguna Niguel and Lake Forest.
4. The new state-of-the-art Haz-Mat 4 is dispatched to incidents involving hazardous materials and can serve as a communications and monitoring hub.

## Major Governmental Funds

### *Special Revenue Funds*

#### **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.

### *Debt Service Fund*

#### **Debt Service**

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

**ORANGE COUNTY FIRE AUTHORITY**  
**Debt Service**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2007**  
**(With Comparative Data for Prior Year)**

	2007			Variance with Final Budget Positive (Negative)	2006
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 19,010,380	\$ 19,010,380	\$ 19,010,380	\$ -	\$ 22,073,740
<b>Resources (inflows):</b>					
Use of money and property	639,191	776,883	805,061	28,178	696,280
<b>Amounts available for appropriations</b>	<b>19,649,571</b>	<b>19,787,263</b>	<b>19,815,441</b>	<b>28,178</b>	<b>22,770,020</b>
<b>Charges to appropriation (outflows):</b>					
Principal retirement	3,100,000	3,100,000	3,100,000	-	2,995,000
Interest and fiscal charges	564,500	564,500	564,500	-	667,900
Transfers out	-	696,280	696,280	-	96,740
<b>Total charges to appropriations</b>	<b>3,664,500</b>	<b>4,360,780</b>	<b>4,360,780</b>	<b>-</b>	<b>3,759,640</b>
<b>Budgetary fund balance, June 30</b>	<b>\$ 15,985,071</b>	<b>\$ 15,426,483</b>	<b>\$ 15,454,661</b>	<b>\$ 28,178</b>	<b>\$ 19,010,380</b>

## Nonmajor Governmental Funds

### *Special Revenue Funds*

#### **Facilities Maintenance & Improvements**

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

#### **Structural Fire Entitlement**

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

### *Capital Projects Fund*

#### **Capital Projects**

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



<b>Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>	
<b>Capital Projects</b>	<b>2007</b>	<b>2006</b>
\$ 6,500,241	\$ 11,377,727	\$ 20,186,342
35,527	35,527	347,203
103,650	115,049	87,301
-	-	86,556
5,704	5,704	-
<b>\$ 6,645,122</b>	<b>\$ 11,534,007</b>	<b>\$ 20,904,585</b>
\$ 308,068	\$ 516,992	\$ 2,696,859
2,529	5,273	8,011
723,400	723,400	688,000
<b>1,033,997</b>	<b>1,245,665</b>	<b>3,392,870</b>
8,563	157,649	3,646,029
-	-	86,556
5,602,562	7,543,352	9,117,219
-	879,841	2,409,617
-	3,811	1,979
-	1,703,689	2,250,315
<b>5,611,125</b>	<b>10,288,342</b>	<b>17,511,715</b>
<b>\$ 6,645,122</b>	<b>\$ 11,534,007</b>	<b>\$ 20,904,585</b>

**ORANGE COUNTY FIRE AUTHORITY**  
**Nonmajor Governmental Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Year ended June 30, 2007**  
**(With Comparative Data for Prior Year)**

	<b>Special Revenue Funds</b>	
	<b>Facilities Maintenance &amp; Improvements</b>	<b>Structural Fire Entitlement</b>
<b>Revenues:</b>		
Intergovernmental	\$ 1,920	\$ -
Charges for services	178,797	-
Use of money and property	143,197	132,569
Miscellaneous	2,092	-
Developer contributions	-	-
<b>Total revenues</b>	<b>326,006</b>	<b>132,569</b>
<b>Expenditures:</b>		
Current - public safety:		
Salaries and benefits	-	180,807
Services and supplies	1,173,812	26,443
Capital outlay	18,810	-
Debt service:		
Principal retirement	170,323	-
Interest and fiscal charges	2,790	-
<b>Total expenditures</b>	<b>1,365,735</b>	<b>207,250</b>
Excess (deficiency) of revenues over (under) expenditures	(1,039,729)	(74,681)
<b>Other financing sources (uses):</b>		
Transfers in	667,310	-
Transfers out	-	-
<b>Total other financing sources (uses)</b>	<b>667,310</b>	<b>-</b>
Net change in fund balances	(372,419)	(74,681)
Fund balances, beginning of year	2,579,788	2,544,529
<b>Fund balances, end of year</b>	<b>\$ 2,207,369</b>	<b>\$ 2,469,848</b>

<b>Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>	
<b>Capital Projects</b>	<b>2007</b>	<b>2006</b>
\$ 22,816	\$ 24,736	\$ 70,767
-	178,797	145,183
519,910	795,676	850,177
64,010	66,102	103,612
205,578	205,578	1,942,354
<b>812,314</b>	<b>1,270,889</b>	<b>3,112,093</b>
125,503	306,310	292,950
271,104	1,471,359	1,183,150
5,441,980	5,460,790	8,608,557
-	170,323	166,670
-	2,790	6,443
<b>5,838,587</b>	<b>7,411,572</b>	<b>10,257,770</b>
(5,026,273)	(6,140,683)	(7,145,677)
-	667,310	822,327
(1,750,000)	(1,750,000)	(539,989)
<b>(1,750,000)</b>	<b>(1,082,690)</b>	<b>282,338</b>
(6,776,273)	(7,223,373)	(6,863,339)
12,387,398	17,511,715	24,375,054
<b>\$ 5,611,125</b>	<b>\$ 10,288,342</b>	<b>\$ 17,511,715</b>

**ORANGE COUNTY FIRE AUTHORITY**  
**Facilities Maintenance & Improvements**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2007**  
**(With Comparative Data for Prior Year)**

	2007			Variance with Final Budget Positive (Negative)	2006
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 2,579,788	\$ 2,579,788	\$ 2,579,788	\$ -	\$ 3,061,334
<b>Resources (inflows):</b>					
Intergovernmental	-	-	1,920	1,920	47,951
Charges for services	240,000	178,797	178,797	-	145,183
Use of money and property	94,106	131,005	143,197	12,192	104,662
Miscellaneous	-	2,092	2,092	-	19,178
Transfers in	570,146	667,310	667,310	-	542,510
<b>Amounts available for appropriations</b>	<b>3,484,040</b>	<b>3,558,992</b>	<b>3,573,104</b>	<b>14,112</b>	<b>3,920,818</b>
<b>Charges to appropriation (outflows):</b>					
Services and supplies	1,371,143	1,371,143	1,173,812	197,331	1,093,859
Capital outlay	5,446	73,946	18,810	55,136	74,058
Principal retirement	170,323	170,323	170,323	-	166,670
Interest and fiscal charges	2,790	2,790	2,790	-	6,443
<b>Total charges to appropriations</b>	<b>1,549,702</b>	<b>1,618,202</b>	<b>1,365,735</b>	<b>252,467</b>	<b>1,341,030</b>
<b>Budgetary fund balance, June 30</b>	<b>\$ 1,934,338</b>	<b>\$ 1,940,790</b>	<b>\$ 2,207,369</b>	<b>\$ 266,579</b>	<b>\$ 2,579,788</b>

**ORANGE COUNTY FIRE AUTHORITY**  
**Structural Fire Entitlement**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2007**  
**(With Comparative Data for Prior Year)**

	2007			Variance with Final Budget Positive (Negative)	2006
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 2,544,529	\$ 2,544,529	2,544,529	\$ -	2,711,015
<b>Resources (inflows):</b>					
Use of money and property	95,472	120,829	132,569	11,740	98,161
<b>Amounts available for appropriations</b>	<b>2,640,001</b>	<b>2,665,358</b>	<b>2,677,098</b>	<b>11,740</b>	<b>2,809,176</b>
<b>Charges to appropriation (outflows):</b>					
Salaries and benefits	200,665	203,461	180,807	22,654	186,808
Services and supplies	124,680	1,578,245	26,443	1,551,802	77,839
<b>Total charges to appropriations</b>	<b>325,345</b>	<b>1,781,706</b>	<b>207,250</b>	<b>1,574,456</b>	<b>264,647</b>
<b>Budgetary fund balance, June 30</b>	<b>\$ 2,314,656</b>	<b>\$ 883,652</b>	<b>\$ 2,469,848</b>	<b>\$ 1,586,196</b>	<b>\$ 2,544,529</b>

**ORANGE COUNTY FIRE AUTHORITY**  
**Capital Projects**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2007**  
**(With Comparative Data for Prior Year)**

	2007			Variance with Final Budget Positive (Negative)	2006
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 12,387,398	\$ 12,387,398	\$ 12,387,398	\$ -	\$ 18,064,683
<b>Resources (inflows):</b>					
Intergovernmental	22,816	22,816	22,816	-	22,816
Use of money and property	630,206	504,782	519,910	15,128	634,756
Miscellaneous	-	64,010	64,010	-	84,434
Developer contributions	1,427,328	895,998	205,578	(690,420)	1,942,354
Transfers in	-	-	-	-	279,817
<b>Amounts available for appropriations</b>	<b>14,467,748</b>	<b>13,875,004</b>	<b>13,199,712</b>	<b>(675,292)</b>	<b>21,028,860</b>
<b>Charges to appropriation (outflows):</b>					
Salaries and benefits	115,000	126,073	125,503	570	106,142
Services and supplies	-	271,104	271,104	-	821
Capital outlay	3,586,439	5,549,610	5,441,980	107,630	8,534,499
Transfers out	-	1,750,000	1,750,000	-	-
<b>Total charges to appropriations</b>	<b>3,701,439</b>	<b>7,696,787</b>	<b>7,588,587</b>	<b>108,200</b>	<b>8,641,462</b>
<b>Budgetary fund balance, June 30</b>	<b>\$ 10,766,309</b>	<b>\$ 6,178,217</b>	<b>\$ 5,611,125</b>	<b>\$ (567,092)</b>	<b>\$ 12,387,398</b>

## **Fiduciary Funds**

### *Pension Trust Funds*

#### **Retiree Medical**

This fund is used to account for assets held by the OCFA to defer, in part, the cost of the retired employees' medical insurance.

#### **Extra Help Retirement**

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

#### **Retirement 2.7% @ 55**

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

**ORANGE COUNTY FIRE AUTHORITY**  
**Pension Trust Funds**

**Combining Statement of Fiduciary Net Assets**

**June 30, 2007**

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

	<u>Retiree Medical</u>	<u>Extra Help Retirement</u>	<u>Retirement 2.7% @ 55</u>	<u>Total Pension Trust Funds</u>	
				<u>2007</u>	<u>2006</u>
<b>Assets:</b>					
Cash and investments:					
Local Agency Investment Fund	\$ 817,966	\$ 47,603	\$ 408,892	\$ 1,274,461	\$ 6,794,753
Receivables, net of allowance for uncollectibles:					
Accounts	-	-	-	-	1,053,592
Accrued interest	2,750	-	864	3,614	-
Due from other governments	3,204	-	-	3,204	2,479
<b>Total assets</b>	<b>823,920</b>	<b>47,603</b>	<b>409,756</b>	<b>1,281,279</b>	<b>7,850,824</b>
<b>Liabilities:</b>					
Accounts payable	823,920	-	370,932	1,194,852	370,932
<b>Total liabilities</b>	<b>823,920</b>	<b>-</b>	<b>370,932</b>	<b>1,194,852</b>	<b>370,932</b>
<b>Net assets:</b>					
Held in trust for retirement and other purposes	<u>\$ -</u>	<u>\$ 47,603</u>	<u>\$ 38,824</u>	<u>\$ 86,427</u>	<u>\$ 7,479,892</u>

**ORANGE COUNTY FIRE AUTHORITY  
Pension Trust Funds**

**Combining Statement of Changes in Fiduciary Net Assets  
Year ended June 30, 2007  
(With Comparative Data for Prior Year)**

	Retiree Medical	Extra Help Retirement	Retirement 2.7% @ 55	Total Pension Trust Funds	
				2007	2006
<b>Additions:</b>					
Contributions:					
Plan members	\$ 302,189	\$ 27,208	\$ -	\$ 329,397	\$ 1,002,327
Other	57,050	-	-	57,050	-
<b>Total contributions</b>	<b>359,239</b>	<b>27,208</b>	<b>-</b>	<b>386,447</b>	<b>1,002,327</b>
Investment earnings:					
Interest	83,997	1,440	20,713	106,150	268,059
<b>Total investment earnings</b>	<b>83,997</b>	<b>1,440</b>	<b>20,713</b>	<b>106,150</b>	<b>268,059</b>
<b>Total additions</b>	<b>443,236</b>	<b>28,648</b>	<b>20,713</b>	<b>492,597</b>	<b>1,270,386</b>
<b>Deductions:</b>					
Benefits	7,878,868	7,194	-	7,886,062	915,627
<b>Total deductions</b>	<b>7,878,868</b>	<b>7,194</b>	<b>-</b>	<b>7,886,062</b>	<b>915,627</b>
Change in net assets	(7,435,632)	21,454	20,713	(7,393,465)	354,759
Net assets, beginning of year	7,435,632	26,149	18,111	7,479,892	7,125,133
<b>Net assets, end of year</b>	<b>\$ -</b>	<b>\$ 47,603</b>	<b>\$ 38,824</b>	<b>\$ 86,427</b>	<b>\$ 7,479,892</b>



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## Orange County Fire Authority Safety Message

### Never Leave a Child Unattended in a Car

1. Never leave a child in a vehicle with the motor running or the key in the ignition.
2. Make sure all children leave the vehicle when you reach your destination.
3. Utilize businesses with drive-through services.
4. Use your debit or credit card at the gas pump.
5. Always lock your car, even in the garage or driveway.
6. Never leave keys within the reach of children.
7. Teach children never to play in, on or around cars.
8. Make it a habit to “look before you leave” before exiting any vehicle.
9. Never let children ride or play in the cargo area, trunk, or bed of any vehicle.
10. If a child is locked inside a vehicle, get him/her out as quickly as possible.



## 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**  
**Net Assets by Component**  
**Last Six Fiscal Years**  
(accrual basis of accounting)  
(dollars in thousands)

	Fiscal Year ended June 30					
	2002	2003	2004	2005	2006	2007
Governmental activities:						
Invested in capital assets, net of related debt	\$ 74,965	\$ 84,577	\$ 106,274	\$ 112,367	\$ 122,820	\$ 138,153
Restricted	21,985	2,806	6,041	21,697	18,674	15,180
Unrestricted	<u>68,108</u>	<u>91,238</u>	<u>71,361</u>	<u>59,547</u>	<u>74,568</u>	<u>93,182</u>
Total governmental activities net assets	<u>\$ 165,058</u>	<u>\$ 178,621</u>	<u>\$ 183,676</u>	<u>\$ 193,611</u>	<u>\$ 216,062</u>	<u>\$ 246,515</u>

SOURCE: OCFA CAFR's

NOTE:

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

**ORANGE COUNTY FIRE AUTHORITY**

**Changes in Net Assets  
Last Six Fiscal Years  
(accrual basis of accounting)  
(dollars in thousands)**

Governmental Activities	Fiscal Year ended June 30					
	2002	2003	2004	2005	2006	2007
<b>Expenses:</b>						
Public safety:						
Salaries and benefits	\$ 116,490	\$ 130,212	\$ 143,978	\$ 154,533	\$ 166,930	\$ 187,129
Services and supplies	23,489	18,525	26,654	26,911	25,905	27,139
Depreciation	4,694	4,921	5,614	7,281	7,277	7,001
Interest on long-term debt	2,294	1,829	1,612	1,539	1,523	1,872
Total program expenses	<u>146,967</u>	<u>155,487</u>	<u>177,858</u>	<u>190,264</u>	<u>201,635</u>	<u>223,141</u>
<b>Program revenues:</b>						
Charges for services	38,672	45,543	50,001	52,969	56,510	61,131
Operating grants and contributions	8,301	3,114	3,821	4,209	6,650	5,538
Capital grants and contributions	516	2,911	643	1,445	2,731	4,172
Total program revenues	<u>47,489</u>	<u>51,568</u>	<u>54,465</u>	<u>58,623</u>	<u>65,891</u>	<u>70,841</u>
Net revenues (expenses)	<u>(99,478)</u>	<u>(103,919)</u>	<u>(123,393)</u>	<u>(131,641)</u>	<u>(135,744)</u>	<u>(152,300)</u>
<b>General revenues:</b>						
Property taxes	105,393	113,594	122,931	138,076	152,747	166,639
Use of money and property	5,413	3,255	1,716	2,891	4,875	7,912
Gain on disposal of capital assets	-	-	1,904	-	-	-
Capital contributions	3,861	-	1,360	-	-	-
Miscellaneous	2,910	639	537	609	573	904
Total general revenues	<u>117,577</u>	<u>117,488</u>	<u>128,448</u>	<u>141,576</u>	<u>158,195</u>	<u>175,455</u>
Changes in net assets	<u>\$ 18,099</u>	<u>\$ 13,569</u>	<u>\$ 5,055</u>	<u>\$ 9,935</u>	<u>\$ 22,451</u>	<u>\$ 23,155</u>

SOURCE: OCFA CAFR's

**NOTE:**

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

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

	1998	1999	2000	2001
General Fund:				
Reserved	\$ 2,016	\$ 1,360	\$ 3,125	\$ 5,872
Unreserved	18,084	21,872	20,685	20,386
Total General Fund	<u>\$ 20,100</u>	<u>\$ 23,232</u>	<u>\$ 23,810</u>	<u>\$ 26,258</u>
All other governmental funds:				
Reserved	\$ 5,768	\$ 9,462	\$ 6,277	\$ 3,663
Unreserved, reported in:				
Special revenue funds	11,617	7,931	17,967	24,998
Capital projects funds	6,449	14,226	22,075	24,601
Debt service funds	-	-	-	-
Total all other governmental funds	<u>\$ 23,834</u>	<u>\$ 31,619</u>	<u>\$ 46,319</u>	<u>\$ 53,262</u>

Source: OCFA CAFR's

Fiscal Year ended June 30

2002	2003	2004	2005	2006	2007
\$ 1,051	\$ 1,334	\$ 1,909	\$ 1,610	\$ 2,392	\$ 1,477
<u>28,120</u>	<u>30,059</u>	<u>39,532</u>	<u>36,571</u>	<u>48,164</u>	<u>54,391</u>
<u>\$ 29,171</u>	<u>\$ 31,393</u>	<u>\$ 41,441</u>	<u>\$ 38,181</u>	<u>\$ 50,556</u>	<u>\$ 55,868</u>
\$ 43,937	\$ 19,866	\$ 7,716	\$ 13,822	\$ 12,163	\$ 14,066
22,514	15,765	16,849	17,029	32,489	46,999
16,784	23,851	21,153	9,257	8,876	5,603
<u>3,402</u>	<u>3,593</u>	<u>3,679</u>	<u>19,268</u>	<u>16,204</u>	<u>12,648</u>
<u>\$ 86,637</u>	<u>\$ 63,075</u>	<u>\$ 49,397</u>	<u>\$ 59,376</u>	<u>\$ 69,732</u>	<u>\$ 79,316</u>

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

	1998	1999	2000	2001
<b>Revenues:</b>				
Taxes	\$ 70,497	\$ 79,171	\$ 87,815	\$ 96,884
Intergovernmental	6,026	6,241	12,400	7,861
Charges for services	30,825	31,978	35,023	37,226
Use of money and property	3,092	3,263	4,172	5,973
Fines and forfeitures	14	11	-	-
Miscellaneous	2,148	5,021	2,258	1,553
Developer contributions	-	-	-	-
Total revenues	<u>112,602</u>	<u>125,685</u>	<u>141,668</u>	<u>149,497</u>
<b>Expenditures:</b>				
Current - public safety:				
Salaries and benefits	93,805	97,862	106,133	112,679
Services and supplies	13,635	14,688	15,680	17,435
Capital outlay	3,269	6,302	6,174	7,771
Debt service:				
Bond issuance costs	-	-	-	-
Principal retirement	-	-	583	967
Interest and fiscal charges	463	479	781	1,253
Total expenditures	<u>111,172</u>	<u>119,331</u>	<u>129,351</u>	<u>140,105</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,430</u>	<u>6,354</u>	<u>12,317</u>	<u>9,392</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	4,652	20,340	19,401
Transfers out	-	(4,652)	(20,340)	(19,401)
Issuance of long-term debt	-	4,563	2,959	-
Sale of capital and other assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>4,563</u>	<u>2,959</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,430</u>	<u>\$ 10,917</u>	<u>\$ 15,276</u>	<u>\$ 9,392</u>
Debt service as a percentage of noncapital expenditures	0.4%	0.4%	1.1%	1.7%
SOURCE: OCFA CAFR's				

Fiscal Year ended June 30

2002	2003	2004	2005	2006	2007
\$ 105,393	\$ 113,593	\$ 122,931	\$ 138,076	\$ 152,747	\$ 166,639
8,817	7,723	10,223	9,280	12,737	15,643
38,672	40,934	43,569	47,913	50,431	53,192
5,413	3,255	1,716	2,891	5,285	8,379
-	-	-	-	-	-
3,308	650	537	609	582	429
-	2,911	642	1,445	2,731	1,096
<u>161,603</u>	<u>169,066</u>	<u>179,618</u>	<u>200,214</u>	<u>224,513</u>	<u>245,378</u>
115,718	129,815	143,515	151,938	166,671	186,075
27,860	46,232	33,541	27,100	23,189	27,147
5,540	8,697	11,425	8,014	10,839	9,715
356	-	-	-	-	-
1,013	3,772	7,411	4,889	5,033	5,187
1,906	1,890	1,606	1,620	1,985	2,414
<u>152,393</u>	<u>190,406</u>	<u>197,498</u>	<u>193,561</u>	<u>207,717</u>	<u>230,538</u>
<u>9,210</u>	<u>(21,340)</u>	<u>(17,880)</u>	<u>6,653</u>	<u>16,796</u>	<u>14,840</u>
32,721	16,104	6,361	24,457	18,436	24,350
(32,831)	(16,104)	(6,361)	(24,457)	(18,436)	(24,350)
28,182	-	9,147	-	5,842	-
-	-	3,843	66	93	56
<u>28,072</u>	<u>-</u>	<u>12,990</u>	<u>66</u>	<u>5,935</u>	<u>56</u>
<u>\$ 37,282</u>	<u>\$ (21,340)</u>	<u>\$ (4,890)</u>	<u>\$ 6,719</u>	<u>\$ 22,731</u>	<u>\$ 14,896</u>
2.2%	3.1%	4.8%	3.5%	3.6%	3.4%

**ORANGE COUNTY FIRE AUTHORITY**  
**Assessed Value (1) and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
(dollars in thousands)

Jurisdiction	(2) SFF	(3) Cash	Fiscal Year 1997/98	Fiscal Year 1998/99	Fiscal Year 1999/00	Fiscal Year 2000/01	Fiscal Year 2001/02
Aliso Viejo (6)	x		n/a	n/a	n/a	n/a	n/a
Buena Park		x	\$ 3,686,239	\$ 3,794,461	\$ 4,066,288	\$ 4,415,981	\$ 4,708,003
Cypress	x		2,784,791	2,942,699	3,054,383	3,316,050	3,495,315
Dana Point	x		3,574,532	3,863,177	4,331,542	4,594,761	5,110,623
Irvine	x		15,632,446	16,764,523	18,296,436	20,405,359	22,710,140
Laguna Hills	x		2,832,227	3,000,149	3,239,893	3,457,927	3,782,350
Laguna Niguel	x		5,541,149	5,882,648	6,575,554	7,059,913	7,655,629
Laguna Woods (4)	x		n/a	n/a	n/a	1,394,456	1,523,257
Lake Forest	x		3,415,428	3,669,255	4,381,043	4,924,024	6,924,510
La Palma	x		889,647	937,079	992,816	1,073,145	1,126,504
Los Alamitos	x		819,819	847,209	885,552	957,159	1,008,946
Mission Viejo	x		6,478,001	6,915,714	7,575,168	8,274,317	8,836,993
Placentia		x	2,209,510	2,380,457	2,583,982	2,803,120	3,017,366
Rancho Santa Margarita (5)	x		n/a	n/a	n/a	3,878,531	4,378,109
San Clemente		x	3,969,004	4,180,181	4,615,202	5,139,411	5,886,511
San Juan Capistrano	x		2,483,338	2,713,850	3,036,299	3,304,879	3,600,312
Seal Beach		x	1,804,395	1,868,245	1,974,069	2,104,257	2,301,742
Stanton		x	993,156	1,036,760	1,080,258	1,191,968	1,253,119
Tustin		x	3,759,068	4,117,253	4,518,236	5,015,121	5,337,612
Villa Park	x		663,228	696,035	741,961	810,194	875,017
Westminster		x	3,304,810	3,444,091	3,685,811	3,947,269	4,178,647
Yorba Linda	x		4,590,060	4,849,326	5,257,654	5,635,541	6,159,074
Unincorporated	x		16,305,329	18,033,081	20,530,995	18,303,375	18,931,941
			<u>\$ 85,736,176</u>	<u>\$ 91,936,192</u>	<u>\$ 101,423,143</u>	<u>\$ 112,006,756</u>	<u>\$ 122,801,720</u>
Total SFF jurisdictions			\$ 66,009,993	\$ 71,114,744	\$ 78,899,297	\$ 87,389,631	\$ 96,118,720
Percentage change from prior year			3.34%	7.73%	10.95%	10.76%	9.99%
Total cash cities			<u>19,726,183</u>	<u>20,821,447</u>	<u>22,523,846</u>	<u>24,617,125</u>	<u>26,683,000</u>
Total assessed valuation			<u>\$ 85,736,176</u>	<u>\$ 91,936,192</u>	<u>\$ 101,423,143</u>	<u>\$ 112,006,756</u>	<u>\$ 122,801,720</u>
Total direct tax rate			0.11%	0.11%	0.11%	0.11%	0.11%

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

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

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

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

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

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

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

Jurisdiction	(2) SFF	(3) Cash	Fiscal Year 2002/03	Fiscal Year 2003/04	Fiscal Year 2004/05	Fiscal Year 2005/06	Fiscal Year 2006/07
Aliso Viejo (6)	x		\$ 4,645,701	\$ 5,223,553	\$ 5,673,714	\$ 6,176,940	\$ 6,968,167
Buena Park		x	4,992,390	5,241,607	5,651,721	6,112,028	6,750,905
Cypress	x		3,736,602	4,038,709	4,380,633	4,704,566	5,085,127
Dana Point	x		5,516,436	5,941,465	6,250,662	6,998,388	7,693,012
Irvine	x		24,858,632	26,799,741	29,634,708	33,764,042	39,280,256
Laguna Hills	x		3,967,515	4,197,860	4,508,804	4,909,424	5,313,973
Laguna Niguel	x		8,142,068	8,774,412	9,496,924	10,355,469	11,347,524
Laguna Woods (4)	x		1,608,653	1,714,358	1,793,619	1,963,825	2,118,937
Lake Forest	x		7,429,330	8,035,481	8,567,664	9,258,757	10,165,487
La Palma	x		1,155,782	1,222,653	1,304,664	1,397,213	1,509,520
Los Alamitos	x		1,055,691	1,126,237	1,221,543	1,333,656	1,416,837
Mission Viejo	x		9,330,631	9,882,639	10,514,195	11,473,222	12,449,764
Placentia		x	3,261,068	3,499,257	3,792,066	4,189,586	4,628,986
Rancho Santa Margarita (5)	x		4,718,088	5,051,504	5,502,550	5,989,888	6,575,282
San Clemente		x	6,831,696	7,738,680	8,748,299	9,999,404	11,366,168
San Juan Capistrano	x		3,824,457	4,060,793	4,424,780	4,780,297	5,260,585
Seal Beach		x	2,561,374	2,761,755	2,968,854	3,189,870	3,585,301
Stanton		x	1,332,874	1,456,875	1,590,290	1,774,670	1,972,744
Tustin		x	5,521,942	5,901,337	6,507,163	7,046,325	8,170,655
Villa Park	x		933,233	990,409	1,069,950	1,148,109	1,234,034
Westminster		x	4,439,818	4,802,251	5,188,197	5,589,577	6,215,306
Yorba Linda	x		6,587,989	7,252,943	7,938,555	8,865,186	9,969,593
Unincorporated	x		13,236,995	14,178,447	15,890,882	17,991,705	19,843,722
			<u>\$ 129,688,965</u>	<u>\$ 139,892,965</u>	<u>\$ 152,620,438</u>	<u>\$ 169,012,146</u>	<u>\$ 188,921,886</u>
Total SFF jurisdictions			\$ 100,747,802	\$ 108,491,203	\$ 118,173,848	\$ 131,110,688	\$ 146,231,820
Percentage change from prior year			4.82%	7.69%	8.92%	10.95%	11.53%
Total cash cities			<u>28,941,163</u>	<u>31,401,762</u>	<u>34,446,590</u>	<u>37,901,459</u>	<u>42,690,066</u>
Total assessed valuation			<u>\$ 129,688,965</u>	<u>\$ 139,892,965</u>	<u>\$ 152,620,438</u>	<u>\$ 169,012,146</u>	<u>\$ 188,921,886</u>
Total direct tax rate			0.11%	0.11%	0.12%	0.12%	0.11%

NOTE:

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

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

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

<u>For the Year Ended June 30</u>	<u>Overlapping County-wide Basic Levy - Operating</u>	<u>Direct Orange County - Debt Service</u>	<u>Total</u>
1998	1.00000	0.00000	1.00000
1999	1.00000	0.00000	1.00000
2000	1.00000	0.00000	1.00000
2001	1.00000	0.00000	1.00000
2002	1.00000	0.00000	1.00000
2003	1.00000	0.00000	1.00000
2004	1.00000	0.00000	1.00000
2005	1.00000	0.00000	1.00000
2006	1.00000	0.00000	1.00000
2007	1.00000	0.00000	1.00000

SOURCE: County of Orange, Auditor-Controller

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

Property Tax Payer	Fiscal Year 1997/1998			Fiscal Year 2006/2007		
	Actual Taxes Levied	Rank	Percent of Total Taxes Levied	Actual Taxes Levied	Rank	Percent of Total Taxes Levied
The Irvine Company	28,299	1	1.46%	50,787	1	1.09%
Walt Disney World Co.				30,388	2	0.65%
Irvine Apartment Communities	14,921	4	0.77%	19,409	3	0.42%
Southern California Edison Co.	16,140	2	0.83%	18,548	4	0.40%
Heritage Fields El Toro, LLC				8,424	5	0.18%
Walt Disney World Company	11,434	5	0.59%	7,547	6	0.16%
United Laguna Hills	3,432	10	0.18%	7,470	7	0.16%
Pacific Bell Tele Co.	15,431	3	0.80%	6,464	8	0.14%
Irvine Co. of W VA				5,382	9	0.12%
Irvine Community Development	6,416	7	0.33%	5,148	10	0.11%
Rockwell Semiconductor Systems	6,980	6	0.36%			
Talega Associates	6,247	8	0.32%			
W.T. Newland Estates	3,854	9	0.20%			

SOURCE: Orange County Auditor/Controller

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

For the Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collection to Date	
		Amount (1)	Percent Of Levy		Amount	Percent Of Levy
1998	\$ 72,796	\$ 71,627	98.4%	\$ 542	\$ 72,169	99.1%
1999	79,520	78,694	99.0%	817	79,511	100.0%
2000	89,194	89,107	99.9%	87	89,194	100.0%
2001	98,486	97,989	99.5%	205	98,194	99.7%
2002	108,852	106,242	97.6%	222	106,464	97.8%
2003	113,649	112,684	99.2%	256	112,940	99.4%
2004	123,841	121,829	98.4%	251	122,080	98.6%
2005	138,864	137,037	98.7%	250	137,287	98.9%
2006	154,289	151,789	98.4%	242	152,031	98.5%
2007	168,777	166,567	98.7%	446	167,013	99.0%

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

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

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

For the Year Ended June 30	Governmental Activities			Median Family Income (County of Orange) (1)	Percentage of Personal Income (2)	Population	Debt Per Capita (3)
	Revenue Bonds	Leases Purchase Agreements	Total Outstanding Debt				
1998	\$ -	\$ -	\$ -	\$ 59	n/a	1,165	n/a
1999	-	4,281	4,281	61	7032.8%	1,194	\$ 4
2000	-	6,658	6,658	65	10304.7%	1,226	5
2001	-	5,691	5,691	65	8727.5%	1,256	5
2002	28,060	4,678	32,738	66	49920.7%	1,275	26
2003	25,350	3,616	28,966	67	43019.0%	1,290	22
2004	22,555	8,147	30,702	70	43586.6%	1,309	23
2005	19,665	6,148	25,813	74	34999.3%	1,333	19
2006	16,670	9,952	26,622	77	34572.2%	1,351	20
2007	13,570	7,865	21,435	79	27021.4%	1,365	16

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

(1) Data source: Chapman University (2006 and 2007 are estimates)

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

(3) Ratio calculated using population from January 1

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

For the Year Ended June 30	Population	Assessed Value	Gross Bonded Debt	Less Amounts Available in Debt Service Fund (2)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1998 - 2001 (1)							
2002	1,275	\$122,801,720	\$28,060	\$2,806	\$25,254	0.02%	\$20
2003	1,290	129,688,965	25,350	2,806	22,544	0.02%	17
2004	1,309	139,892,965	22,555	2,806	19,749	0.01%	15
2005	1,333	152,620,438	19,665	2,806	16,859	0.01%	13
2006	1,351	169,012,146	16,670	2,806	13,864	0.01%	10
2007	1,365	188,921,886	13,570	2,806	10,764	0.01%	8

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

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

**ORANGE COUNTY FIRE AUTHORITY**  
**Computation of Direct and Overlapping Bonded Debt**  
**June 30, 2007**

2006-07 Assessed Valuation:	\$188,921,885,619
Redevelopment Incremental Valuation	<u>(15,119,937,713)</u>
Adjusted Assessed Valuation	<u>\$173,801,947,906</u>

<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	Total Debt 6/30/07	% Applicable (1)	OCFA's Share of Debt 6/30/07
Orange County Teeter Plan Obligations	\$ 123,725,000	51.021%	\$ 63,125,732
Metropolitan Water District	359,115,000	10.696	38,410,940
North Orange County Joint Community College District	238,124,001	38.474	91,615,828
Rancho Santiago Community College District	324,638,495	16.925	54,945,065
Capistrano Unified School District School Facilities Improvement District No. 1	58,134,930	99.999	58,134,349
Placentia-Yorba Linda Unified School District	92,289,003	82.226	75,885,556
Saddleback Valley Unified School District	149,760,000	100.000	149,760,000
Santa Ana Unified School District	130,951,207	28.459	37,267,404
Other School Districts	1,197,123,429	Various	145,216,969
City of San Juan Capistrano	9,340,000	100.000	9,340,000
Irvine Ranch Water District Improvement Districts	155,364,640	Various	151,751,571
Moulton-Niguel Water District Improvement Districts	53,080,000	100.000	53,080,000
Santa Margarita Water District Improvement Districts	189,710,000	100.000	189,710,000
South Coast Water District	5,355,000	65.024	3,482,035
County Community Facilities Districts	645,896,495	100.000	645,896,495
School Community Facilities Districts	828,652,486	Various	828,529,379
City and Special District Community Facilities Districts	226,880,000	100.000	226,880,000
1915 Act Bonds	963,876,169	100.000	<u>963,876,169</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<u><b>\$3,786,907,492</b></u>

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u>			
Orange County General Fund Obligations	\$597,550,000	51.021%	\$304,875,986
Orange County Pension Obligations	89,893,078	51.021	45,864,347
Orange County Board of Education Certificates of Participation	19,720,000	51.021	10,061,341
Orange County Transit District Authority	1,235,000	51.021	630,109
<b>Orange County Fire Authority</b>	<b>13,570,000</b>	<b>100.000</b>	<b>13,570,000</b>
Municipal Water District of Orange County Water Facilities Corporation	20,800,000	60.964	12,680,512
South Orange County Community College District General Fund Obligations	36,910,000	90.623	33,448,949
Unified School District General Fund Obligations	313,306,820	Various	165,842,516
Union High School Districts General Fund Obligations	84,955,000	Various	16,918,247
School District General Fund Obligations	40,095,000	Various	11,973,022
City General Fund Obligations	178,505,177	100.000	178,505,177
Orange County Sanitation District Certificates of Participation	117,705,000	35.233	41,471,003
Irvine Ranch Water District Certificates of Participation	41,600,000	84.817	35,283,872
Moulton-Niguel Water District Certificates of Participation	30,670,234	100.000	30,670,234
Other Special District General Fund Obligations	17,895,000	Various	<u>17,053,630</u>
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$918,848,945</b>
Less: Orange County Transit Authority (80% self-supporting)			(504,087)
MWDOC Water Facilities Corporation Certificates of Participation			(12,680,512)
City Obligations (self-supporting from incremental tax and sales tax revenues)			(30,025,200)
South Coast Water District (100% self-supporting)			<u>(2,584,973)</u>
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<u><b>\$873,054,173</b></u>

GROSS COMBINED TOTAL DEBT	\$4,705,756,437	(2)
NET COMBINED TOTAL DEBT	\$4,659,961,665	

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

Ratios to 2006-07 Assessed Valuation  
Total Overlapping Tax and Assessment Debt ..... 2.00%

Ratios to Adjusted Assessed Valuation  
**Combined Direct Debt (\$13,570,000)**..... **0.01%**  
Gross Combined Total Debt..... 2.71%  
Net Combined Total Debt ..... 2.68%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/07: \$0

Source: California Municipal Statistics, Inc.

**ORANGE COUNTY FIRE AUTHORITY  
Summary of Debt Capacity Schedules Not Included in the CAFR**

- 1. Computation of Legal Debt Margin**  
The Orange County Fire Authority is not subject to a legal debt margin.
  
- 2. Pledged Revenue Coverage**  
Debt of the Orange County Fire Authority is not secured by a pledged revenue stream.

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

Year	(A) Population Estimates (In Thousands)	(B) Total Personal Income (In Thousands)	Per Capita Income	(C) Unemployment Rate
1998	2,722	\$ 87,686,403	\$ 32,214	2.9
1999	2,776	93,186,500	33,569	2.7
2000	2,828	106,003,900	37,484	3.5
2001	2,926	109,010,300	37,256	4.0
2002	2,940	111,750,300	38,010	5.0
2003	2,979	116,977,800	39,267	4.8
2004	3,017	124,853,700	41,379	4.3
2005	3,057	133,332,800	43,617	3.8
2006	3,072	142,010,700	46,222	3.6
2007	3,098	148,916,000	48,067	3.6

**SOURCES:**

- (A) County of Orange Population and Housing Estimates, California Department of Finance at January 1 of each year
  - (B) Center for Economic Research, Chapman University (estimate for most recent year)
  - (C) Institute for Economic and Environmental Studies, California State University, Fullerton
- The 2007 figure is a forecast.

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

	Population by City, 1998 and 2007			Housing Units by City, 1998 and 2007		
	(A) 1998	(B) 2007	Percent Change	(A) 1998	(B) 2007	Percent Change
Aliso Viejo (1)	n/a	45,037	n/a	n/a	17,980	n/a
Buena Park	74,517	82,452	10.6%	23,760	24,209	1.9%
Cypress	47,938	49,284	2.8%	15,793	16,540	4.7%
Dana Point	36,868	36,946	0.2%	15,678	15,940	1.7%
Irvine	133,152	202,079	51.8%	47,851	74,936	56.6%
Laguna Hills	30,381	33,391	9.9%	10,571	11,153	5.5%
Laguna Niguel	57,836	66,608	15.2%	23,124	24,831	7.4%
Laguna Woods (2)	n/a	18,426	n/a	n/a	13,629	n/a
Lake Forest	58,649	78,243	33.4%	20,719	26,384	27.3%
La Palma	15,987	16,162	1.1%	5,005	5,131	2.5%
Los Alamitos	11,854	12,146	2.5%	4,527	4,409	-2.6%
Mission Viejo	94,699	98,483	4.0%	32,406	33,713	4.0%
Placentia	47,143	51,597	9.4%	14,911	16,436	10.2%
Rancho Santa Margarita (3)	n/a	49,718	n/a	n/a	16,793	n/a
San Clemente	48,242	67,373	39.7%	20,430	26,948	31.9%
San Juan Capistrano	31,071	36,452	17.3%	10,784	11,780	9.2%
Seal Beach	26,742	25,962	-2.9%	14,422	14,538	0.8%
Stanton	33,449	38,981	16.5%	11,169	11,087	-0.7%
Tustin	66,420	70,350	5.9%	23,802	25,477	7.0%
Villa Park	6,547	6,251	-4.5%	2,032	2,021	-0.5%
Westminster	84,835	92,870	9.5%	26,522	27,398	3.3%
Yorba Linda	60,255	67,904	12.7%	19,221	21,783	13.3%
Unincorporated	198,308	118,136	-40.4%	80,799	38,842	-51.9%
<b>Total:</b>						
<b>Orange County Fire Authority</b>	<b>1,164,893</b>	<b>1,364,851</b>	<b>17.2%</b>	<b>423,526</b>	<b>481,958</b>	<b>13.8%</b>

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

**DATA SOURCES:**

- (A) County of Orange Population and Housing Estimates, California Department of Finance at January 1, 1997  
 (B) County of Orange Population and Housing Estimates, California Department of Finance at January 1, 2006

**ORANGE COUNTY FIRE AUTHORITY**  
**Principal Employers**  
**Current and Nine Years Ago**

Employer	Fiscal Year 1997/1998			Fiscal Year 2006/2007		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Walt Disney Co.	12,110	2	0.89%	20,250	1	1.29%
University of California, Irvine	14,313	1	1.05%	16,374	2	1.11%
Boeing Co.	-			11,242	3	1.00%
St. Joseph Health System	5,350	5	0.39%	9,482	4	0.74%
Yum! Brands Inc.	5,101	7	0.37%	7,000	5	0.58%
AT&T Inc.	-			6,116	6	0.41%
California State University, Fullerton	-			5,337	7	0.39%
Home Depot, Inc.	-			5,200	8	0.32%
Memorial Health Services Inc.	-			4,961	9	0.31%
SuperValu Inc.	-			4,819	10	0.30%
American Stores Co.	7,709	3	0.57%			
McDonnell Douglas Corp.	5,451	4	0.40%			
Boeing Co.	5,350	5	0.39%			
BankAmerica Corp.	5,200	6	0.38%			
PepsiCo. Inc.	4,820	8	0.35%			
Ralphs Grocery Co.	4,674	9	0.34%			
Flagstar Cos. Inc.	4,313	10	0.32%			

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

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

Function/Department	Full-time and Part-time Employees as of June 30 (1)									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public safety:										
Executive management	(2)	10	40	41	44	44	44	43	44	44
Operations	(2)	809	818	841	834	834	840	852	857	866
Fire prevention	(2)	91	70	67	76	76	75	76	76	74
Support services	(2)	56	29	31	32	32	33	33	33	35
Business services	(2)	<u>53</u>	<u>66</u>	<u>66</u>	<u>76</u>	<u>76</u>	<u>68</u>	<u>67</u>	<u>74</u>	<u>75</u>
 Total public safety	 <u>1,022</u>	 <u>1,019</u>	 <u>1,023</u>	 <u>1,046</u>	 <u>1,062</u>	 <u>1,062</u>	 <u>1,060</u>	 <u>1,071</u>	 <u>1,084</u>	 <u>1,094</u>

Source:  
OCFA Budget Books

Notes:  
(1) Numbers reflect the funded positions.  
(2) Data was not maintained at the Department level prior to FY 1998-99.

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

(A)	(B)		(C)	(C)	(C)		
<u>Assessed Property Value</u>	Total		<u>Non-Residential Construction</u>	<u>Residential Construction</u>	Total		
Fiscal Year	Bank Deposits	Calendar Year	Value	Number of Units	Value	Construction Value	
1997-98	\$ 182,284,317	\$ 35,319,000	1998	\$ 1,182,095	14,345	\$ 2,333,177	\$ 3,515,272
1998-99	192,625,739	36,458,000	1999	1,796,025	12,990	2,313,190	4,109,215
1999-00	209,136,472	37,639,000	2000	1,818,791	11,905	2,152,073	3,970,864
2000-01	228,548,301	40,643,225	2001	1,748,172	11,953	2,214,626	3,962,798
2001-02	248,966,581	44,329,000	2002	1,208,626	12,020	2,328,123	3,536,749
2002-03	269,684,864	50,226,425	2003	1,005,547	9,311	2,076,976	3,082,523
2003-04	287,923,828	57,732,000	2004	1,132,848	9,322	2,243,642	3,376,490
2004-05	311,802,395	63,665,000	2005	1,494,759	7,206	2,100,436	3,595,195
2005-06	342,576,859	66,250,000	2006	1,571,184	6,773	1,956,586	3,527,770
2006-07	381,007,391	(1)	2007	2,687,231	7,459	2,054,963	4,742,194

(1) Data not available at time of publication.

SOURCES:

- (A) Auditor-Controller, County of Orange
- (B) Federal Deposit Insurance Corporation (<http://www.fdic.gov>)
- (C) The Chapman University " Economic & Business Review " (Forecasts) dated June 2007

**ORANGE COUNTY FIRE AUTHORITY**  
**Miscellaneous Statistical Information**  
**June 30, 2007**

**Date of Formation:** March 1, 1995

**Form of Government:** Joint Powers Authority,  
 State of California

**Number of Member Agencies:** 23

<b>Members:</b>	Aliso Viejo	Laguna Woods	San Juan Capistrano
	Buena Park	Lake Forest	Seal Beach
	Cypress	La Palma	Stanton
	County of Orange	Los Alamitos	Tustin
	Dana Point	Mission Viejo	Villa Park
	Irvine	Placentia	Westminster
	Laguna Hills	Rancho Santa Margarita	Yorba Linda
	Laguna Niguel	San Clemente	

**Area Served:** 551 square miles

**Population:** 1,364,851 people

**Number of Stations:** 60 (including 2 specialty stations)

<b>Equipment:</b>	<b>Engines</b>	<b>99</b>		
	Type 1 – 78 engines		Air Support Vehicles	4
	Paramedic Engine Units – 20		Airport Crash Units	4
	Paramedic Assessment Units – 25		Bull Dozers	3
	Basic Life Support Units – 33		Command Vehicles	2
	Type 2 – 13 engines		Haz Mat Response	2
	Paramedic Assessment Units – 2		Helicopters	2
	Basic Life Support Units – 11		Paramedic Vans	10
	Type 3 – 8 engines		Squad Vehicles	7
	Basic Life Support Units – 8		Water Tenders	5
	<b>Trucks</b>	<b>13</b>	Patrols	12
	Paramedic Assessment Units – 4		Swift Water Rescue	
	Basic Life Support Units – 9		Boats	4

**ORANGE COUNTY FIRE AUTHORITY**  
**Miscellaneous Statistical Information**  
**(Continued)**

**Authorized Positions (by unit):**

Firefighter Unit	780
Fire Management Unit	41
General Unit	201
Supervisory Management Unit	28
Supported Employment Unit	4
Personnel & Salary Resolution	<u>45</u>
Total Authorized Positions	<u>1,099</u>

**Emergency Response:** See pages 94 – 95

**Investigations Activity:**

Cause of Fire	Origin & Cause	Follow-up	Post Incident Inspection
Arson	77	95	1
Reckless Burning	10	12	1
Careless/Negligent	32	8	57
Accident	75	4	79
Mischievous False Alarm	0	0	1
Undetermined	14	8	1
Not Applicable	3	3	3
<b>Total</b>	<b>211</b>	<b>130</b>	<b>143</b>

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

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

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

**Planning and Development Activities:**

Total Plans Received	12,528
Total Plans Reviewed	12,508
Percentage Reviewed within Processing Goals	99.8%

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

## ORANGE COUNTY FIRE AUTHORITY

## Insurance in Force

June 30, 2007

Services	Term	Premium	Coverage Summary
<b>FAIRA</b> Carrier: American Alternative TPA: Glatfelter Claims Mgmt. General Liability/Property/Crime/ Portable Equipment/ Management Liability Excess Liability  Automobile Executive Auto Policy Rider	7/1/06 – 6/30/07	\$663,547	<b>LIMITS:</b> Primary Limit: \$1,000,000 Umbrella Limit: \$10,000,000 Total GL Program Limit: \$11,000,000 Various Deductibles Apply From \$0 - \$10,000 Guaranteed Replacement Cost Replacement Cost Not to Exceed Scheduled Value Policies include coverage for real and personal property, employment-related practices, administration of employee benefit plans, advertising, professional liability, wrongful termination, failure to promote, sexual harassment, errors and omissions and other wrongful acts not excluded.  <b>LIMITS:</b> Liability: \$1,000,000 Each Accident Uninsured Motorists: \$1,000,000 Med. Payments: \$10,000 Each Person Bodily Injury/Property Damage: No Deductible, Each Accident Comp/Collision Deductible Apply \$1,000-\$3,000
<b>Aviation</b> Carrier: Old Republic Insurance Co. Three-year rolling policy term. Premiums to remain flat subject to loss ratio under 50%	6/28/07 – 6/30/08	\$69,803	<b>LIMITS:</b> Single Limit \$20M Coverage for bodily injury, property damage, medical payments. TRIA coverage.
<b>Pollution</b> Carrier: Zurich American Insurance Co.	7/1/06 – 6/30/07	\$3,853	<b>LIMITS:</b> \$1M/\$2M Coverage for bodily injury or property damage due to release from storage tank and for costs of corrective action. Terrorism coverage included.
<b>Public Officials</b> Carrier: Hartford Fire Insurance Treasurer Finance Division Manager Chief of Business Services Clerk of the Authority	2/28/07 – 2/28/08 1/25/07 – 1/25/08 1/3/07 – 1/3/08 7/1/06 – 7/1/07	\$3,025 \$2,750 \$3,025 \$3,025	<b>LIMITS:</b> \$1M Coverage protects OCFA in the event faithful performance of duties by public officials is not carried out.
<b>Vehicle Verifier Bond</b> Carrier: Hartford Fire Insurance Fleet Services Manager Fleet Services Coordinator	5/19/07 – 5/19/08 8/28/06 – 8/28/07	\$100 \$100	Surety bond for employees responsible for verifying vehicle documentation.
<b>Excess Workers' Compensation</b> TPA: SCRMA  Excess: CSAC Excess Insurance Authority	3/1/07 – 2/28/08 3/1/07 – 7/1/08	\$514,653 \$175,834	Workers' Compensation: \$50,000,000 Subject to \$2,000,000 SIR Employer's Liability: \$5,000,000 Subject to \$2,000,000 SIR Excess Workers' Compensation: \$250,000,000 each accident/\$250,000,000 each employee for disease
<b>Occupational Medicine UCI</b>	3/1/07 – 3/31/08	\$80,000	Provides employee occupational health services.
	<b>TOTAL</b>	<b>\$1,519,715</b>	

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

**ORANGE COUNTY FIRE AUTHORITY**  
**Incidents by Major Category Definitions**

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

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

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

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

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

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

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

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

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

SOURCE: Operations Department, Orange County Fire Authority

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

For the Year Ended June 30 (1)	Fire/ Explosion	Ruptures	Rescue/ EMS	Hazmat	Service Call	Good Intent	False Alarm	Natural Disaster	Other	Total
1998	2,319	260	37,681	1,606	4,607	13,628	4,352	73	493	65,019
1999	2,326	223	39,226	1,710	4,308	12,865	4,392	1	486	65,537
2000	2,352	252	43,715	1,603	4,353	10,430	4,974	2	274	67,955
2001	2,254	224	45,525	1,754	4,803	10,082	5,472	3	103	70,220
2002	2,212	162	48,011	1,747	4,902	11,122	5,505	7	106	73,774
2003	2,158	160	48,604	1,805	4,891	10,919	4,831	5	118	73,491
2004	2,136	177	52,000	1,665	4,918	10,938	4,455	2	105	76,396
2005	1,923	169	52,348	1,559	5,246	10,990	4,434	47	552	77,268
2006	1,972	179	54,461	1,402	5,271	11,413	4,543	4	417	79,662
2007	1,860	164	50,892	1,332	4,841	9,748	4,098	2	6,340	79,277

SOURCE: Clerk of the Authority, Orange County Fire Authority

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

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

For the Year Ended June 30 (1)	1998 Total	1999 Total	2000 Total	2001 Total	2002 Total	2003 Total	2004 Total	2005 Total	2006 Total	2007 Total
Aliso Viejo (4)	n/a	n/a	n/a	n/a	1,705	1,813	1,924	1,802	1,993	1,978
Buena Park	4,948	5,070	5,041	5,063	5,350	5,439	5,346	5,530	5,368	5,395
Cypress	2,057	2,142	2,229	2,349	2,313	2,322	2,240	2,359	2,489	2,453
Dana Point	2,158	1,987	2,041	2,093	2,303	2,398	2,529	2,441	2,490	2,507
Irvine	7,614	7,738	8,119	8,755	9,190	8,833	9,293	10,341	10,797	10,942
Laguna Hills	2,069	2,022	2,067	2,197	2,242	2,238	2,512	2,211	2,373	2,424
Laguna Niguel	2,481	2,401	2,597	2,557	2,799	2,818	2,871	2,866	2,944	2,949
Laguna Woods (2)	n/a	n/a	3,481	3,700	3,772	3,670	3,949	3,955	4,300	4,223
Lake Forest	2,894	2,914	3,411	3,805	4,079	3,922	4,092	4,171	4,103	4,171
La Palma	525	540	621	563	619	648	736	761	772	798
Los Alamitos	830	872	939	917	963	984	930	971	1,012	1,052
Mission Viejo	4,510	4,489	5,010	5,351	5,630	5,573	5,845	5,577	5,809	5,763
Placentia	2,129	2,257	2,125	2,258	2,269	2,375	2,557	2,577	2,797	2,678
Rancho Santa Margarita (3)	n/a	n/a	1,275	1,593	1,790	1,786	1,773	1,914	1,946	1,828
San Clemente	2,972	2,805	2,721	3,004	3,057	3,219	3,508	3,594	3,619	3,644
San Juan Capistrano	1,909	1,896	2,219	2,196	2,253	2,116	2,340	2,418	2,452	2,446
Seal Beach	2,845	2,796	2,708	2,802	2,967	2,720	2,967	3,049	3,257	3,218
Stanton	2,296	2,244	2,252	2,503	2,483	2,495	2,419	2,307	2,368	2,372
Tustin	3,580	3,392	3,536	3,542	3,524	3,644	3,668	3,645	3,608	3,631
Villa Park	294	294	265	263	273	274	271	292	309	303
Westminster	5,116	5,094	5,333	5,377	5,460	5,525	5,618	5,798	5,950	5,782
Yorba Linda	2,065	2,182	2,300	2,371	2,510	2,563	2,653	2,676	2,814	2,815
Unincorporated	<u>11,727</u>	<u>12,402</u>	<u>7,665</u>	<u>6,961</u>	<u>6,223</u>	<u>6,116</u>	<u>6,355</u>	<u>6,013</u>	<u>6,092</u>	<u>5,905</u>
<b>Total</b>	<u>65,019</u>	<u>65,537</u>	<u>67,955</u>	<u>70,220</u>	<u>73,774</u>	<u>73,491</u>	<u>76,396</u>	<u>77,268</u>	<u>79,662</u>	<u>79,277</u>

SOURCE: Clerk of the Authority, Orange County Fire Authority

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

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

(2) Laguna Woods joined the OCFA 1/27/00 (previously reported in County unincorporated).

(3) Rancho Santa Margarita joined the OCFA upon incorporation on 3/23/00 (previously reported in County unincorporated).

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

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Number of stations	60	61	61	63	59	60	60	60	61	60
Equipment:										
Engines (1)	82	82	82	84	76	73	73	99	99	53
Trucks	14	14	14	14	13	13	13	13	13	13
Air support vehicles	2	2	2	4	4	3	4	4	2	2
Airport crash units	4	4	4	3	3	4	3	4	4	4
Bull dozers	3	3	3	2	2	3	2	2	3	3
Command vehicles	2	2	2	2	2	2	2	2	2	2
HazMat response	1	1	1	1	1	1	2	2	2	2
Helicopters	2	2	2	2	2	2	2	2	2	2
Paramedic vans	10	10	10	10	10	10	10	10	10	12
Squad vehicles	0	0	0	0	10	7	7	7	7	7
Water tenders	6	6	6	4	4	5	5	5	5	4
Patrols	9	9	9	9	9	12	12	12	12	12
Swift water rescue boats	4	4	4	4	4	4	4	4	4	4

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



**ORANGE COUNTY FIRE AUTHORITY**  
**List of Stations by Member Agency**  
**June 30, 2007**

**City of Aliso Viejo**

Station 57, 57 Journey 92656

**City of Buena Park**

Station 61, 8081 Western Ave. 90620

Station 62, 7780 Artesia Blvd. 90620

Station 63, 9120 Holder St. 90620

**City of Cypress**

Station 17, 4991 Cerritos Ave. 90630

**City of Dana Point**

Station 29, 26111 Victoria Blvd. 92624

Station 30, 23831 Stonehill Dr. 92629

**City of Irvine**

Station 4, 2 California Ave. 92612

Station 6, 3180 Barranca Pkwy. 92606

Station 26, 4691 Walnut Ave. 92604

Station 28, 17862 Gillette Ave. 92614

Station 36, 301 E. Yale Loop 92604

Station 38, 26 Parker 92618

Station 47, 47 Fossil 92603

Station 51, 18 Cushing 92618

Station 55, 4955 Portola Pkwy. 92614

**Cities of Laguna Hills and Laguna Woods**

Station 22, 24001 Paseo de Valencia 92653

**City of Laguna Niguel**

Station 5, 23600 Pacific Island Dr. 92677

Station 39, 24241 Avila Rd. 92656

Station 49, 31461 St. of the Golden Lantern 92677

**City of Lake Forest**

Station 19, 23022 El Toro Rd. 92630

Station 42, 19150 Ridgeline Rd. 92679

Station 54, 19811 Pauling Ave. 92610

**City of La Palma**

Station 13, 7822 Walker St. 90623

**City of Los Alamitos**

Station 2, 3642 Green Ave. 90720

**City of Mission Viejo**

Station 9, #9 Shops Blvd. 92691

Station 24, 25862 Marguerite Pkwy. 92692

Station 31, 22426 Olympiad Rd. 92692

**City of Placentia**

Station 34, 1530 N. Valencia 92870

Station 35, 110 S. Bradford 92870

**City of Rancho Santa Margarita**

Station 45, 30131 Aventura 92688

**City of San Clemente**

Station 50, 670 Camino de los Mares 92673

Station 59, 1030 Calle Negocio 92673

Station 60, 100 Avenida Presidio 92672

**City of San Juan Capistrano**

Station 7, 31865 Del Obispo 92675

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

**City of Seal Beach**

Station 44, 718 Central Ave. 90740  
Station 48, 3131 Beverly Manor 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. 92886  
Station 53, 25415 La Palma Ave. 92886

**County of Orange, Unincorporated**

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

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

**Specialty Stations**

Station 41, 3815 Commonwealth Ave, Fullerton 92633  
Helicopter Operations

Station 33, 366 Paularino, Costa Mesa 92626  
Aircraft Rescue Fire Fighting

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

**EXECUTIVE MANAGEMENT**

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

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

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

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

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

**Human Resources Division** – The Human Resources Division includes the following sections: Employee Relations, Organizational Training and Development, Risk Management, and Employee Benefits and Services. These sections provide programs and services designed to support the OCFA and its employees in the achievement of its mission and objectives. The employee relations program includes classification and compensation, recruitment and selection, labor negotiations and Memorandum of Understanding (MOU) administration, risk management, performance management, salary administration, health and wellness, organizational development/training, employee benefits and other areas essential to the management of the OCFA's human resources.

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

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

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

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

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

## OPERATIONS DEPARTMENT

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

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

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

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

**Emergency Communications** – The Emergency Communications Section has two primary functions. The Dispatch Center receives and dispatches emergency calls using Computer Aided Dispatching system (CAD). The mapping and geo-file group maintains the Fire Station Order File (a key component of CAD to ensure the closest emergency apparatus is sent to the emergency) and creates and distributes District Maps for use by emergency apparatus to respond to the emergency scene.

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

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

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

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

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

## FIRE PREVENTION DEPARTMENT

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

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

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

**Risk Analysis and Mitigation Evaluation** - The Risk Analysis and Mitigation Evaluation Section provides a comprehensive analysis of community risks along with an evaluation of ongoing mitigation efforts. This is done by obtaining data from a variety of sources to conduct statistical and spatial analysis of current and historical risks as well as trend analysis. In conjunction with the risk analysis, there will be an inventory and analysis of all current mitigation strategies within OCFA. Each will be categorized by responsible Section, targeted risk, targeted audience, resources needed and perceived effectiveness. Specific performance indicators for each program are being developed. Mitigation strategies research will be ongoing and will extend beyond public safety agencies to any group or activity experiencing success in reducing the current or projected risks within OCFA's jurisdiction.

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

## **BUSINESS SERVICES DEPARTMENT**

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

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

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

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

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

## **SUPPORT SERVICES DEPARTMENT**

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

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

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

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

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