

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2005



Business Services Department - Finance Division

Orange County Fire Authority
Orange County, California





ORANGE COUNTY FIRE AUTHORITY

P. O. Box 57115, Irvine, CA 92619-7115 • 1 Fire Authority Rd., Irvine, CA 92602

Chip Prather, Fire Chief

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December 5, 2005

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Orange County Fire Authority (OCFA) for the fiscal year July 1, 2004 to June 30, 2005.

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 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, and 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 ("clean") opinion that the OCFA's financial statements for the year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditor's 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

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

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.

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. On June 30, 2005, the OCFA’s authorized staffing level was 1,090 full-time positions. A total of 904 positions or 83 percent of personnel provide front-line services including emergency response, dispatch, and fire prevention. The remaining 186 positions are authorized for technical and administrative support. Also, the OCFA’s staffing levels include 390 reserve firefighter positions.

Since 1998, OCFA has used a customer satisfaction survey program to monitor the level of customer service satisfaction. In 2004/05, almost 33,000 questionnaires were distributed and 30%, or almost 10,000, were returned. The overall satisfaction rating of 97%, 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 June. The Board is required to hold a public hearing on the proposed budget and adopt a final budget no later than June 30, the close of the OCFA's fiscal year.

The appropriated budget is allocated by fund and department. Department Chiefs may make transfers of appropriations within their 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. The General Fund comparison is presented on page 21. For the remaining governmental funds with appropriated annual budgets, this comparison is presented in the Supplementary Schedules subsection of this report, which starts on page 50.

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: Real Gross Domestic Product (GDP) has been performing as anticipated. The forecast last year was that GDP was going to expand by 4.4% in 2004, which is exactly the growth experienced in the national economy. However, growth reached its zenith in the first quarter of 2004 (5.0%) with declines noted in every subsequent quarter. The forecast for 2005 remained virtually unchanged at 3.6%.¹ However, the impacts of the hurricanes, the rising cost of petroleum products, and a marked decrease in consumer confidence in September suggest further slowing of the economy.²

Unemployment, which seems to have peaked in 2002 (5.8%) and 2003 (6.0%), was 5.5% in 2004 and was previously expected to average 4.9% from 2005 to 2007.³ However, the job loss resulting from hurricanes Katrina and Rita in the Gulf States has changed those projections. Job loss related to the two hurricanes had reached 478,000 by the second week of October.⁴ At the same time, personal spending, which accounts for seventy percent of the economy, decreased by 8.9% in September, reaching its lowest level since the September 2001 terrorist attack.⁵ As a result, consumer confidence experienced its largest single-month drop in 15 years reaching its lowest level in two years.⁶

Housing construction is also expected to slow in the near future. While housing starts have been averaging 6.8% growth per year since 2001, forecasted growth in 2005 is 3.3% and -7.1% in 2006.

¹ Chapman University, Economic & Business Review – December 2004 and June 2005

² California State University, Fullerton – Economic Forecast – October 2005

³ California State University, Fullerton – Economic Forecast – October 2005

⁴ Hurricane Job Losses Increase to 478,000, Fox News - 10/20/2005

⁵ Katrina Dims Economic Outlook, Orange County Register – 10/1/05

⁶ Confidence Falls on High Energy Prices, Orange County Register – 9/28/05

Sales of existing homes are also expected to decline by 3% by the end of 2005.⁷ Over the summer, the median price of a home across the nation rose by 14.1% over last year, to an all time high of \$218,000.⁸

Over the past fiscal year, the Federal Reserve Board's goal has been twofold: to sustain economic growth and to keep inflation under control. They have been able to achieve this goal by carrying out a series of "measured" interest rate increases. The Federal Reserve started the fiscal year with a federal funds rate, the overnight bank lending rate, of 1%. It raised interest rates in twelve straight quarter-point increments taking the target federal funds rate to 4.0% by November 1, 2005. The market expects the Federal Reserve to increase the federal funds rate another 25 basis points when it meets on December 13th to end the calendar year at 4.25%.

In terms of direct impacts on the OCFA's financial condition, Federal funding accounted for slightly over 1% of the General Fund Budget. This revenue was primarily in the form of Urban Search & Rescue reimbursements, grant awards, and assistance by hire.

State Economy: The California housing market, though not spectacular as in previous years, is expected to be solid, outpacing the national market.⁹ While an average of about 200,000 new dwelling units have been added annually for the past three years, new units in 2006 are expected to drop to 170,000¹⁰. Nevertheless, many bankers, builders, and economists do not see this trend as a "housing bubble bursting", but as a rebalancing after several years of incredible growth.¹¹

The State unemployment rate, which reached an over twenty-five-year low of 5.0% in 2000, climbed to 6.8% in 2003 and began to decrease again in 2004 (6.2%)¹². With 218,000 new jobs anticipated in 2005 and 163,000 in 2006, California's unemployment rate should decrease to an average of 5.5% in those years.¹³

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

⁷ California, U.S. in a Housing "Bubble", LA Times – 12/8/04

⁸ Home Sales Slip, But Still Strong, Orange County Register – 8/24/05

⁹ California, U.S. in a Housing 'Bubble', LA Times – 12/8/04

¹⁰ Chapman University, Economic & Business Review – June 2005

¹¹ Mortgage Group Predicts Little Decline, Orange County Register – 8/25/05

¹² Bureau of Labor Statistics

¹³ California's Legislative Analyst's Office, Analysis of the 2005-06 Budget Bill

County Economy: Orange County ranks as one of the ten top counties nationwide in terms of employment, employment growth, and increase in average weekly wages.¹⁴ Unemployment in the county peaked in 2002 (5.0%) and 2003 (4.8%) and then declined to 4.3% and 3.8% the next two years. This declining unemployment rate is anticipated to continue through 2007 with approximately 20,000 new jobs added each year. Over the same period, personal income is expected to grow by 5.6% per year and taxable sales will increase by 6.0% per year.¹⁵

The most significant County economic factor impacting the OCFA is the housing market. Property taxes comprised 69% of OCFA's total revenues received in 2004/05. Over the past four years, construction has added an average of 9,800 new homes each year, and 8,300 new homes are forecast for the next two years¹⁶. The median price of an Orange County home is over \$600,000.

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

RELEVANT FINANCIAL POLICIES

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

- **Financial Stability Budget Policy** – This policy is intended to guide 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 Authority. 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 of Directors unless it is delegated by statute or Board

¹⁴ County Employment and Wages: Fourth Quarter 2004, Bureau of Labor Statistics – 7/19/05

¹⁵ California State University, Fullerton – Economic Forecast – October 2005

¹⁶ Chapman University, Economic & Business Review – June 2005

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.

MAJOR INITIATIVES FOR THE YEAR

Disaster Preparedness:

- **Emergency Preparedness Training and Community Emergency Response Teams (CERT)** – Provided assistance and coordination in emergency preparedness to staff in the cities of Aliso Viejo, Lake Forest, Laguna Hills, and Laguna Woods and established CERT courses for the public.
- **Urban Search and Rescue (USAR) Grant** – Purchased equipment to bring the USAR cache up to Federal Emergency Management Agency (FEMA) standards, provided training, and acquired vehicles to transport USAR equipment to disaster sites.
- **Weapons of Mass Destruction (WMD) Grant** – Purchased \$1.1 million in WMD equipment, provided specialized training for the USAR Task Force, and continued internal preparation measures to support WMD/Terrorism Program.

Meeting Operating Needs:

- **Staffing and Personnel**
 - ✓ The Wellness and Fitness (WEFIT) pilot program was successfully completed in October 2004. Due to its success, the WEFIT program has been included as an on-going activity.
 - ✓ One Firefighter Academy, one Engineer Academy, and one Fire Captain Academy each graduated during the fiscal year.
 - ✓ The Firefighter Trainee recruitment closed on May 31, 2005 with the receipt of over 7,500 applications.
- **Fire Stations**
 - ✓ Construction of a replacement station for Fire Station #33 (JWA) was completed and the new station was dedicated on May 12, 2005.
 - ✓ Construction of replacements for Fire Station #15 (Silverado Canyon) and Fire Station #59 (San Clemente), and new Fire Station #47 (Irvine) approached completion during the year.
 - ✓ Fire Stations #19 (Lake Forest) and #29 (Dana Point) were demolished and construction was begun on the replacement stations during the year.
- **Equipment**
 - ✓ Of the 14 fire engines ordered in 2004/05, we placed nine in service during the fiscal year and the remaining five went into service shortly thereafter.
 - ✓ One 75' quint was ordered in 2004/05 and a 100' tractor-drawn aerial (TDA) was placed in service after the end of the year.

MAJOR INITIATIVES FOR THE FUTURE

Strategic Studies:

- **Deployment Study** – The Strategic Plan calls for a study to review, validate, and/or modify the deployment of emergency resources to our member cities and the county. This study is planned for completion in 2005/06.
- **Fire Prevention Fee Study** – The fees adopted in 2002 will be reviewed to ensure that the fee structure and fees are appropriate, and to update the fees as needed.
- **In-fill Development Fee Study** – A study of our developer fee program is underway to update the fee and determine the feasibility of expanding the program to include small developments (under 100 units) and in-fill projects.
- **Information Technology Master Plan** – This study will establish strategic goals and priorities to guide IT decision-making for the next five years including the effective use of Geographic Information System (GIS) technology.
- **Fleet Management Study** – This comprehensive, independent audit of the current fleet management policy will review existing guidelines for vehicle utilization, rotation, and replacement.

When completed in 2005/06, these studies could potentially impact the financial condition of the OCFA. As recommendations are implemented from each study, revenues and cost recovery areas may be enhanced and additional expenditure needs may be identified.

Staffing and Personnel:

- As part of our succession planning strategic initiative, the following fiscal year will include:
 - ✓ Two Firefighter academies
 - ✓ One Fire Apparatus Engineer academy
 - ✓ One Fire Captain academy
 - ✓ One Battalion Chief promotional test

New Fire Station Construction:

- New Fire Station #47 (Irvine) and replacements for Fire Stations #15 (Silverado Canyon) and #59 (San Clemente) will open in 2005/06.
- Construction will continue on Fire Stations #19 (Lake Forest), #29 (Dana Point), #38 (Irvine), #39 (Laguna Niguel), and #55 (Irvine).
- During the next five years, construction is planned to commence on replacements for Fire Stations #10 (Yorba Linda) and #60 (San Clemente) along with new Fire Stations #20 (Irvine) and #56 (Ortega Valley).

Disaster Preparedness:

- Plans for 2005/06 include implementation of a regional CERT program combining several south county cities.
- The OCFA website will be enhanced to include more disaster preparedness resources, links, videos, and contacts.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Orange County Fire Authority for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2004. This was the seventh consecutive year that the OCFA has received this prestigious award. In addition, the California Society of Municipal Finance Officers (CSMFO) awarded a Certificate of Award for Outstanding Financial Reporting to the Orange County Fire Authority for its CAFR for the fiscal year ended June 30, 2004. This was the fifth consecutive year that the Orange County Fire Authority has achieved this award. In order to be awarded these Certificates, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and the applicable legal requirements.

These Certificates are valid for a period of one year only. We believe that our current CAFR continues to meet the Programs' requirements, and we are submitting it to the GFOA and CSMFO to determine its eligibility for this year's awards.

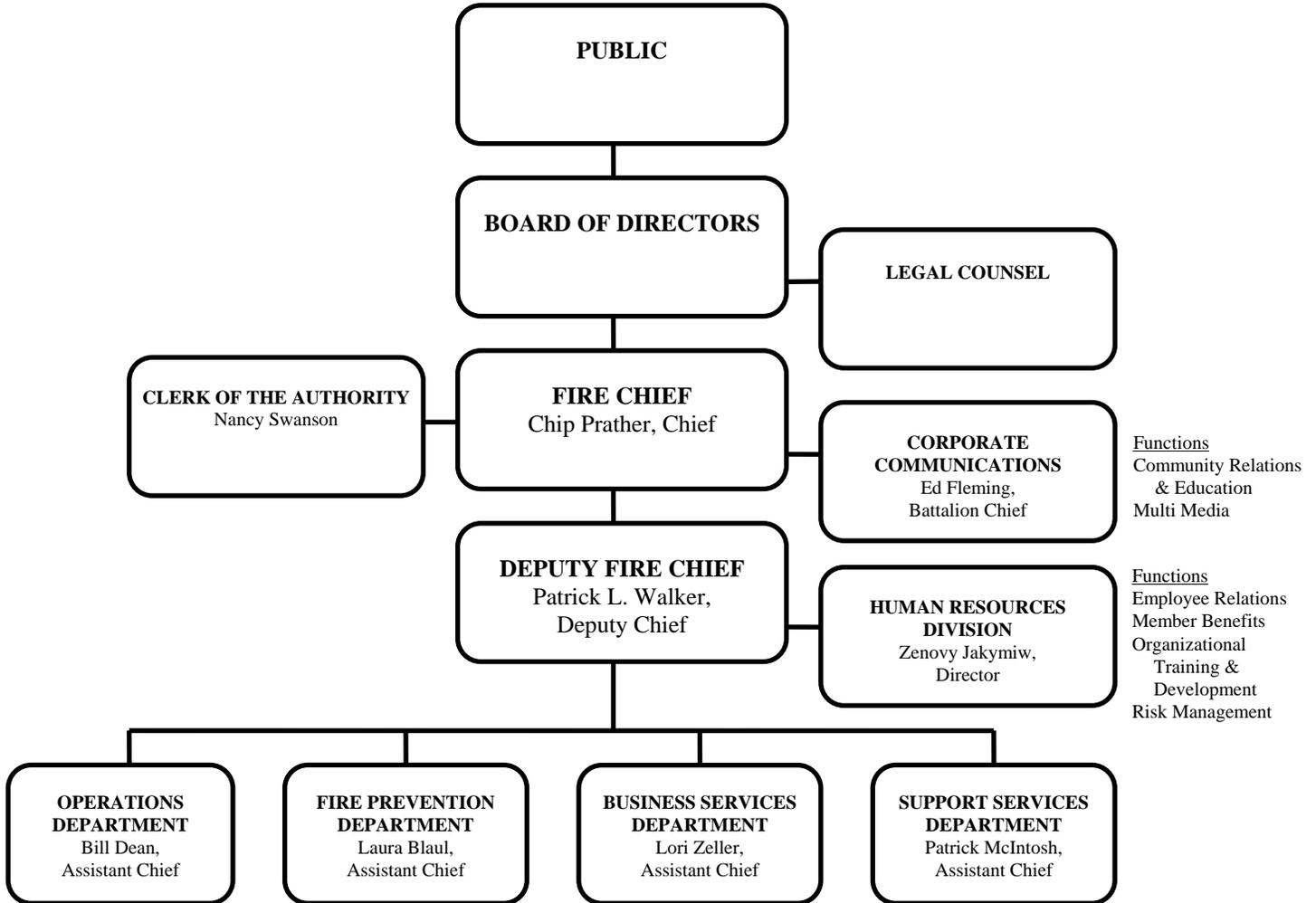
The timely preparation of the Comprehensive Annual Financial Report was made possible by the dedicated efforts of all departments of the OCFA, especially the staff of the Finance Division. We sincerely appreciate and acknowledge the support and direction provided by the accounting firm of Lance, Soll, and Lunghard, LLP in preparing the OCFA's 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
Battalions 4 & 5
Division III
Battalions 6 & 7
Division IV
Battalions 2 & 3
Division V
Community Volunteer
Services
Emergency Communications
Center
Emergency Medical Services
Emergency Planning &
Coordination
Special Operations
Training & Safety

Functions
Hazardous Materials Services
Inspection Services
Investigation Services
Planning and Development
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**
(at June 30, 2005)

Charles “Chip” Prather Fire Chief

Patrick L. Walker Deputy Fire Chief

Bill Dean Assistant Chief
Operations Department

Patrick McIntosh Assistant Chief
Support Services Department

Lori Zeller Assistant Chief
Business Services Department

Laura Blaul Assistant Chief
Fire Prevention Department

Nancy Swanson Appointed – Clerk of the Authority

Jim Ruane Appointed – Auditor

Patricia Jakubiak Appointed – Treasurer

Woodruff, Spradlin, & Smart General Counsel

ORANGE COUNTY FIRE AUTHORITY ORGANIZATION OF BOARD OF DIRECTORS

The Orange County Fire Authority Board of Directors has twenty-four members. Twenty-two of the members represent our 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, on an annual or as needed basis, makes appointments to the Committee. The following is a description of each committee.

The **Executive Committee** conducts all business of the Authority, 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 eight 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 four at-large members. At least one member of the Board of Supervisors will serve 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.

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, 2004

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.



Nancy L. Zjelle

President

Jeffrey R. Emswiler

Executive Director

*California Society of
Municipal Finance Officers*

Certificate of Award

Outstanding Financial Reporting 2003-2004

Presented to the

Orange County Fire Authority

*This certificate is issued in recognition of meeting professional standards and criteria in reporting
which reflect a high level of quality in the annual financial statements
and in the underlying accounting system from which the reports were prepared.*

February 24, 2005

Sandra S. Schmidt

Sandra Schmidt, Chair
Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management



INDEPENDENT AUDITORS' REPORT

Board of Directors
Orange County Fire Authority
Irvine, California

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Orange County Fire Authority (Authority) as of and for the year ended June 30, 2005, 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 as of June 30, 2005, and the respective changes in financial position and the respective budgetary comparison for the General 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 August 30, 2005 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 supplemental 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 supplemental statistical schedules listed in the table of contents, and we do not express an opinion on them.

Lance, Soll & Lunghard, LLP

August 30, 2005

ORANGE COUNTY FIRE AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2005.

Financial Highlights

- The assets of OCFA exceeded its liabilities by \$193,610,419. Net assets consisted of investments in capital assets, net of related debt of \$112,367,478; assets restricted for debt service of \$21,697,161; and unrestricted net assets of \$59,545,780.
- OCFA's total net assets increased by \$9,934,912. 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 of \$97,557,287, an increase of \$6,719,113 in comparison with the prior year. Out of the total ending fund balance, approximately 84% or \$82,125,212 is 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 \$36,571,082, or 21% of total general fund expenditures. A total of \$18,127,138 is designated for the Board directed 10% operating contingency, and \$14,860,909 is 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 OCFA's basic financial statements comprise 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 themselves.

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 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 11-12 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 can be divided into two categories: governmental funds and fiduciary funds.

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

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of OCFA's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The OCFA maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Capital Projects, and Debt Service Funds, all of which are considered to be major funds. Data from the other five governmental funds, which are the Facilities Maintenance and Improvements, Communications and Information Systems, Regional Fire Operations and Training Center, Vehicle Replacement, and the Structural Fire Entitlement Funds, are combined into a single, aggregated presentation located on the governmental funds statement. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* located in the Supplementary Schedules section.

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

The basic governmental fund financial statements can be found on pages 14-23 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 22-23 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 25-48 of this report.

Other information. 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 50-65 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. OCFA's net assets increased by 5.4% to \$193,610,419 from the prior year.

Orange County Fire Authority
 Net Assets

	Governmental Activities	
	FY 2004-05	FY 2003-04
Current and other assets	\$ 114,444,359	\$ 109,843,885
Capital assets	138,050,740	136,820,873
Total assets	252,495,099	246,664,758
Long-term liabilities outstanding	35,703,757	38,012,187
Other liabilities	23,180,923	24,977,064
Total liabilities	58,884,680	62,989,251
Net assets:		
Invested in capital assets, net of related debt	112,367,478	106,274,212
Restricted	21,697,161	6,040,722
Unrestricted	59,545,780	71,360,573
Total net assets	\$ 193,610,419	\$ 183,675,507

The largest portion of the OCFA's net assets (58%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. 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 taken out to acquire capital assets must be from other sources. OCFA cannot sell the assets to obtain funding.

An additional portion of the OCFA's net assets (11%) 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. The significant increase of \$15,656,439 in restricted net assets from 2003-04 primarily reflects a reallocation of reserves to the Debt Service Fund to fully prefund the future debt payments on the 2001 revenue bonds. The remaining balance of *unrestricted net assets* (\$59,545,780) may be used to meet the government's ongoing obligations to citizens and creditors.

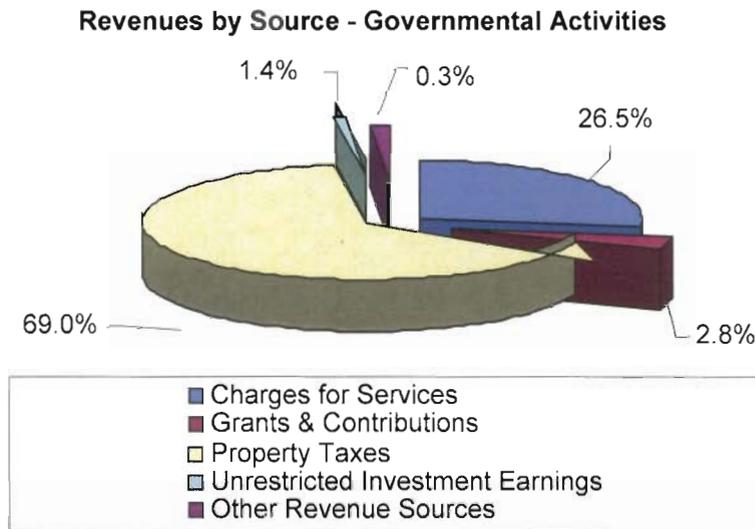
At the end of the current fiscal year, the OCFA is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

Orange County Fire Authority
Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>FY 2004-05</u>	<u>FY 2003-04</u>
Revenues:		
Program revenues:		
Charges for services	\$ 52,968,895	\$ 50,000,805
Operating grants and contributions	4,208,541	3,821,571
Capital grants and contributions	1,445,246	642,455
General revenues:		
Property taxes	138,076,307	122,930,589
Unrestricted investment earnings	2,891,248	1,716,086
Grants and Contributions not restricted	-	1,360,000
Gain (loss) on disposal of capital assets	(3,050)	1,903,942
Miscellaneous	<u>608,684</u>	<u>537,287</u>
Total revenues	<u>200,195,871</u>	<u>182,912,735</u>
Expenses:		
Salaries and benefits	154,532,819	143,977,399
Services and supplies	34,188,746	32,268,274
Interest on long term debt	<u>1,539,394</u>	<u>1,611,919</u>
Total expenses	<u>190,260,959</u>	<u>177,857,592</u>
Increase in net assets	9,934,912	5,055,143
Net assets – beginning	<u>183,675,507</u>	<u>178,620,364</u>
Net assets – ending	<u>\$ 193,610,419</u>	<u>\$ 183,675,507</u>

Governmental activities. Governmental activities increased the OCFA’s net assets by \$9,934,912. Key elements of this increase are as follows:

- Total general revenues of \$141,573,189 were 71% of total revenues of \$200,195,871. The largest general revenue, property taxes, increased by \$15,145,718 (12%) due to increased property values. Property taxes accounted for 69% of total revenues.
- Total program revenues of \$58,622,682 were 29% of total revenues of \$200,195,871. Charges for services increased by \$2,968,090 (6%), which accounted for 26% of total revenues. This reflects increases in cash contract city charges and ambulance fees.



Total expenses increased by \$12,403,367, a 7% increase from the prior year. Salaries and benefits, which account for 81% of total expenses, increased by 7% from the prior year. This increase is due to negotiated salary and benefit increases, as well as the addition of nine paramedic firefighters for service enhancements. Services and supplies, which account for 18% of total expenses, increased by 6% from the prior year. This growth is due in part to increased workers’ compensation claims.

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 \$97,557,287, an increase of \$6,719,113 in comparison with the prior year. Approximately

84% of this total amount (\$82,125,212) constitutes *unreserved fund balance*, which is available for funding future operational needs. The unreserved fund balance includes \$74,094,775, which 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. The unreserved fund balance also includes \$2,661,450 for the nonmajor special revenue funds, and the undesignated portion of \$5,368,987. The remainder (\$15,432,075) of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$12,149,248), 2) to pay debt service (\$2,806,000), or 3) for prepaid items (\$476,827).

The General Fund is the chief operating fund of the OCFA. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$36,571,082, while total fund balance reached \$38,181,107. 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. Unreserved fund balance represents 21% of total General Fund expenditures, while total fund balance represents 22% of that same amount. OCFA policy requires an operating contingency designation set at 10% of the total operating expenditures, excluding grant-funded expenditures, as modified by the Board on November 18, 2004, to provide for emergencies and economic uncertainties. Additionally, \$14,860,909 is designated for workers' compensation claims.

The fund balance of the OCFA's General Fund decreased by \$3,259,313 during the current fiscal year. The decrease is due to the policy change reducing the General Fund Contingency Reserve from 15% to 10%. This transfer from the General Fund Contingency Reserve helped to prefund the debt service for the 2001 revenue bonds in the Debt Service Fund.

The Capital Projects Fund has a total fund balance of \$18,064,683. Of that amount, \$9,333,142 has been reserved to liquidate contracts and purchase orders of the prior period. The net decrease in fund balance during the current year in the Capital Projects Fund was \$2,679,778.

The Debt Service Fund has a total fund balance of \$22,073,740 of which \$2,806,000 is reserved for debt service. The net increase in fund balance during the current year in the Debt Service Fund was \$15,589,176, which was a direct result of the prefunding the 2001 Revenue Bond debt as mentioned previously.

General Fund Budgetary Highlights

Total appropriations increased during this fiscal year by \$15,631,066, and can be briefly summarized as follows:

- \$ 1,451,998 in increases to salaries and benefits
- \$ 355,970 in decreases to services and supplies
- \$ 335,026 in increases to capital outlay
- \$ 333,143 in increases to interest and fiscal charges
- \$ 13,866,869 in increases to transfers out

Of this increase, \$2,992,168 was funded from increased property taxes. The increase in transfers out reflects the transfer of \$13,160,711 to the Debt Service Fund to prepay the 2001 Revenue Bonds. This was funded primarily by the change in General Fund reserves as mentioned previously.

Capital Asset and Debt Administration

Capital assets. The OCFA's investment in capital assets for its government activities as of June 30, 2005 amounts to \$138,050,740 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, vehicles and construction in progress. The total increase in the OCFA's capital assets for the current fiscal year was 1%.

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

- Construction began for the replacement of several fire stations; construction in progress at the close of the fiscal year had reached \$1.6 million for these projects.
- Various fire engines and trucks were replaced, increasing our vehicle assets to \$16.2 million.
- Various fire engines and trucks are also in the process of being outfitted for operation, thereby increasing our work-in-process for equipment to \$2.2 million.

Additional information of the OCFA's capital assets can be found in note 4c on page 39 of this report.

Orange County Fire Authority
Capital Assets
(Net of accumulated depreciation)

	Governmental Activities	
	FY 2004-05	FY 2003-04
Land	\$ 30,387,115	\$ 30,387,115
Buildings	75,807,410	76,976,406
Equipment	10,988,289	12,935,823
Vehicles	16,161,795	15,499,533
Work-in-progress equipment	2,226,597	157,946
Construction in progress	2,479,534	864,050
Total	\$ 138,050,740	\$ 136,820,873

Long-term debt. At the end of the fiscal year, the OCFA had total bonded debt outstanding (including premium) of \$19,733,049. This amount represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

Orange County Fire Authority
Outstanding Debt
Revenue Bonds

	<u>Governmental Activities</u>	
	<u>FY 2004-05</u>	<u>FY 2003-04</u>
2001 Regional Fire Operations & Training Center Revenue Bonds (includes premium)	<u>\$ 19,733,049</u>	<u>\$ 22,636,659</u>

The OCFA's total long-term debt decreased by \$2,308,430 (6%) during the current fiscal year. The net decrease includes debt payments made of \$13.9 million, offset by an increase in compensated absences of \$11.6 million due to additional sick leave payout options for employees upon termination.

Additional information on the OCFA's long-term debt can be found in Note 4 e-g on pages 40-42 of this report.

Next Year's Budget

The 2005-06 General Fund adopted expenditure budget is \$193.3 million, which is a 7% increase over the 2004-05 budget. The increase includes the impact of salary increases authorized by existing Memorandums of Understanding (MOUs) with all bargaining units and updated employee benefit rates. The opening of the new station 47 in Irvine requires the addition of three new firefighter positions, and the funding of three fire captains and three fire apparatus engineer positions that were previously frozen. Staffing changes in San Clemente also require the addition of one firefighter position per the service agreement related to engine 60. The General Fund budget is balanced and also provides operating transfers of \$7.5 million to the other funds.

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, CA 92602.

ORANGE COUNTY FIRE AUTHORITY

STATEMENT OF NET ASSETS
JUNE 30, 2005

	Governmental Activities
Assets:	
Cash and investments:	\$ 101,522,234
Receivables:	
Accounts, net	2,811,818
Accrued interest	322,097
Prepaid costs	476,827
Deferred bond issuance costs	197,797
Due from other governments	8,751,272
Restricted Assets:	
Cash and investments	362,314
Capital assets not being depreciated	35,093,247
Capital assets, net of depreciation	102,957,493
Total Assets	252,495,099
Liabilities:	
Accounts payable	4,194,135
Accrued liabilities	6,827,077
Accrued interest	376,579
Unearned revenues	75,000
Accrued claims and judgments	11,708,132
Noncurrent liabilities:	
Due within one year	6,428,538
Due in more than one year	29,275,219
Total Liabilities	58,884,680
Net Assets:	
Invested in capital assets, net of related debt	112,367,478
Restricted for:	
Debt service	21,697,161
Unrestricted	59,545,780
Total Net Assets	\$ 193,610,419

See Notes to Financial Statements

ORANGE COUNTY FIRE AUTHORITY

STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2005

	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
				Governmental Activities	
Functions/Programs					
Primary Government:					
Governmental Activities:					
Salaries and benefits	\$ 154,532,819	\$ 46,948,046	\$ 3,392,258	\$ -	\$ (104,192,515)
Services and supplies	34,188,746	6,020,849	816,283	1,445,246	(25,906,368)
Interest on long-term debt	1,539,394	-	-	-	(1,539,394)
Total Governmental Activities	\$ 190,260,959	\$ 52,968,895	\$ 4,208,541	\$ 1,445,246	(131,638,277)
General Revenues:					
Taxes:					
Property taxes, levied for general purpose					138,076,307
Use of money and property					2,891,248
Gain/(Loss) on sale of capital assets					(3,050)
Miscellaneous					608,684
Total General Revenues					141,573,189
Change in Net Assets					9,934,912
Net Assets at Beginning of Year					183,675,507
Net Assets at End of Year					\$ 193,610,419

See Notes to Financial Statements

ORANGE COUNTY FIRE AUTHORITY
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2005

	<u>General</u>	<u>Capital Projects Fund Capital Projects</u>
Assets:		
Pooled cash and investments	\$ 41,692,354	\$ 18,235,820
Receivables:		
Accounts, net	1,812,708	169,699
Accrued interest	54,730	121,410
Prepaid costs	476,827	-
Due from other governments	8,133,056	35,577
Restricted assets:		
Cash and investments	-	-
Total Assets	<u>\$ 52,169,675</u>	<u>\$ 18,562,506</u>
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable	\$ 1,583,903	\$ 420,035
Accrued liabilities	6,811,602	2,788
Deferred revenues	15,886	-
Claims payable	5,577,177	-
Unearned revenues	-	75,000
Total Liabilities	<u>13,988,568</u>	<u>497,823</u>
Fund Balances:		
Reserved:		
Reserved for encumbrances	1,133,198	9,333,142
Reserved for debt service	-	-
Reserved for prepaid costs	476,827	-
Unreserved:		
Unreserved, reported in nonmajor:		
Special revenue funds	-	-
Designated for developer contribution	-	200,000
Designated for capital improvement program	-	8,233,288
Designated for workers compensation	14,860,909	-
Designated for operating contingency	18,127,138	-
Designated for debt service	-	-
Undesignated	3,583,035	298,253
Total Fund Balances	<u>38,181,107</u>	<u>18,064,683</u>
Total Liabilities and Fund Balances	<u>\$ 52,169,675</u>	<u>\$ 18,562,506</u>

See Notes to Financial Statements

Debt Service Fund Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 22,046,205	\$ 19,547,855	\$ 101,522,234
-	829,411	2,811,818
27,535	118,422	322,097
-	-	476,827
-	582,639	8,751,272
-	362,314	362,314
\$ 22,073,740	\$ 21,440,641	\$ 114,246,562
-	2,190,197	4,194,135
-	12,687	6,827,077
-	-	15,886
-	-	5,577,177
-	-	75,000
-	2,202,884	16,689,275
-	1,682,908	12,149,248
2,806,000	-	2,806,000
-	-	476,827
-	2,661,450	2,661,450
-	-	200,000
-	13,415,188	21,648,476
-	-	14,860,909
-	-	18,127,138
19,258,252	-	19,258,252
9,488	1,478,211	5,368,987
22,073,740	19,237,757	97,557,287
\$ 22,073,740	\$ 21,440,641	\$ 114,246,562

ORANGE COUNTY FIRE AUTHORITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2005

Fund balances of governmental funds	\$ 97,557,287
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	138,050,740
Long-term debt, claims and judgments, and compensated absences from the General Long-Term Debt Account Group have not been included in the governmental fund activity:	
Long-term debt and compensated absences	(35,703,757)
Long-term accrued claims and judgments	(6,130,955)
Accrued interest payable for the current portion of interest due on Revenue Bonds has not been reported in the governmental funds.	(376,579)
Bond issuance costs are expended in the governmental funds, but are capitalized in the statement of net assets.	197,797
Revenues are deferred in the governmental funds per GASB 33 requirements, but the revenues are recognized as earned in the statement of net assets.	15,886
Net assets of governmental activities	\$ 193,610,419

See Notes to Financial Statements

ORANGE COUNTY FIRE AUTHORITY

STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2005

	General	Capital Projects Fund
	<u>General</u>	<u>Capital Projects</u>
Revenues:		
Taxes	\$ 138,076,307	\$ -
Intergovernmental	8,443,015	112,578
Charges for services	47,673,857	-
Use of money and property	1,593,656	455,724
Miscellaneous	402,336	41,519
Developer contributions	-	625,366
	<u>196,189,171</u>	<u>1,235,187</u>
Total Revenues		
Expenditures:		
Current:		
Salaries and benefits	151,493,864	93,887
Services and supplies	24,718,049	7,230
Capital outlay	315,180	1,721,589
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	659,513	-
	<u>177,186,606</u>	<u>1,822,706</u>
Total Expenditures		
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>19,002,565</u>	<u>(587,519)</u>
Other Financing Sources (Uses):		
Transfers in	-	-
Transfers out	(22,328,425)	(2,092,259)
Sale of capital assets	66,547	-
	<u>(22,261,878)</u>	<u>(2,092,259)</u>
Total Other Financing Sources (Uses)		
Net Change in Fund Balances	<u>(3,259,313)</u>	<u>(2,679,778)</u>
Fund Balances, Beginning of Year	<u>41,440,420</u>	<u>20,744,461</u>
Fund Balances, End of Year	<u>\$ 38,181,107</u>	<u>\$ 18,064,683</u>

See Notes to Financial Statements

Debt Service Fund Debt Service	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 138,076,307
-	723,905	9,279,498
-	239,128	47,912,985
299,865	542,003	2,891,248
-	164,829	608,684
-	819,880	1,445,246
299,865	2,489,745	200,213,968
-	350,539	151,938,290
-	2,374,917	27,100,196
-	5,976,531	8,013,300
2,890,000	1,999,349	4,889,349
773,700	187,054	1,620,267
3,663,700	10,888,390	193,561,402
(3,363,835)	(8,398,645)	6,652,567
18,953,011	5,504,014	24,457,025
-	(36,341)	(24,457,025)
-	-	66,547
18,953,011	5,467,673	66,547
15,589,176	(2,930,972)	6,719,113
6,484,564	22,168,729	90,838,174
\$ 22,073,740	\$ 19,237,757	\$ 97,557,287

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, 2005

Net change in fund balances - total governmental funds	\$ 6,719,113
Amounts reported for governmental activities differ from the amounts reported in the statement of activities because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,299,464
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net assets.	(69,597)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	4,889,349
Accrued interest for Revenue Bonds. This is the net change in accrued interest for the current period.	67,263
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds.	(2,594,529)
Expenses for the amortization of deferred bond issuance costs, bond premium, and accrued claim and judgment are reported in the statement of activities, but do not require the use of current financial resources, and are therefore not reported as expenditures in governmental funds.	(361,104)
Revenues are deferred in the governmental funds per GASB 33 requirements, but the revenues are recognized as earned in the statement of net assets.	
Prior year deferred revenues recognized as revenue in governmental funds	(30,933)
Current year deferred revenues per GASB 33	15,886
Change in net assets of governmental activities	<u>\$ 9,934,912</u>

See Notes to Financial Statements

ORANGE COUNTY FIRE AUTHORITY
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2005

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, as restated	\$ 41,440,420	\$ 41,440,420	\$ 41,440,420	\$ -
Resources (Inflows):				
Taxes	132,157,233	135,149,401	138,076,307	2,926,906
Intergovernmental	6,436,313	8,560,452	8,443,015	(117,437)
Charges for services	47,084,354	47,671,837	47,673,857	2,020
Use of money and property	1,661,087	1,570,511	1,593,656	23,145
Miscellaneous	362,456	402,509	468,883	66,374
Amounts Available for Appropriations	<u>229,141,863</u>	<u>234,795,130</u>	<u>237,696,138</u>	<u>2,901,008</u>
Charges to Appropriation (Outflow):				
Salaries and benefits	150,419,686	151,871,684	151,493,864	377,820
Services and supplies	29,239,692	28,883,722	24,718,049	4,165,673
Capital outlay	320,890	655,916	315,180	340,736
Interest and fiscal charges	326,370	659,513	659,513	-
Transfers out	8,461,556	22,328,425	22,328,425	-
Total Charges to Appropriations	<u>188,768,194</u>	<u>204,399,260</u>	<u>199,515,031</u>	<u>4,884,229</u>
Budgetary Fund Balance, June 30	<u>\$ 40,373,669</u>	<u>\$ 30,395,870</u>	<u>\$ 38,181,107</u>	<u>\$ 7,785,237</u>

*See Notes to Financial Statements

ORANGE COUNTY FIRE AUTHORITY
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2005

	<u>Miscellaneous Trust</u>	<u>Pension Trust Funds</u>
Assets:		
Receivables, net of allowance for uncollectibles:		
Accounts	\$ 12,700	\$ 853,661
Due from other governments	-	7,170
Investments, at fair value:		
Local Agency Investment Fund	153,444	6,721,459
Total Assets	<u>166,144</u>	<u>7,582,290</u>
Liabilities:		
Accounts payable	12,261	457,157
Deposits	61,479	-
Total Liabilities	<u>73,740</u>	<u>457,157</u>
Net Assets:		
Held in trust for retirement and other purposes	<u>\$ 92,404</u>	<u>\$ 7,125,133</u>

See Notes to Financial Statements

ORANGE COUNTY FIRE AUTHORITY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
JUNE 30, 2005

	Miscellaneous Trust	Pension Trust Funds
Additions:		
Contributions:		
Plan members	\$ -	\$ 2,284,178
Other	255,621	-
Total Contributions	255,621	2,284,178
Investment earnings:		
Interest	14,666	150,787
Total Investment Earnings	14,666	150,787
Total Additions	270,287	2,434,965
Deductions:		
Benefits	-	1,458,953
Other	301,348	-
Total Deductions	301,348	1,458,953
Change in Net Assets	(31,061)	976,012
Net Assets - Beginning of the Year	123,465	6,149,121
Net Assets - End of the Year	\$ 92,404	\$ 7,125,133

See Notes to Financial Statements

ORANGE COUNTY FIRE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

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 (Authority). Since the creation of the Authority, the Cities of Aliso Viejo, Laguna Woods, Rancho Santa Margarita and Westminster joined the Authority as members eligible for fire protection services.

The purpose of the Authority 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 Authority's governing board consists of one representative from each city and two from the County of Orange.

The operations of the Authority 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 Authority. The cash contract cities make cash contributions based on the Authority's annual budget. Upon dissolution, all surplus money and property of the Authority shall be conveyed or distributed to each member in proportion to all funds provided to the Authority by that member or by the County on behalf of that member during its membership. Each member shall execute any instruments of conveyance necessary to effectuate such distribution or transfer.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities), report information on all of the nonfiduciary activities of the Authority. 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 or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment (allocated to function based on actual revenues and expenditures), and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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.

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as 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. For this purpose, the Authority 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 Authority uses a period greater than 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual 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 Authority.

The Authority reports the following major governmental funds:

The **General Fund** is used to account for all financial activity associated with the provision of services to our member cities and unincorporated areas. Primary sources of revenue are property taxes designated for fire protection (Structural Fire Fund), cash contracts, 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 **Capital Projects Fund** is for capital expenditures requirements such as replacing sub-standard fire stations, constructing new fire stations and seismic upgrade projects. Significant funding sources include interest earnings, sales of assets and contributions or reimbursements from developers responsible for a share of new fire station development costs.

The **Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Additionally, the Authority reports the following 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.

Fiduciary Funds:

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.

Private Purpose Trust Funds are used to report all other trust arrangements under which principal and income benefit individuals, private organizations or other governments.

Amounts reported as program revenues include: (1) charges to members, customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

d. Assets, Liabilities, and Net Assets

1. Deposits and Investments

The Authority'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 for the Authority are reported at fair value. The Authority'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.

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 No. 31.

2. Receivables

All accounts receivable are shown net of an allowance for uncollectibles.

Property taxes for fiscal year 2004-2005 attach as an enforceable lien on property as of January 1. Taxes are levied on the fourth Monday of September and are payable in two installments on November 1 and February 1, and are considered to be delinquent if unpaid on December 10 and April 10. The County of Orange bills and collects the property taxes and distributes them to the Authority in installments during the year. Authority property tax revenues are recognized when levied, to the extent that they result in current receivables in accordance with GASB Cod. Sec. P70.

3. Prepaid Items

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

4. Capital Assets

Capital assets which include property, plant and equipment assets are reported in the government-wide financial statements. Capital assets are defined by the Authority 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 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 Authority is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10 - 45
Equipment	1 - 40
Vehicles	5 - 20

5. Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and only those employees entitled to unpaid sick leave have 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 they have matured, for example, as a result of employee resignations and retirements.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities 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. Comparative Data/Reclassifications

Comparative total data for the prior year have not been presented since their inclusion would make the statements unduly complex and difficult to read.

Note 2: Reconciliation of Government-Wide and Fund Financial Statements

- a. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. The reconciliation is as follows:

	Total Governmental Funds	Long-Term Assets/ Liabilities ⁽¹⁾	Statement of Net Assets Totals
Assets:			
Cash and investments	\$ 101,884,548	\$ -	\$ 101,884,548
Receivables:			
Accounts, net	2,811,818	-	2,811,818
Interest	322,097	-	322,097
Prepaid items	476,827	-	476,827
Deferred bond issuance costs	-	197,797	197,797
Due from other governments	8,751,272	-	8,751,272
Capital assets	-	138,050,740	138,050,740
Total Assets	\$ 114,246,562	\$ 138,248,537	\$ 252,495,099
Liabilities:			
Accounts payable and accrued liabilities	\$ 11,021,212	\$ 376,579	\$ 11,397,791
Deferred revenues	15,886	(15,886)	-
Unearned Revenues	75,000	-	75,000
Accrued claims and judgments	5,577,177	6,130,955	11,708,132
Long-term liabilities	-	35,703,757	35,703,757
Total Liabilities	16,689,275	42,195,405	58,884,680
Fund Balance/Net Assets	97,557,287	96,053,132	193,610,419
Total Liabilities and Fund Balance/Net Assets	\$ 114,246,562	\$ 138,248,537	\$ 252,495,099

- (1) When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed the costs of those assets are recorded as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the Authority as a whole.

Capital assets	\$ 189,025,444
Accumulated depreciation	<u>(50,974,704)</u>
	<u>\$ 138,050,740</u>

Long-term liabilities applicable to the Authority's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.

Bonds payable	\$ 19,733,049
Compensated absences	9,822,698
Lease purchase agreement	<u>6,148,010</u>
	<u>\$ 35,703,757</u>

Bond issuance costs are recognized when paid in the year of issue. Deferred bond issuance costs have been accrued and will be amortized over the life of the bond in the government-wide financial statements.

Deferred bond issuance costs	<u>\$ 197,797</u>
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Interest expense applicable to the Authority's governmental activities is recognized when paid. In addition, accrued interest was calculated and reported in the statement of net assets.

Interest accrual	<u>\$ 376,579</u>
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Revenue is deferred in governmental funds when not received within 60 days. In the Statement of Net Assets, revenue is recorded when earned.

Deferred Revenue	<u>\$ 15,886</u>
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The long-term portion of accrued claims and judgments is reported in the statement of net assets.

Long-term accrued claims and judgements	<u>\$ 6,130,955</u>
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b. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as follows:

	Total Governmental Funds	Capital Related Items ⁽¹⁾	Long-Term Revenues/ Expenses ⁽²⁾	Long-Term Debt Transactions ⁽³⁾	Reclassifications	Statement of Activities Totals
Revenues and Other Sources:						
Taxes	\$ 138,076,307	\$ -	\$ -	\$ -	\$ -	\$ 138,076,307
Intergovernmental	9,279,498	-	(15,047)	-	(5,055,910)	4,208,541
Charges for current services	47,912,985	-	-	-	5,055,910	52,968,895
Use of money and property	2,891,248	-	-	-	-	2,891,248
Miscellaneous	608,684	-	-	-	-	608,684
Developer contributions	1,445,246	-	-	-	-	1,445,246
Total Revenues	200,213,968	-	(15,047)	-	-	200,198,921
Expenditures/Expenses:						
Current:						
Salaries and benefits	151,938,290	-	2,594,529	-	-	154,532,819
Services and supplies	27,100,196	6,713,836	374,714	-	-	34,188,746
Capital outlay	8,013,300	(8,013,300)	-	-	-	-
Debt service:						
Principal	4,889,349	-	-	(4,889,349)	-	-
Interest	1,620,267	-	(80,873)	-	-	1,539,394
Total Expenditures/Expenses	193,561,402	(1,299,464)	2,888,370	(4,889,349)	-	190,260,959
Financing Sources (Uses):						
Sale of capital assets	66,547	(66,547)	-	-	-	-
Gain on sale of capital assets	-	(3,050)	-	-	-	(3,050)
Net Change for the Year	\$ 6,719,113	\$ 1,229,867	\$ (2,903,417)	\$ 4,889,349	\$ -	\$ 9,934,912

⁽¹⁾ When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereby net assets decrease by the amount of depreciation expense charged for the year.

Capital outlay	\$ (8,013,300)
Services and supplies	(566,857)
Depreciation expense	<u>7,280,693</u>
	<u>\$ (1,299,464)</u>

When capital assets are sold or disposed of, any gain or loss on the transaction must be recorded in the statement of activities.

Proceeds of the sale of capital assets	\$ 66,547
Loss on the sale of capital assets	<u>3,050</u>
Total capital related items	<u>\$ 69,597</u>

- (2) Certain accruals are necessary to convert from modified accrual to full accrual basis of accounting in the statement of activities.

\$ (2,903,417)

- (3) Repayment of lease 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. However, for the Authority as a whole, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

Principal	<u>\$ 4,889,349</u>
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Note 3: Compliance and Accountability

a. Budgetary Information

The Authority 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 Authority 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 operating transfers out) compared to the final budget by fund type:

Fund Type	Original Budget	Increase/ (Decrease)	Final Budget
General Fund	\$ 188,768,194	\$ 15,631,066	\$ 204,399,260
Special Revenue Funds	12,406,906	147,088	12,553,994
Capital Project Funds	11,710,858	3,221,845	14,932,703
Debt Service Funds	3,663,700	-	3,663,700
 Total Governmental Funds	 <u>\$ 216,549,658</u>	 <u>\$ 18,999,999</u>	 <u>\$ 235,549,657</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 Authority'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 reappropriated in the ensuing year's budget.

Note 4: Detailed Notes on All Funds

a. Deposits and Investments

As of June 30, 2005, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 101,884,548
Fiduciary funds	<u>6,874,903</u>
Total Cash and Investments	<u>\$ 108,759,451</u>

Orange County Fire Authority 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 Authority has adopted an investment policy which authorizes it to invest in various investments.

Deposits

At June 30, 2005, the carrying amount of the Authority's deposits was \$5,726,981 and the bank balance was \$8,615,740. The \$2,888,759 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 a Entity's total deposits. The Entity 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 governmental agency.

Investments

Under provision of the Authority's investment policy and in accordance with Section 53600 and Section 5922(d) of the California Government Code, the Authority may deposit and invest in the following:

- U.S. Treasury or Federal Agency Securities
- Collateralized or insured passbook savings accounts and demand deposits
- Collateralized or insured certificates of deposits (or time deposits) placed with commercial banks
- Bankers acceptances
- Money market mutual funds
- Repurchase agreements
- Local Agency Investment Fund (State of California pool)
- Commercial Paper
- Negotiable certificates of deposit

Investments Authorized by Debt Agreements

Proceeds of bonds or other indebtedness and any moneys set aside and pledged to secure payment of the bonds may be invested in accordance with the resolution, indenture or other statutory provisions governing the issuance of those bonds or indebtedness.

Investments in State Investment Pool

The Authority 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.

GASB Statement No. 31

The Authority 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 Authority 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.

Credit Risk

The Authority's investment policy limits investments in commercial paper to domestic corporations having assets in excess of \$500,000,000 and having a rating of "AA" or higher on its long-term debentures by Standard and Poor's (S&P), Moody's or Fitch. As of June 30, 2005, the Authority's investment in commercial paper consisted of investments with General Electric Capital Corporation and UBS Finance. At June 30, 2005, General Electric Capital Corporation was rated "AAA" by Moody's and by S&P, and UBS Finance was rated "AA2" by Moody's. In addition, the Authority invested in Federal Home Loan Bank and Federal National Mortgage Association which were rated "AAA" by Moody's and by S&P. All securities were investment grade and were legal under State and Authority law. Investments in U.S. government securities are not considered to have credit risk, and therefore their credit quality is not disclosed. As of June 30, 2005, the Authority's investments in external investment pools and money market mutual funds are unrated.

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 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.

As of June 30, 2005, none of the Authority's deposits or investments were exposed to custodial credit risk.

Concentration of Credit Risk

The Authority'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: Treasury Securities (100%), LAIF (75%), Federal Agency Securities (75%), Bankers Acceptances (25%), Commercial Paper (15%) and Negotiable CD's (25%). With respect to concentration risk as of June 30, 2005, the Authority 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. As of June 30, 2005, the Authority has investments with the following issuers which exceeds 5% of the total investment value:

Federal Home Loan Bank	\$ 38,500,826	37.37%
General Electric Capital Corporation Commercial Paper	7,962,755	7.73%

Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

Interest Rate Risk

The Authority's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Authority's investment policy states that at least 25% of the Authority's portfolio shall mature in five years or less, 25% in three years or less and 50% in one year or less. The Authority has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2005, the Authority had the following investments and original maturities:

	Investment Maturities (in Years)				Fair Value
	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	
Money Market Mutual Funds	\$ 47,575	\$ -	\$ -	\$ -	\$ 47,575
Commercial Paper	12,937,005	-	-	-	12,937,005
Federal Agency Securities					
Federal National Mortgage Assoc.	4,973,450	-	-	-	4,973,450
Federal Home Loan Bank	10,454,375	21,315,975	3,941,240	2,789,236	38,500,826
U.S. Treasuries	37,358,616	-	-	-	37,358,616
Local Agency Investment Fund	9,214,998	-	-	-	9,214,998
	<u>\$ 74,986,019</u>	<u>\$ 21,315,975</u>	<u>\$ 3,941,240</u>	<u>\$ 2,789,236</u>	<u>\$ 103,032,470</u>

b. Receivables

The amount reported as “Due from other governments” on the governmental fund balance sheet and “accounts receivable” on the statement of fiduciary net assets, consists of the following: (1) amounts due from cash contract cities for fire services, (2) amounts due from the State, (3) amounts due from the Federal Government for the assistance by hire, (4) amounts receivable 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 uncollectibles):

	General	Capital Projects	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Receivables:					
Accounts	\$ 2,113,050	\$ 169,699	\$ -	\$ 829,411	\$ 3,112,160
Interest	54,730	121,410	27,535	118,422	322,097
Due from other governments:					
Fire services	7,371,271	35,577	-	52,815	7,459,663
State	209,299	-	-	-	209,299
Assistance for hire	552,486	-	-	529,824	1,082,310
Subtotal Receivables	10,300,836	326,686	27,535	1,530,472	12,185,529
Less allowance for uncollectibles	(300,342)	-	-	-	(300,342)
Total Receivables	<u>\$ 10,000,494</u>	<u>\$ 326,686</u>	<u>\$ 27,535</u>	<u>\$ 1,530,472</u>	<u>\$ 11,885,187</u>

c. Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 30,387,115	\$ -	\$ -	\$ 30,387,115
Construction in progress	864,050	2,409,237	793,753	2,479,534
Work in progress	157,946	2,210,162	141,511	2,226,597
Total Capital Assets Not Being Depreciated	<u>31,409,111</u>	<u>4,619,399</u>	<u>935,264</u>	<u>35,093,246</u>
Other capital assets:				
Buildings	85,032,933	725,863	-	85,758,796
Equipment	24,398,134	891,506	686,521	24,603,119
Vehicles	41,220,658	3,278,653	929,028	43,570,283
Total Other Capital Assets at Historical Cost	<u>150,651,725</u>	<u>4,896,022</u>	<u>1,615,549</u>	<u>153,932,198</u>
Less accumulated depreciation for:				
Buildings	8,056,527	1,894,859	-	9,951,386
Equipment	11,462,311	2,804,750	652,231	13,614,830
Vehicles	25,721,125	2,581,084	893,721	27,408,488
Total Accumulated Depreciation	<u>45,239,963</u>	<u>7,280,693</u>	<u>1,545,952</u>	<u>50,974,704</u>
Other capital assets, net	<u>105,411,762</u>	<u>(2,384,671)</u>	<u>69,597</u>	<u>102,957,494</u>
Governmental activities Capital assets, net	<u>\$ 136,820,873</u>	<u>\$ 2,234,728</u>	<u>\$ 1,004,861</u>	<u>\$ 138,050,740</u>

All depreciation expense of \$7,280,693 was charged to services and supplies.

d. Transfers

The composition of interfund transfers for the year ended June 30, 2005 was as follows:

	Transfers In		
	Debt Service Fund	Nonmajor Governmental	Totals
Transfers Out:			
General	\$ 16,824,411	\$ 5,504,014	\$ 22,328,425
Capital Projects	2,092,259	-	2,092,259
Nonmajor Governmental	36,341	-	36,341
Transfers Out	<u>\$ 18,953,011</u>	<u>\$ 5,504,014</u>	<u>\$ 24,457,025</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, and (2) move receipts for debt service from the General Fund to the Debt Service Fund as debt service payments become due.

Total transfers in the amount of \$18,953,011 to the Debt Service Fund were made from the General, Capital Projects and Nonmajor Governmental Funds to pre-fund the bonds. This transfer resulted from the change in the General Fund Reserve policy authorized by the Board in November 2004.

In addition, transfers totaling \$5,504,014 were made from the General Fund to the Nonmajor Governmental Funds for current and future capital improvement projects.

e. Leases

1. Operating Lease

The Authority is obligated under operating lease agreements for the rental of various fire stations, office space and space at the Fullerton Airport. Future minimum lease payments under these operating leases are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2006	26,054
2007	17
2008	17
2009	17
2010	17
Total	<u>\$ 26,122</u>

Additionally, the Authority has operating leases for fire stations for which there currently are no expiration dates. Current monthly payments on these leases total \$3,018.

2. Capital Lease Purchase Agreement

On July 29, 2003, the Authority 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%. During the year, principal payments of \$1,999,349 were made. The related assets have been capitalized in the government-wide financial statements in the equipment asset category. Amortization of the leased assets is included as part of depreciation expense.

The total lease payment requirements with respect to the above lease agreement are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2006	\$ 1,667,069	\$ 141,517	\$ 1,808,586
2007	1,324,696	106,072	1,430,768
2008	872,967	76,131	949,098
2009	895,723	53,375	949,098
2010	919,073	30,025	949,098
2011	468,482	6,067	474,549
Total	<u>\$ 6,148,010</u>	<u>\$ 413,187</u>	<u>\$ 6,561,197</u>

f. Revenue Bond

On August 16, 2001, the Authority issued \$28,060,000, 2001 Revenue Bonds. 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 for the purpose of financing a portion of the cost of construction of the Authority's Regional Fire Operations and Training Center, and are to be repaid with general revenues of the Authority. The maturity dates range from 2002 through 2010, with interest rates ranging from 3.0% to 4.0% and annual installments of \$2,710,000 to \$3,590,000.

The bonds maturing on or after September 1, 2007 shall be subject to redemption at the election of the Authority, in the order of maturity directed by the Authority, and by lot within a maturity as a whole or in part, on any date on or after August 1, 2006, at the following redemption prices (expressed as a percentage of the principal amount of the bonds called for redemption), plus accrued interest to the date fixed for redemption:

Redemption Dates	Redemption Price
August 1, 2006 through July 31, 2007	101%
August 1, 2007 and thereafter	100%

The total debt service payment requirements with respect to the above revenue bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2006	\$ 2,995,000	\$ 667,900	\$ 3,662,900
2007	3,100,000	564,500	3,664,500
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
Sub-total	19,665,000	2,312,001	21,977,001
Add: Bond Premium	68,049	-	68,049
Total	<u>\$ 19,733,049</u>	<u>\$ 2,312,001</u>	<u>\$ 22,045,050</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 Authority 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. The Authority has elected to have this calculation performed each year. As of June 30, 2005, there was no rebate liability.

g. Long-Term Debt

Long-term liability activity for the year ended June 30, 2005 was as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated absences	\$ 7,228,169	\$ 11,546,696	\$ 8,952,167	\$ 9,822,698	\$ 1,752,860
Lease purchase agreement	8,147,359	-	1,999,349	6,148,010	1,667,069
2001 Revenue bonds	22,555,000	-	2,890,000	19,665,000	2,995,000
Bond premium	81,659	-	13,610	68,049	13,610
Governmental Activities Long-Term Liabilities	<u>\$ 38,012,187</u>	<u>\$ 11,546,696</u>	<u>\$ 13,855,126</u>	<u>\$ 35,703,757</u>	<u>\$ 6,428,539</u>

The accrued employee benefits are normally liquidated by the General Fund.

Note 5: Other Information

a. Insurance

The Authority 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, property and auto at \$6,000,000 combined primary and excess; 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 \$100,000,000. At June 30, 2005, the Authority 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.

Self-Insurance

The Authority transitioned its program for workers' compensation insurance from Guaranteed Cost to Self-Insurance effective March 1, 2002. The Authority'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 Authority 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 incurred, but not yet reported claims (IBNR's). As of June 30, 2005, claims payable amounted to \$11,708,132. The Authority has established a designation for workers' compensation in the General Fund for \$14,860,909.

Short-Term	\$ 5,577,177
Long-Term	<u>6,130,955</u>
Total	<u><u>\$ 11,708,132</u></u>

	2005	2004
Unpaid claims, beginning of fiscal year	\$ 8,449,922	\$ 4,527,545
Incurred claims (including IBNR's)	7,283,336	5,344,580
Claim payments	<u>(4,025,126)</u>	<u>(1,422,203)</u>
Unpaid claims, end of fiscal year	<u>\$ 11,708,132</u>	<u>\$ 8,449,922</u>

b. Short-Term Debt

On July 1, 2004, the Authority participated in the California Statewide Communities Development Authority's issuance of Tax and Revenue Anticipation Notes (TRAN). OCFA's portion of the TRAN was \$22,045,000 at an interest rate of 3.00%. The TRAN matured on June 30, 2005. The purpose of this short-term borrowing was to fund interim cash flow requirements in the General Fund. The interest expense relating to the TRAN for the year ended June 30, 2005 was \$659,513.

	Beginning Balance	Additions	Payments	Ending Balance
Governmental Activities: 2004-2005 TRAN	\$ -	\$ 22,045,000	\$ 22,045,000	\$ -
Governmental Activities Short- Term Liabilities	<u>\$ -</u>	<u>\$ 22,045,000</u>	<u>\$ 22,045,000</u>	<u>\$ -</u>

c. Subsequent Events

On July 7, 2005, the Authority issued \$16,945,000 of Tax and Revenue Anticipation Notes (TRAN) at an interest rate of 4.0%. The TRAN will mature on June 30, 2006 and was issued for the purpose of funding interim cash flow requirements in the General Fund. The Authority has issued this short-term borrowing instrument annually for each of the last eight fiscal years.

On May 26, 2005 the Authority entered into a purchase agreement for a one-acre parcel of land for the reconstruction of Fire Station 38, in the amount of \$1,306,800. As of June 30, 2005, \$100,000 has been deposited into an escrow account. The remaining balance of \$1,206,800 has not been paid as of the report date.

d. Jointly Governed Organization

The Authority continues to participate with the cities of Anaheim, Santa Ana and Huntington Beach in the Orange County - City Hazardous Materials Emergency Response Authority (OCCHMERA). The joint power agreement was amended in November 2000 and the City of Newport Beach, which was a founding provider agency of the OCCHMERA in 1990, 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 representatives from the provider entities as follows: the Orange County Fire Authority, the City of Anaheim, the City of Huntington Beach and the City of Santa Ana have one representative each. Additionally, the governing board includes three representatives from among any other public entities who 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 Authority 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.

The following is summarized, unaudited financial information of OCCHMERA for the year ended June 30, 2005:

Total Assets	\$ 66,775
Total Liabilities	\$ 44,603
Total Members Equity	\$ 22,172
Total Revenues	\$ 149,144
Total Expenditures	\$ 141,314

Separate financial statements can be obtained from the City of Anaheim, 201 South Anaheim Blvd., Suite 1003, Anaheim, CA 92805.

e. Other Post-Employment Benefits

In addition to the retirement plan described in Note 5f, the Authority provides a post-employment medical retirement plan for full-time employees. All full-time employees contribute 1% of their gross pay to the Authority as an employer-savings designed to free up the funds necessary for the Authority to fund a 1% contribution to the Retiree Medical Plan. During the fiscal year 2000-01, the Authority entered into an agreement with the Orange County Employees Retirement System (OCERS), which resulted in additional funding for this program via OCERS' Additional Retiree Benefit Account (ARBA). The retiree medical plan is currently funded by a 1% payroll contribution and contributions from the OCERS ARBA, when funds are available. Upon retirement, the retired employees are eligible to receive their benefit as a monthly credit towards the cost of the retired employees' medical insurance. The amount of the monthly benefit is based on the retiree's years of credited service. As of June 30, 2005, there were 175 retirees eligible to receive monthly retiree medical benefits. All 175 eligible retirees received monthly

benefits during fiscal year 2004-2005 for a total of \$478,759. Employees who separate from the Authority prior to retirement age are eligible to receive their benefit as a lump sum payment. There were 21 lump sum payments totaling \$39,277 made during fiscal year 2004-2005.

Additionally, the Authority provides a post-employment retirement defined benefit plan for less than half-time and extra help employees. 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. The retirement benefit under the plan is a lifetime annuity.

Annual retirement benefits are calculated at the rate of 2% of career earnings. Upon retirement, retired employees are eligible to receive their benefit either as a lump sum payment or as a monthly payment. As of June 30, 2005, there were no employees who were eligible for these benefits. During the fiscal year 2004-2005, six employees received lump sum payments for a total of \$2,616. No employees received monthly distributions during fiscal year 2004-2005.

f. Retirement Plan

Plan Description

The Authority 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 Authority's payroll covered by OCERS was \$78,951,801 for the year ended June 30, 2005. The Authority's total payroll was \$97,061,937 in fiscal year 2004-2005. 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, CA 92701.

Funding Policy

The OCERS pension plan covers substantially all full-time and part-time employees (over 20 hours per pay period) of the Orange County Fire Authority, 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 of 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 Authority'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, during FY 2004-2005, the Firefighters and Chief Officers Association contributed towards the enhanced retirement benefit of 3% at age 50 and the OCEA members, Administrative Management members and non-suppression Executive Management members contributed towards the enhanced retirement benefit of 2.7% at age 55.

Benefits

All of the Authority's 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.

Contributions

Tier I and Tier II covered employees are required to contribute 1.97% to 7.72% and 2.72% to 10.65%, respectively, of their annual compensation to OCERS. The contribution requirement for the year ended June 30, 2005 was \$25,584,233, which consisted of \$25,491,912 for the Authority portion and \$92,321 for employees paid by the Authority. The Authority's contribution represented 32.29% of covered payroll, and the employees' contributions represented 0.12%.

The following is the contribution information for the year ended June 30, 2005 and the prior two years:

<u>Fiscal Year Ended</u>	<u>Total Authority Contributions*</u>	<u>Net Pension Obligation</u>
2003	\$ 11,122,765	\$ -
2004	23,328,929	-
2005	25,491,912	-

*100% of required contribution.

g. Related Organization

The Memorial Trust Fund was established to monitor contributions and expenditures for the construction and maintenance of the Firefighter Memorial which is located at the new headquarters. The Memorial Trust Fund was incorporated on June 21, 2002 as a legally separate and tax-exempt organization. The Authority is not able to impose its will and there is no financial benefit or burden relationship with the Trust Fund. Financial information may be obtained at P.O. Box 57115, Irvine, CA 92619-7115.

Major Governmental Funds

Capital Projects Fund

Capital Projects

This fund accounts for major construction of new or replacement fire stations.

Debt Service Fund

Debt Service

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 biannual debt service payments and to maintain the required 10% debt service reserve.

ORANGE COUNTY FIRE AUTHORITY
 BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS
 YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 20,744,461	\$ 20,744,461	\$ 20,744,461	\$ -
Resources (Inflows):				
Intergovernmental	78,950	112,578	112,578	-
Use of money and property	307,430	418,769	455,724	36,955
Developer contribution	1,350,000	452,126	625,366	173,240
Miscellaneous	-	41,519	41,519	-
Amounts Available for Appropriations	22,480,841	21,769,453	21,979,648	210,195
Charges to Appropriation (Outflow):				
Salaries and benefits	100,000	100,000	93,887	6,113
Services and supplies	-	-	7,230	(7,230)
Capital outlay	10,631,321	11,143,906	1,721,589	9,422,317
Transfers to other funds	-	2,092,259	2,092,259	-
Total Charges to Appropriations	10,731,321	13,336,165	3,914,965	9,421,200
Budgetary Fund Balance, June 30	\$ 11,749,520	\$ 8,433,288	\$ 18,064,683	\$ 9,631,395

ORANGE COUNTY FIRE AUTHORITY
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,484,564	\$ 6,484,564	\$ 6,484,564	\$ -
Resources (Inflows):				
Use of money and property	156,670	290,377	299,865	9,488
Transfers from other funds	18,953,011	18,953,011	18,953,011	-
Amounts Available for Appropriations	25,594,245	25,727,952	25,737,440	9,488
Charges to Appropriation (Outflow):				
Debt service:				
Principal retirement	2,890,000	2,890,000	2,890,000	-
Interest and fiscal charges	773,700	773,700	773,700	-
Total Charges to Appropriations	3,663,700	3,663,700	3,663,700	-
Budgetary Fund Balance, June 30	\$ 21,930,545	\$ 22,064,252	\$ 22,073,740	\$ 9,488

Nonmajor Governmental Funds

Special Revenue Funds

Facilities Maintenance and Improvements

This fund accounts for financial activities associated with significant maintenance and improvement of facilities.

Communications and Information Systems

This fund accounts for replacement of specialized fire communications equipment as well as information systems equipment.

Vehicle Replacement

This fund is a special revenue fund used for the planned replacement of fire apparatus and vehicles.

Structural Fire Entitlement

This fund was established in July 1999. It 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 Entitlement fund may be used only for Board-approved and Authority-related service or resource enhancements to such over-funded Structural Fire Fund Members and must be approved annually by the Board of Directors.

Capital Projects Fund

Regional Fire Operations & Training Center

This fund is used for planning, tracking, monitoring, and financing the costs of the new regional fire operations and training center.

ORANGE COUNTY FIRE AUTHORITY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2005

	Special Revenue Funds		
	Facilities Maintenance & Improvements	Communications & Information Systems	Vehicle Replacement
Assets:			
Pooled cash and investments	\$ 3,054,601	\$ 4,056,138	\$ 9,209,235
Receivables:			
Accounts	9,531	-	819,880
Accrued interest	-	50,244	68,178
Due from other governments	52,815	457,734	72,090
Restricted assets:			
Cash and investments	-	-	-
Total Assets	\$ 3,116,947	\$ 4,564,116	\$ 10,169,383
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 55,613	\$ 492,211	1,313,902
Accrued liabilities	-	-	-
Total Liabilities	55,613	492,211	1,313,902
Fund Balances:			
Reserved:			
Reserved for encumbrances	120,843	157,276	1,392,525
Unreserved:			
Designated for capital improvement program	2,313,675	3,623,557	7,462,956
Designated for future service enhancements	-	-	-
Undesignated	626,816	291,072	-
Total Fund Balances	3,061,334	4,071,905	8,855,481
Total Liabilities and Fund Balances	\$ 3,116,947	\$ 4,564,116	\$ 10,169,383

Special Revenue Fund	Capital Projects Fund	Total Other Governmental Funds
Structural Fire Entitlement	Regional Fire Operations & Training Center	
\$ 2,717,796	\$ 510,085	\$ 19,547,855
-	-	829,411
-	-	118,422
-	-	582,639
-	362,314	362,314
\$ 2,717,796	\$ 872,399	\$ 21,440,641
\$ -	\$ 328,471	\$ 2,190,197
6,781	5,906	12,687
6,781	334,377	2,202,884
-	12,264	1,682,908
-	15,000	13,415,188
2,661,450	-	2,661,450
49,565	510,758	1,478,211
2,711,015	538,022	19,237,757
\$ 2,717,796	\$ 872,399	\$ 21,440,641

ORANGE COUNTY FIRE AUTHORITY
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2005

	Special Revenue Funds		
	Facilities Maintenance & Improvements	Communications & Information Systems	Vehicle Replacement
Revenues:			
Intergovernmental	\$ 81,765	\$ 457,734	\$ 184,406
Charges for services	239,128	-	-
Use of money and property	74,124	89,206	284,308
Miscellaneous	10,077	69,433	85,319
Developer contribution	-	-	819,880
Total Revenues	405,094	616,373	1,373,913
Expenditures:			
Current:			
Salaries and benefits	-	-	-
Services and supplies	595,769	893,961	47,747
Capital outlay	137,688	212,335	5,389,503
Debt service:			
Principal retirement	163,094	247,474	1,588,781
Interest and fiscal charges	10,018	13,143	163,893
Total Expenditures	906,569	1,366,913	7,189,924
Excess (Deficiency) of Revenues Over (Under) Expenditures	(501,475)	(750,540)	(5,816,011)
Other Financing Sources (Uses):			
Transfers in	356,965	2,943,293	1,936,907
Transfers out	-	-	-
Total Other Financing Sources (Uses)	356,965	2,943,293	1,936,907
Net Change in Fund Balances	(144,510)	2,192,753	(3,879,104)
Fund Balances, Beginning of Year	3,205,844	1,879,152	12,734,585
Fund Balances, End of Year	\$ 3,061,334	\$ 4,071,905	\$ 8,855,481

Special Revenue Fund	Capital Projects Fund	Total Other Governmental Funds
Structural Fire Entitlement	Regional Fire Operations & Training Center	
\$ -	\$ -	\$ 723,905
-	-	239,128
65,841	28,524	542,003
-	-	164,829
-	-	819,880
65,841	28,524	2,489,745
180,673	169,866	350,539
210,529	626,911	2,374,917
-	237,005	5,976,531
-	-	1,999,349
-	-	187,054
391,202	1,033,782	10,888,390
(325,361)	(1,005,258)	(8,398,645)
-	266,849	5,504,014
-	(36,341)	(36,341)
-	230,508	5,467,673
(325,361)	(774,750)	(2,930,972)
3,036,376	1,312,772	22,168,729
\$ 2,711,015	\$ 538,022	\$ 19,237,757

ORANGE COUNTY FIRE AUTHORITY
 BUDGETARY COMPARISON SCHEDULE
 FACILITIES MAINTENANCE & IMPROVEMENTS
 YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,205,844	\$ 3,205,844	\$ 3,205,844	\$ -
Resources (Inflows):				
Intergovernmental	-	81,765	81,765	-
Charges for services	240,000	149,848	239,128	89,280
Use of money and property	60,442	69,438	74,124	4,686
Miscellaneous	-	10,077	10,077	-
Transfers from other funds	356,965	356,965	356,965	-
Amounts Available for Appropriations	3,863,251	3,873,937	3,967,903	93,966
Charges to Appropriation (Outflow):				
Services and supplies	1,388,642	1,236,870	595,769	641,101
Capital outlay	293,292	150,279	137,688	12,591
Debt Service:				
Principal retirement	163,095	163,095	163,094	1
Interest and fiscal charges	10,018	10,018	10,018	-
Total Charges to Appropriations	1,855,047	1,560,262	906,569	653,693
Budgetary Fund Balance, June 30	\$ 2,008,204	\$ 2,313,675	\$ 3,061,334	\$ 747,659

ORANGE COUNTY FIRE AUTHORITY
BUDGETARY COMPARISON SCHEDULE
COMMUNICATIONS & INFORMATION SYSTEMS
YEAR ENDED JUNE 30, 2005

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 1,879,152	\$ 1,879,152	\$ 1,879,152	\$ -
Resources (Inflows):				
Intergovernmental	-	469,913	457,734	(12,179)
Use of money and property	23,393	84,772	89,206	4,434
Miscellaneous	-	69,433	69,433	-
Transfers from other funds	2,943,293	2,943,293	2,943,293	-
Amounts Available for Appropriations	4,845,838	5,446,563	5,438,818	(7,745)
Charges to Appropriation (Outflow):				
Services and supplies	997,927	1,082,840	893,961	188,879
Capital outlay	339,548	479,548	212,335	267,213
Debt service:				
Principal retirement	247,475	247,475	247,474	1
Interest and fiscal charges	13,143	13,143	13,143	-
Total Charges to Appropriations	1,598,093	1,823,006	1,366,913	456,093
Budgetary Fund Balance, June 30	\$ 3,247,745	\$ 3,623,557	\$ 4,071,905	\$ 448,348

ORANGE COUNTY FIRE AUTHORITY

BUDGETARY COMPARISON SCHEDULE
 VEHICLE REPLACEMENT
 YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 12,734,585	\$ 12,734,585	\$ 12,734,585	\$ -
Resources (Inflows):				
Intergovernmental	-	210,746	184,406	(26,340)
Use of money and property	218,715	265,869	284,308	18,439
Developer contribution	1,606,000	1,606,000	819,880	(786,120)
Miscellaneous	-	42,082	85,319	43,237
Transfers from other funds	1,936,907	1,936,907	1,936,907	-
Amounts Available for Appropriations	16,496,207	16,796,189	16,045,405	(750,784)
Charges to Appropriation (Outflow):				
Services and supplies	37,635	51,964	47,747	4,217
Capital outlay	6,724,378	6,927,009	5,389,503	1,537,506
Debt service:				-
Principal retirement	1,588,781	1,588,781	1,588,781	-
Interest and fiscal charges	163,893	163,893	163,893	-
Total Charges to Appropriations	8,514,687	8,731,647	7,189,924	1,541,723
Budgetary Fund Balance, June 30	\$ 7,981,520	\$ 8,064,542	\$ 8,855,481	\$ 790,939

ORANGE COUNTY FIRE AUTHORITY
BUDGETARY COMPARISON SCHEDULE
STRUCTURAL FIRE ENTITLEMENT
YEAR ENDED JUNE 30, 2005

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 3,036,376	\$ 3,036,376	\$ 3,036,376	\$ -
Resources (Inflows):				
Use of money and property	61,562	64,154	65,841	1,687
Amounts Available for Appropriations	3,097,938	3,100,530	3,102,217	1,687
Charges to Appropriation (Outflow):				
Salaries and benefits	166,000	191,895	180,673	11,222
Services and supplies	273,079	247,184	210,529	36,655
Total Charges to Appropriations	439,079	439,079	391,202	47,877
Budgetary Fund Balance, June 30	\$ 2,658,859	\$ 2,661,451	\$ 2,711,015	\$ 49,564

ORANGE COUNTY FIRE AUTHORITY
 BUDGETARY COMPARISON SCHEDULE
 REGIONAL FIRE OPERATIONS & TRAINING CENTER
 YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,312,772	\$ 1,312,772	\$ 1,312,772	\$ -
Resources (Inflows):				
Use of money and property	-	31,917	28,524	(3,393)
Transfers from other funds	266,849	266,849	266,849	-
Amounts Available for Appropriations	1,579,621	1,611,538	1,608,145	(3,393)
Charges to Appropriation (Outflow):				
Salaries and benefits	266,849	138,249	169,866	(31,617)
Services and supplies	286,361	682,467	626,911	55,556
Capital outlay	426,327	739,481	237,005	502,476
Transfers to other funds	-	36,341	36,341	-
Total Charges to Appropriations	979,537	1,596,538	1,070,123	562,756
Budgetary Fund Balance, June 30	\$ 600,084	\$ 15,000	\$ 538,022	\$ 559,363

Fiduciary Funds

1% Retiree Medical

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

Retirement 2.7% at 55

This new fund is used to account for assets held by the Authority for this 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

COMBINING SCHEDULE OF FIDUCIARY NET ASSETS
 PENSION TRUST FUNDS
 JUNE 30, 2005

	<u>1% Retiree Medical</u>	<u>Extra Help Retirement</u>	<u>Retirement 2.7% @55</u>	<u>Totals</u>
Assets:				
Receivables (net of allowance for uncollectibles):				
Accounts	\$ 853,229	\$ 432	\$ -	\$ 853,661
Due from other governments	7,170	-	-	7,170
Investments, at fair value:				
Local Agency Investment Fund	6,249,062	15,240	457,157	6,721,459
Total Assets	<u>7,109,461</u>	<u>15,672</u>	<u>457,157</u>	<u>7,582,290</u>
Liabilities:				
Accounts payable	-	-	457,157	457,157
Total Liabilities	<u>-</u>	<u>-</u>	<u>457,157</u>	<u>457,157</u>
Net Assets:				
Held in trust for retirement and other purposes	<u>\$ 7,109,461</u>	<u>\$ 15,672</u>	<u>\$ -</u>	<u>\$ 7,125,133</u>

ORANGE COUNTY FIRE AUTHORITY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
JUNE 30, 2005

	1% Retiree Medical	Extra Help Retirement	Retirement 2.7% @55	Totals
Additions:				
Contributions:				
Plan members	\$ 2,278,510	\$ 5,668	\$ -	\$ 2,284,178
Total Contributions	2,278,510	5,668	-	2,284,178
Investment earnings:				
Interest	150,241	546	-	150,787
Total Investment Earnings	150,241	546	-	150,787
Total Additions	2,428,751	6,214	-	2,434,965
Deductions:				
Benefits	1,456,337	2,616	-	1,458,953
Total Deductions	1,456,337	2,616	-	1,458,953
Excess Additions Over (Under) Deductions	972,414	3,598	-	976,012
Net Assets - Beginning of the Year	6,137,047	12,074	-	6,149,121
Net Assets - End of the Year	\$ 7,109,461	\$ 15,672	\$ -	\$ 7,125,133

ORANGE COUNTY FIRE AUTHORITY
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
(Dollars in Thousands)

For the Year Ended June 30,	Salaries & Benefits	Services & Supplies	Capital Outlay	Debt Service	Total
1996	\$ 89,270	\$ 13,359	\$ 3,683	\$ -	\$ 106,312
1997	90,234	12,927	2,641	-	105,802
1998	93,805	13,764	3,269	463	111,301
1999	97,861	14,832	6,302	479	119,474
2000	106,133	15,911	6,174	1,364	129,582
2001	112,679	17,787	7,771	2,220	140,457
2002	115,718	27,860	5,539	3,276	152,393
2003	129,815	46,232	8,697	5,662	190,406
2004	143,515	33,542	11,425	9,016	197,498
2005	151,938	27,100	8,013	6,510	193,561

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

(1) Includes general, special revenue, capital projects, and expendable trust funds (included for the pre-GASB-34 years of 1995-2001). Dollar amounts are reported using the modified accrual basis of accounting.

Orange County Fire Authority reports expenditures by one function: "fire and safety services."

ORANGE COUNTY FIRE AUTHORITY
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
(Dollars in Thousands)

For the Year Ended June 30,	Taxes	Inter- governmental	Charges for Current Services	Use of Money & Property	Fines, Contributions, Reimbursements, & Other	Total
1996	\$ 65,241	\$ 3,771	\$ 28,021	\$ 2,858	\$ 1,382	\$ 101,273
1997	65,493	6,693	28,632	2,263	1,467	104,548
1998	70,497	6,026	30,824	3,179	2,767	113,293
1999	79,171	6,241	31,977	3,314	5,575	126,278
2000	87,815	12,400	35,023	4,255	3,050	142,543
2001	96,884	7,861	37,226	6,155	3,816	151,942
2002	105,393	8,817	38,672	5,413	3,308	161,603
2003	113,594	7,723	40,934	3,255	3,561	169,067
2004	122,930	10,223	43,569	1,716	1,180	179,618
2005	138,076	9,280	47,913	2,891	2,054	200,214

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

(1) Includes general, special revenue, capital projects, and expendable trust funds (included for the pre-GASB-34 years of 1993-2001). Dollar amounts are reported using the modified accrual basis of accounting.

ORANGE COUNTY FIRE AUTHORITY
PROPERTY TAX LEVIES AND COLLECTIONS
(Dollars in Thousands)

For the Year Ended June 30,	Total Tax Levy	(1) Current Tax Apportionments	Percent of Current Taxes Apportioned	Prior Year Tax Apportionments	Property Tax Administration Charge/Expense
1996	\$ 68,689	\$ 63,660	92.7% (2)	\$ 836	\$ 855
1997	68,099	66,313	97.4%	513	786
1998	72,796	71,627	98.4%	542	882
1999	79,520	78,694	99.0%	817	1,910
2000	89,194	89,107	99.9%	155	858
2001	98,486	97,989	99.5%	205	870
2002	108,852	106,242	97.6%	222	978
2003	113,649	112,684	99.2%	256	1,061
2004	123,841	121,829	98.4%	251	1,227
2005	138,864	137,037	98.7%	250	1,222

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.

(2) Reflects impound of \$3.7 million for potential refunds and assessment appeals.

ORANGE COUNTY FIRE AUTHORITY
ASSESSED VALUATIONS (1)
(Dollars in Thousands)

Jurisdiction	(2) SFF	(3) Cash	Fiscal Year 1995/96	Fiscal Year 1996/97	Fiscal Year 1997/98	Fiscal Year 1998/99	Fiscal Year 1999/00
Aliso Viejo (7)	x						
Buena Park		x	\$3,654,463	\$3,664,723	\$3,686,239	\$3,794,461	\$4,066,288
Cypress	x		2,726,060	2,734,431	2,784,791	2,942,699	3,054,383
Dana Point	x		3,538,157	3,547,844	3,574,532	3,863,177	4,331,542
Irvine	x		15,040,476	15,117,239	15,632,446	16,764,523	18,296,436
Laguna Hills	x		2,277,580	2,763,443	2,832,227	3,000,149	3,239,893
Laguna Niguel	x		5,358,059	5,411,440	5,541,149	5,882,648	6,575,554
Laguna Woods (5)	x						
Lake Forest	x		3,409,178	3,359,235	3,415,428	3,669,255	4,381,043
La Palma	x		871,396	867,094	889,647	937,079	992,816
Los Alamitos	x		788,033	806,962	819,819	847,209	885,552
Mission Viejo	x		6,203,927	6,293,123	6,478,001	6,915,714	7,575,168
Placentia		x	2,140,752	2,146,714	2,209,510	2,380,457	2,583,982
Rancho Santa Margarita (6)	x						
San Clemente		x	3,787,949	3,880,267	3,969,004	4,180,181	4,615,202
San Juan Capistrano	x		2,377,148	2,379,442	2,483,338	2,713,850	3,036,299
Seal Beach		x	1,858,113	1,783,467	1,804,395	1,868,245	1,974,069
Stanton		x	1,049,794	1,028,254	993,156	1,036,760	1,080,258
Tustin		x	3,700,763	3,717,992	3,759,068	4,117,253	4,518,236
Villa Park	x		634,289	645,520	663,228	696,035	741,961
Westminster (4)		x	3,256,273	3,281,564	3,304,810	3,444,091	3,685,811
Yorba Linda	x		4,438,564	4,465,806	4,590,060	4,849,326	5,257,654
Unincorporated	x		15,091,151	15,485,081	16,305,329	18,033,081	20,530,995
Total SFF Jurisdictions			\$62,754,018	\$63,876,658	\$66,009,993	\$71,114,744	\$78,899,297
Percentage Change			1.48%	1.79%	3.34%	7.73%	10.95%
Total Cash Cities			\$19,448,106	\$19,502,980	\$19,726,183	\$20,821,447	\$22,523,846
Total Assessed Valuation			\$82,202,124	\$83,379,638	\$85,736,176	\$91,936,192	\$101,423,143

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) Westminster joined the OCFA on July 18, 1995.

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

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

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

ORANGE COUNTY FIRE AUTHORITY
ASSESSED VALUATIONS (1)
(Dollars in Thousands)

Jurisdiction	(2) SFF	(3) Cash	Fiscal Year 2000/01	Fiscal Year 2001/02	Fiscal Year 2002/03	Fiscal Year 2003/04	Fiscal Year 2004/05
Aliso Viejo (7)	x				\$4,645,701	\$5,223,553	\$5,673,714
Buena Park		x	\$4,415,981	\$4,708,003	\$4,992,390	5,241,607	5,651,721
Cypress	x		3,316,050	3,495,315	3,736,602	4,038,709	4,380,633
Dana Point	x		4,594,761	5,110,623	5,516,436	5,941,465	6,250,662
Irvine	x		20,405,359	22,710,140	24,858,632	26,799,741	29,634,708
Laguna Hills	x		3,457,927	3,782,350	3,967,515	4,197,860	4,508,804
Laguna Niguel	x		7,059,913	7,655,629	8,142,068	8,774,412	9,496,924
Laguna Woods (5)	x		1,394,456	1,523,257	1,608,653	1,714,358	1,793,619
Lake Forest	x		4,924,024	6,924,510	7,429,330	8,035,481	8,567,664
La Palma	x		1,073,145	1,126,504	1,155,782	1,222,653	1,304,664
Los Alamitos	x		957,159	1,008,946	1,055,691	1,126,237	1,221,543
Mission Viejo	x		8,274,317	8,836,993	9,330,631	9,882,639	10,514,195
Placentia		x	2,803,120	3,017,366	3,261,068	3,499,257	3,792,066
Rancho Santa Margarita (6)	x		3,878,531	4,378,109	4,718,088	5,051,504	5,502,550
San Clemente		x	5,139,411	5,886,511	6,831,696	7,738,680	8,748,299
San Juan Capistrano	x		3,304,879	3,600,312	3,824,457	4,060,793	4,424,780
Seal Beach		x	2,104,257	2,301,742	2,561,374	2,761,755	2,968,854
Stanton		x	1,191,968	1,253,119	1,332,874	1,456,875	1,590,290
Tustin		x	5,015,121	5,337,612	5,521,942	5,901,337	6,507,163
Villa Park	x		810,194	875,017	933,233	990,409	1,069,950
Westminster (4)		x	3,947,269	4,178,647	4,439,818	4,802,251	5,188,197
Yorba Linda	x		5,635,541	6,159,074	6,587,989	7,252,943	7,938,555
Unincorporated	x		18,303,375	18,931,941	13,236,995	14,178,447	15,890,882
Total SFF Jurisdictions			\$87,389,631	\$96,118,720	\$100,747,802	\$108,491,203	\$118,173,848
Percentage Change			10.76%	9.99%	4.82%	7.69%	8.92%
Total Cash Cities			\$24,617,125	\$26,683,000	\$28,941,163	\$31,401,762	\$34,446,590
Total Assessed Valuation			\$112,006,756	\$122,801,720	\$129,688,965	\$139,892,965	\$152,620,438

COUNTY OF ORANGE
PROPERTY TAX RATES - 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>
1996	1.00000	0.00013	1.00013
1997	1.00000	0.00012	1.00012
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

SOURCE: County of Orange, Auditor-Controller

**COUNTY OF ORANGE
PRINCIPAL TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2005**
(Dollars In Thousands)

(A) Ten Largest Secured Taxpayers	(B) Type of Business	(A) Secured Taxes Paid	Percentage of Secured Taxes Paid to Total Secured Tax Collections (\$3,409,608) (A)
The Irvine Company	Property Mgmt. & Dvlpmt.	\$ 44,074	1.29 %
Walt Disney World Company	Entertainment	27,637	0.81
Irvine Apartment Communities	Property Mgmt. & Dvlpmt.	18,640	0.55
Southern California Edison	Public Utility	16,239	0.48
SBC California	Public Utility	7,749	0.23
Walt Disney World Company	Entertainment	6,817	0.20
United Laguna Hills	Real Estate Development	6,108	0.18
Irvine Company of W. VA.	Property Mgmt. & Dvlpmt.	5,199	0.15
Irvine Community Development	Property Mgmt. & Dvlpmt.	4,873	0.14
McDonnell Douglass Corporation	Aerospace	4,127	0.12
		\$ 141,464	4.15 %

(A) Ten Largest Unsecured Taxpayers	(B) Type of Business	(A) Unsecured Taxes Paid	Percentage of Unsecured Taxes Paid to Total Unsecured Tax Collections (\$187,833) (A)
American Airlines Inc.	Transportation	\$ 8,283	4.41 %
Jazz Semiconductor Inc.	Information Technology	3,282	1.75
Alaska Airlines Inc.	Transportation	3,108	1.65
Cox Communications Orange	Cable Television	2,999	1.60
McDonnell Douglas Corporation	Aerospace	1,935	1.03
Broadcom Corporation	Information Technology	1,778	0.95
IBM Credit LLC	Financing	1,510	0.80
SBC E-Services Inc.	Telecommunications	1,498	0.80
Parker Hannifin Corporation	Real Estate Development	1,493	0.79
Powerwave Technologies Inc.	Wireless Communication	1,430	0.76
		\$ 27,317	14.54 %

SOURCES:

- (A) Treasurer-Tax Collector, County of Orange.
(B) Assessor, County of Orange.

ORANGE COUNTY FIRE AUTHORITY
SUMMARY OF SCHEDULES NOT INCLUDED IN THE CAFR

1. Special Assessment Billings and Collections
The Orange County Fire Authority does not apply any special assessments.

2. Computation of Legal Debt Margin
The Orange County Fire Authority is not subject to a legal debt margin.

**ORANGE COUNTY FIRE AUTHORITY
RATIO OF NET BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
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	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1996 - 2001 (1)							
2002	1,275	\$122,801,720	\$28,060	\$6,208	\$21,852	0.02%	\$17
2003	1,290	129,688,965	25,350	6,399	\$18,951	0.01%	\$15
2004	1,309	139,892,965	22,555	6,485	\$16,070	0.01%	\$12
2005	1,333	152,620,438	19,665	22,074	(\$2,409)	0.00%	(\$2)

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

(1) FY 2001/02 is the first year the OCFA had revenue bond debt service obligations

**ORANGE COUNTY FIRE AUTHORITY
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS
(Amounts in Thousands)**

For the Year Ended June 30,	Principal	Interest	Total Debt Service	Total General Governmental Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
1996 - 2001 (1)					
2002	\$0	\$455	\$455	\$133,299	0.3%
2003	2,710	952	3,662	146,625	2.5%
2004	2,795	869	3,664	163,499	2.2%
2005	2,890	774	3,664	177,187	2.1%

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

(1) FY 2001/02 is the first year the OCFA had revenue bond debt service obligations

(2) Includes General Fund only

ORANGE COUNTY FIRE AUTHORITY COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT

2004-05 Assessed Valuation:	\$118,172,877,676
Redevelopment Incremental Valuation:	<u>5,034,913,696</u>
Adjusted Assessed Valuation:	\$113,137,963,980

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/15/05</u>
Orange County Teeter Plan Obligations	40.328%	\$49,895,818
Metropolitan Water District	8.522	35,638,152
North Orange County Joint Community College District	23.528	58,051,576
Rancho Santiago Community College District	16.445	34,979,315
Capistrano Unified School District School Facilities Improvement District No. 1	77.561	48,002,449
Placentia-Yorba Linda Unified School District	52.757	51,552,639
Saddleback Valley Unified School District	100.	100,000,000
Santa Ana Unified School District	27.273	38,439,427
Other School Districts	Various	46,825,082
City of San Juan Capistrano	100.	11,830,000
Irvine Ranch Water District Improvement Districts	Various	109,654,318
Moulton-Niguel Water District Improvement Districts	100.	59,575,000
Santa Margarita Water District Improvement Districts	100.	207,400,000
Other Water Districts	Various	5,049,627
County Community Facilities Districts	100.	699,275,071
School Community Facilities Districts	Various	519,401,287
City and Special District Community Facilities Districts	Various	50,851,681
1915 Act Bonds	100.	<u>719,169,793</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$2,845,591,235

<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Orange County General Fund Obligations	40.328%	\$353,474,517
Orange County Pension Obligations	40.328	45,075,611
Orange County Board of Education Certificates of Participation	40.328	8,025,272
Orange County Transit District Authority	40.328	1,494,152
Orange County Fire Authority	100.	19,665,000 (1)
Municipal Water District of Orange County Water Facilities Corporation	48.129	16,924,563
Community College District Certificates of Participation	Various	31,977,448
Unified School District Certificates of Participation	Various	64,016,174
Union High School Districts Certificates of Participation	Various	7,664,216
School District Certificates of Participation	Various	1,545,697
City General Fund Obligations	100.	152,442,400
Orange County Sanitation District Certificates of Participation	24.761	35,241,093
Irvine Ranch Water District Certificates of Participation	75.985	35,409,010
Moulton-Niguel Water District Certificates of Participation	100.	33,555,234
Other Special District General Fund Obligations	Various	<u>16,764,854</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$823,275,241
Less: Orange County Transit Authority (80% self-supporting)		1,195,322
MWDOC Water Facilities Corporation Certificates of Participation		16,924,563
City Obligations (self-supporting from incremental tax and sales tax revenues)		<u>31,392,400</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$773,762,956
 GROSS COMBINED TOTAL DEBT		 \$3,668,866,476 (2)
NET COMBINED TOTAL DEBT		\$3,619,354,191

(1) Excludes tax and revenue anticipation notes.

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

Ratios to 2004-05 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 2.41%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$19,665,000) 0.02%
 Gross Combined Total Debt 3.24%
 Net Combined Total Debt 3.20%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/05: \$0

Source: California Municipal Statistics, Inc.

**ORANGE COUNTY FIRE AUTHORITY
REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS**
(Amounts in Thousands)

For the Year Ended June 30, 1996 - 2001 (1)	General Fund Gross Revenues	General Fund Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2002	\$154,258	\$131,457	\$22,801	\$0	\$455	\$455	50.13
2003	163,121	145,721	17,400	2,710	952	3,662	4.75
2004	177,509	162,575	14,934	2,795	869	3,664	4.08
2005	196,189	176,212	19,977	2,890	774	3,664	5.45

SOURCE: Finance Division, Accounting Unit, Orange County Fire Authority
 (1) FY 2001/02 is the first year the OCFA had revenue bond debt service obligations
 (2) Expenses include salaries and benefits and services and supplies only.

**COUNTY OF ORANGE
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

Year	(A) Population Estimates (In Thousands)	(B) Median Family Income	(C) Public School Enrollment (In Thousands)	(D) Unemployment Rate
1996	2,624	57,106	425	4.1
1997	2,659	59,629	443	3.3
1998	2,722	61,812	458	2.9
1999	2,776	64,611	471	2.8
2000	2,828	69,963	484	3.5
2001	2,926	70,758	496	4.0
2002	2,940	71,514	503	5.0
2003	2,979	73,026	514	4.8
2004	3,017	76,036	517	4.3
2005	3,057	79,160	514	3.8

SOURCES:

- (A) County of Orange Population and Housing Estimates, California Department of Finance at January 1 of each year.
- (B) Center for Economic Research, Chapman University (estimates).
- (C) Orange County Department of Education.
- (D) Institute for Economic and Environmental Studies, California State University, Fullerton
The 2005 figure is a forecast.

**ORANGE COUNTY FIRE AUTHORITY
 POPULATION AND HOUSING STATISTICS
 AS OF JANUARY 1, 2005**

	Population by City, 2000 and 2005			Housing Units by City, 2000 and 2005		
	(A) 2000	(B) 2005	Percent Change	(A) 2000	(B) 2005	Percent Change
Aliso Viejo (1)		45,017	N/A		17,968	N/A
Buena Park	78,282	81,066	3.6%	23,826	23,868	0.2%
Cypress	46,229	48,863	5.7%	16,028	16,446	2.6%
Dana Point	35,110	36,765	4.7%	15,682	15,909	1.4%
Irvine	143,072	180,803	26.4%	53,711	68,916	28.3%
Laguna Hills	31,178	33,253	6.7%	11,303	11,139	-1.5%
Laguna Niguel	61,891	66,126	6.8%	23,885	24,723	3.5%
Laguna Woods	16,507	18,371	11.3%	12,650	13,629	7.7%
Lake Forest	58,707	78,020	32.9%	20,486	26,385	28.8%
La Palma	15,408	16,112	4.6%	5,066	5,131	1.3%
Los Alamitos	11,536	12,003	4.0%	4,329	4,368	0.9%
Mission Viejo	93,102	98,197	5.5%	32,985	33,714	2.2%
Placentia	46,488	50,323	8.2%	15,326	16,075	4.9%
Rancho Santa Margarita	47,214	49,249	4.3%	16,515	16,684	1.0%
San Clemente	49,936	65,338	30.8%	20,653	26,207	26.9%
San Juan Capistrano	33,826	36,078	6.7%	11,320	11,692	3.3%
Seal Beach	24,157	25,334	4.9%	14,267	14,476	1.5%
Stanton	37,403	38,812	3.8%	11,011	11,071	0.5%
Tustin	67,504	70,871	5.0%	25,501	25,927	1.7%
Villa Park	5,999	6,230	3.9%	2,008	2,020	0.6%
Westminster	88,207	92,270	4.6%	26,940	27,300	1.3%
Yorba Linda	58,915	65,621	11.4%	19,567	21,111	7.9%
Unincorporated	168,168	118,664	-29.4%	61,178	38,100	-37.7%
Total:						
Orange County Fire Authority	1,218,839	1,333,386	9.4%	444,237	472,859	6.4%

(1) Aliso Viejo joined the OCFA upon incorporation on July 1, 2001.

DATA SOURCES:

(A) County of Orange 2000 Census Report, Volume I

(B) County of Orange Population and Housing Estimates, California Department of Finance at January 1, 2005

COUNTY OF ORANGE
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
LAST TEN FISCAL YEARS
(Dollars In Thousands)

Fiscal Year	(A) Assessed Property Value Value	(B) Total Bank Deposits	Calendar Year	(C)		(C) Total Construction Value	
				Non-Residential Construction Value	Residential Construction Number of Units Value		
1995-96	176,757,159	31,796,000	1996	586,589	10,323	1,597,418	2,184,007
1996-97	177,300,663	33,081,000	1997	942,155	11,426	1,852,739	2,794,894
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	1,205,783	9,687	2,073,618	3,279,401
2002-03	269,684,864	50,226,425	2003	1,076,678	14,010	2,668,915	3,745,593
2003-04	287,923,828	57,732,000	2004	1,085,485	9,370	2,384,401	3,469,886
2004-05	311,802,395	(1)	2005	1,178,276	8,802	2,120,832	3,299,108

(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 2005.

ORANGE COUNTY FIRE AUTHORITY
MISCELLANEOUS STATISTICAL INFORMATION
 June 30, 2005

Date of Formation:	March 1, 1995		
Form of Government:	Joint Powers Authority, State of California		
Number of Member Agencies:	23		
Members:	Aliso Viejo	Laguna Woods	San Juan Capistrano
	Buena Park	Lake Forest	Seal Beach
	Cypress	La Palma	Stanton
	County of Orange	Los Alamitos	Tustin
	Dana Point	Mission Viejo	Villa Park
	Irvine	Placentia	Westminster
	Laguna Hills	Rancho Santa Margarita	Yorba Linda
	Laguna Niguel	San Clemente	
Area Served:	551 square miles		
Population:	1,333,386		
Number of Stations:	60 (including 2 specialty stations)		
Equipment:	Engines	99	
	Type 1 – 78 engines		Air Support Vehicles 4
	Paramedic Engine Units – 20		Airport Crash Units 4
	Paramedic Assessment Units – 25		Bull Dozers 2
	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
	Trucks	13	Patrols 12
	Paramedic Assessment Units – 4		Swift Water Rescue
	Basic Life Support Units – 9		Boats 4

ORANGE COUNTY FIRE AUTHORITY
MISCELLANEOUS STATISTICAL INFORMATION
(continued)
June 30, 2005

Authorized Positions (by unit):

Firefighter Unit	774
Fire Management Unit	40
General Unit	197
Supervisory Management Unit	27
Supported Employment Unit	4
Personnel & Salary Resolution	<u>48</u>
Total Authorized Positions	1,090

Emergency Response: See pages 86-87

Investigations Activity:

Arson	169
Other Criminal Fires	190
Other Investigations Activities	199
Undetermined	<u>11</u>
Total Number of Investigated Activities	569

Number of Cases Leading to Arrest or
Other Intervention 43

Dollar Loss Due to Criminally Set Fires

Arson	\$ 2.35 million
Other Criminal Fires	\$ 1.36 million

Planning and Development Activities:

Total Plans Received	11,252
Total Plans Reviewed	11,164
Percentage Reviewed within Processing Goals	99%

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 - RISK MANAGEMENT
 INSURANCE IN FORCE
 AS OF JUNE 30, 2005

SERVICES	EFFECTIVE DATE TERM	ANNUAL PREMIUM	COVERAGE SUMMARY
FAIRA General Liability Property/Vehicle TPA: VFIS Carrier: American Alternative Ins. Co. Policy: VFIS-CL-0022468-1 Executive Auto Policy Rider	7/1/04 - 7/1/05	\$630,980	Auto Physical Damage Property Deductible: \$25,000 Public Entity Liability Coverage Includes: General Liability, Employment Practice Liability, Discrimination, Sexual Harassment, Errors & Omissions Special Events
AVIATION Carrier: ACE USA Policy: AACN00983470001	6/28/05 - 6/28/06	\$89,600	\$20M Single Limit Coverage for bodily injury, property damage, medical payments.
UNDER GROUND STORAGE TANKS Carrier: Zurich Insurance Co. Policy: USC 85085918	7/1/04 - 7/1/05	\$3,232	Covers bodily injury or property damages as a result of release from storage tank systems. Coverage also includes costs incurred for corrective action as a result of a confirmed release.
PUBLIC OFFICIALS Carrier: Hartford Fire Insurance Co. Treasurer Policy: 72BSBBM3312 Director of Finance/Admin Policy: 72BSBBM8483 Finance Division Manager Policy: 72BSBBN6081 Clerk of the Authority Policy: 72BSBBP0341	03/23/05 - 03/23/06 01/03/05 - 1/03/06 1/25/05 - 1/25/06 7/01/04 - 7/01/05	\$3,055 \$3,055 \$2,887 \$2,887	Bonds for each public official are in the amount of \$1 million each.
Vehicle Verifier Fleet Services Manager Fleet Services Coordinator	5/19/05 - 5/19/06 7/17/04 - 7/19/05	\$100 \$100	Bonds for those who verify vehicle documentation against physical inspection of vehicle.
WORKERS' COMPENSATION TPA: Cambridge TPA: SCRMA Excess: American International Group/National Union Fire Ins. Company of Pittsburgh, PA Policy: 43757337 UCI Medical Center - Occupational Medicine	12/1/03 - 12/1/04 3/1/05 - 3/1/06 3/1/05 - 3/1/06 1/1/05 - 12/31/06 with evaluation of renewal annually	\$85,500 \$487,475 \$691,017 Not to exceed \$77,265 annually	\$1,000,000 Employer's Liability \$100,000,000 Excess of \$2M SIR (Self-insured retention)
TOTAL		\$1,999,888	

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

ORANGE COUNTY FIRE AUTHORITY INCIDENTS BY MAJOR CATEGORY DEFINITIONS

Fire, Explosion: These are 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, heart attacks, as well as traffic accidents and missing persons.

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

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

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

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

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

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

SOURCE: Operations Department, Orange County Fire Authority

**ORANGE COUNTY FIRE AUTHORITY
 INCIDENTS BY TYPE & TOTAL**

For the Year Ended June 30	(1)	FIRE/ EXPLOSION	RUPTURES	RESCUE/ EMS	HAZMAT	SERVICE CALL	GOOD INTENT	FALSE ALARM	NATURAL DISASTER	OTHER	TOTAL
1996		2,963	153	35,281	1,467	3,837	13,126	3,950	5	366	61,148
1997		2,724	230	35,956	1,525	4,052	13,504	4,308	13	577	62,889
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

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**

(1) For the Year Ended June 30	1996 TOTAL	1997 TOTAL	1998 TOTAL	1999 TOTAL	2000 TOTAL	2001 TOTAL	2002 TOTAL	2003 TOTAL	2004 TOTAL	2005 TOTAL
Aliso Viejo (5)							1,705	1,813	1,924	1,802
Buena Park	5,088	4,845	4,948	5,070	5,041	5,063	5,350	5,439	5,346	5,530
Cypress	1,955	2,031	2,057	2,142	2,229	2,349	2,313	2,322	2,240	2,359
Dana Point	1,979	2,132	2,158	1,987	2,041	2,093	2,303	2,398	2,529	2,441
Irvine	7,281	7,592	7,614	7,738	8,119	8,755	9,190	8,833	9,293	10,341
Laguna Hills	1,424	2,011	2,069	2,022	2,067	2,197	2,242	2,238	2,512	2,211
Laguna Niguel	2,252	2,336	2,481	2,401	2,597	2,557	2,799	2,818	2,871	2,866
Laguna Woods (3)					3,481	3,700	3,772	3,670	3,949	3,955
Lake Forest	2,743	2,650	2,894	2,914	3,411	3,805	4,079	3,922	4,092	4,171
La Palma	540	529	525	540	621	563	619	648	736	761
Los Alamitos	847	804	830	872	939	917	963	984	930	971
Mission Viejo	4,023	4,278	4,510	4,489	5,010	5,351	5,630	5,573	5,845	5,577
Placentia	1,985	1,993	2,129	2,257	2,125	2,258	2,269	2,375	2,557	2,577
Rancho Santa Margarita (4)					1,275	1,593	1,790	1,786	1,773	1,914
San Clemente	2,786	2,869	2,972	2,805	2,721	3,004	3,057	3,219	3,508	3,594
San Juan Capistrano	1,778	1,980	1,909	1,896	2,219	2,196	2,253	2,116	2,340	2,418
Seal Beach	2,543	2,580	2,845	2,796	2,708	2,802	2,967	2,720	2,967	3,049
Stanton	2,259	2,217	2,296	2,244	2,252	2,503	2,483	2,495	2,419	2,307
Tustin	3,356	3,359	3,580	3,392	3,536	3,542	3,524	3,644	3,668	3,645
Villa Park	254	251	294	294	265	263	273	274	271	292
Westminster (2)	5,000	5,191	5,116	5,094	5,333	5,377	5,460	5,525	5,618	5,798
Yorba Linda	2,052	1,990	2,065	2,182	2,300	2,371	2,510	2,563	2,653	2,676
Unincorporated	11,003	11,251	11,727	12,402	7,665	6,961	6,223	6,116	6,355	6,013
Total	61,148	62,889	65,019	65,537	67,955	70,220	73,774	73,491	76,396	77,268

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) Westminster joined the OCFA on 7/18/05
- (3) Laguna Woods joined the OCFA 1/27/00 (previously reported in County unincorporated).
- (4) Rancho Santa Margarita joined the OCFA upon incorporation on 3/23/00 (previously reported in County unincorporated).
- (5) Aliso Viejo joined the OCFA upon incorporation on 7/1/01 (previously reported in County unincorporated).

ORANGE COUNTY FIRE AUTHORITY
LIST OF STATIONS BY MEMBER AGENCY

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 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

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 33, 366 Paularino, Costa Mesa 92626
Station 40, 25082 Vista del Verde, Coto de Caza 92679
Station 58, 58 Station Way, Ladera Ranch 92694

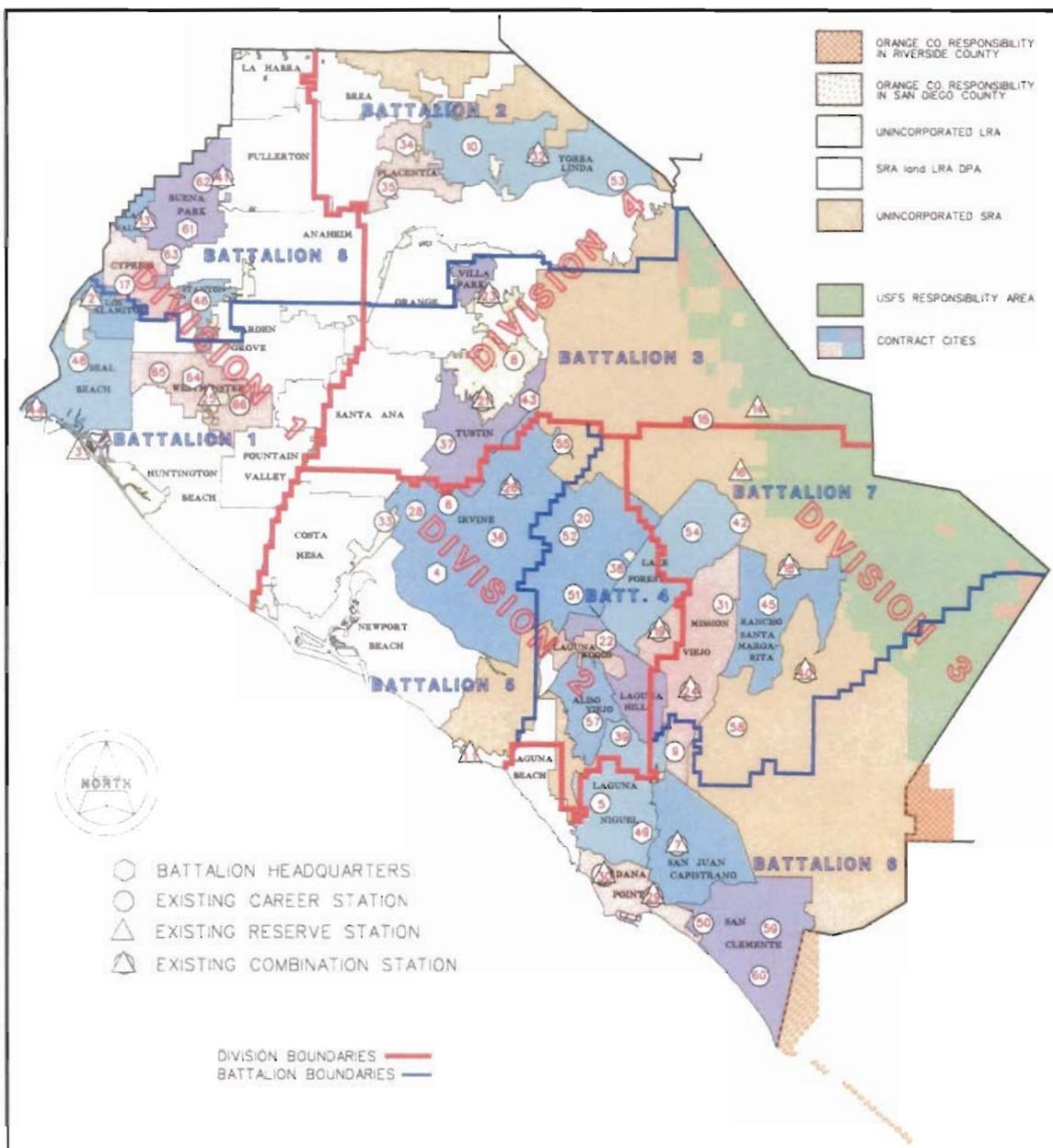
Specialty Stations

Station 41, 3815 Commonwealth Ave, Fullerton 92633
Helicopter Operations

Station 52, 7490 Trabuco Rd., Irvine 92619
Crews & Equipment

ORANGE COUNTY FIRE AUTHORITY

BATTALION BOUNDARIES AND STATION LOCATIONS



SOURCE: GIS Mapping, Orange County Fire Authority

**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 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; coordinates and assists employees with the retirement process; and is responsible for the 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 Orange, 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, and IV – There are four operational divisions, each under the command of a Division Chief, encompassing geographical areas throughout the OCFA's jurisdiction. Each division is divided into two battalions 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, wildland fires, and aircraft fire and rescue incidents. Specialized emergency response capability and equipment for Urban Search and Rescue (US&R) and swift water rescue are also provided.

Division V – 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 three primary functions: Dispatch Center – receipt and dispatching of emergency calls using Computer Aided Dispatching system (CAD); mapping and geo-file group – maintenance of the Fire Station Order File (a key component of CAD to ensure the closest emergency apparatus is sent to the emergency), creation and distribution of District Maps for use by emergency apparatus to respond to the emergency scene; and Communication Services – purchase and maintenance of telephone systems, mobile/portable radios, pagers, and fire station alarm systems.

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 identify paramedic staffing needs and perform 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, use controlled burns to lessen the effects of wildland fires, and provide 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.

Hazardous Materials Section (HMS) – The Hazardous Materials Section works with businesses and other agencies to implement and enforce California's environmental regulations. Specifically, HMS has the responsibility for implementing the Hazardous Materials Disclosure, the Business Emergency Plan, and the California Accidental Release Prevention (formerly RMPP) Programs. In addition, HMS participates in the District Attorney's Hazardous Materials Strike Force, an organization made up of members from local and state agencies. The Strike Force monitors, investigates, and takes enforcement actions against businesses that willfully violate laws governing hazardous materials. This section conducts a safety, inspection, and planning program of hazardous materials stored, handled, and used within the OCFA's jurisdiction. HMS maintains chemical inventory information accessible to the public and to all emergency response agencies, which is provided to the public under the "Community Right-to-Know" provisions of the law. Finally, this section oversees compliance with federal and state underground storage tank monitoring, permitting, and replacement regulations.

Inspection Services – The Inspection Services Section conducts fire safety inspections and enforces applicable fire codes and ordinances. Each division office provides a high level of life safety by: (1) ensuring that minimum state and local codes are met; (2) responding in a timely manner to citizen complaints regarding fire hazards; (3) working closely with local civic groups to ensure code compliance with the special events they sponsor; and (4) providing training and assistance with Fire Prevention issues to Operations Department personnel. Additionally, the section provides quality assurance coordination and data entry of the annual fire safety inspection and hazardous materials disclosure records into the Integrated Fire Prevention (IFP) automated system.

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.

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 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.

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; performs preventive maintenance (PM), major repairs, and renovations on the OCFA's apparatus and vehicles; tests and certifies specialty equipment; designs and develops specifications; and oversees 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: 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.