



# Orange County Fire Authority Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2016



**Orange County, California  
Business Services Department / Finance Division**



# Orange County Fire Authority Comprehensive Annual Financial Report Year ended June 30, 2016

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**Jeff Bowman**  
Fire Chief

# Orange County Fire Authority



## Mission

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

## Vision

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

## Guiding Principles

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

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

## Customer Service Motto

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

**ORANGE COUNTY FIRE AUTHORITY  
Comprehensive Annual Financial Report  
Year ended June 30, 2016**

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# Introductory



# Section





**ORANGE COUNTY FIRE AUTHORITY**  
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**Jeff Bowman, Fire Chief (714) 573-6000 [www.ocfa.org](http://www.ocfa.org)**

September 30, 2016

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Orange County Fire Authority (OCFA) for the fiscal year ended June 30, 2016. This report consists of management's representations concerning the finances of the OCFA and is presented using the financial reporting model outlined in the Governmental Accounting Standards Board (GASB) Statement No. 34. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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

OCFA's financial statements have been audited by Lance, Soll & Lunghard, LLP, a firm of certified public accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the OCFA's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

**RESIDENTIAL SPRINKLERS AND SMOKE ALARMS SAVE LIVES**

### Background Information on the OCFA

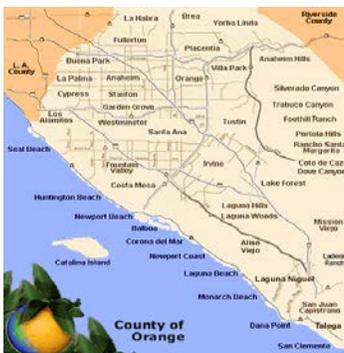
OCFA was formed on March 1, 1995, transitioning from the Orange County Fire Department to a joint powers authority (JPA) as allowed by California State Government Code 6500 et seq. OCFA is an independent organizational entity similar to a special district, and is the largest regional service organization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

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

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

### Information on Orange County and the Local Economy<sup>1</sup>

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



#### Orange County Profile:

Orange County is located along the southern coast of California, with Los Angeles County to the north; San Diego County to the south; and Riverside and San Bernardino counties to the east. Orange County covers an area of 799 square miles, with 42 miles of coastline along the Pacific Ocean, and is home to over 3.1 million people. There are thirty-four cities in Orange County. OCFA provides regional fire services to twenty-three of those cities, along with the unincorporated areas throughout the county.

<sup>1</sup> Portions throughout this section obtained from the 2016 *Community Indicators Report* published by the Children & Families Commission of Orange County, released July 2016. The report may be viewed in its entirety at [http://occhildrenandfamilies.com/wp-content/uploads/2014/12/OCCIR\\_2016\\_WebRev.pdf](http://occhildrenandfamilies.com/wp-content/uploads/2014/12/OCCIR_2016_WebRev.pdf)

**Population and Demographics:**

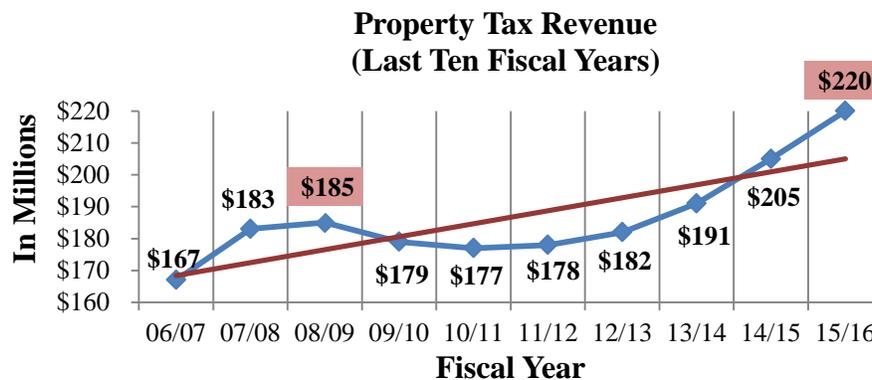
Orange County’s population continues to grow; however the proportion of seniors is increasing as compared to the proportion of all other age groups. Residents over the age of sixty-five currently comprise 14% of Orange County’s population, a number that is expected to rise to 24% by the year 2040. This change in the county’s demographics is projected to continue, and may impact the long-term ability to sustain schools, pensions, and other government support to members of the community. Overall, Orange County is comparable to state and national averages in regards to the financial stability of its residents. However, the county does experience geographic concentrations of wealth and poverty. Approximately 37% of neighborhoods throughout Orange County have high concentrations of families that are considered financially challenged based on their income, employment, and housing expenses. Although there has been slight improvement over the previous year, approximately 22% of Orange County’s residents live in poverty.

**Employment and Housing:**

Orange County’s economy has maintained its long-time condition of being “job rich” and “housing poor.” The unemployment rate has fallen from a ten-year high of 10.1% in March 2010 down to 4.1% in December 2015. Orange County’s four largest employment sectors – tourism, business/professional, health services, and construction – have kept pace with inflation but have not experienced significant growth in the last year. Construction is not keeping pace with the growing number of jobs, and the housing that is being built is not affordable to those with lower incomes. The minimum household income needed for a first-time homebuyer to purchase a single-family home priced at 85% of the Orange County median was \$86,870. Approximately 43% of Orange County households can afford to purchase at this price. As a result, many younger and middle-aged adults are leaving the county in search of more affordable housing; businesses are unable to find workers to fill vacant positions; and those living in crowded or poverty conditions are spending a greater portion of their income on housing.

**Property Taxes:**

The most significant local economic factor impacting OCFA is Orange County’s housing market, including fluctuations in new construction activities and housing prices. Property taxes derived from these activities comprised 61.5% of the OCFA’s total governmental funds revenues in Fiscal Year 2015/16. As shown in the chart below, OCFA’s property tax revenues have been steadily increasing for the last five fiscal years.



Property tax revenues in Fiscal Year 2015/16 totaling \$220 million surpassed the pre-recession peak from Fiscal Year 2008/09 by over \$35 million (19.0%). This increase is attributed primarily to appreciation in Orange County’s housing prices and an increase in new housing development. Orange County’s real estate market continues to improve. Housing prices have risen substantially, and have nearly reached the same levels that

existed prior to the 2007 housing downturn. In January 2016, Orange County's median single family home price was \$704,950. For comparison purposes, the price peak was \$747,260 in April 2007, and the price low was \$432,100 in January 2009.

### **Long-term Financial Planning**

Since its formation in 1995, OCFA has been preparing multi-year projections of its revenues and expenditures. For the past twenty years, a firm of property tax consultants has been retained to assist in the projection of the OCFA's single largest revenue source – property taxes. With these projections and a collection of conservative assumptions, the OCFA forecasts its financial condition five years into the future. Various scenarios can be developed from the forecast to assess the impact of proposed or impending changes to the budget, the economy or the underlying assumptions. As a result, this tool provides an early warning of potential financial difficulties. Historically, OCFA's method of projecting its property tax revenue was to increase the value of existing structures by the 2% constitutional maximum, increase these values to account for re-sales, and add in the value of any new development. During the recession, those techniques were adjusted to incorporate the appreciation or depreciation rate set by the State Board of Equalization, the potential for the County Assessor to reassess existing structures, and the possibility that re-sales might actually decrease the assessed values. However, with the recession ended and housing showing signs of recovery, OCFA has, in conjunction with its property tax consultant, returned to its previous practice for estimating property tax growth.

### **Relevant Financial Policies**

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

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

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

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

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

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

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

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

**Assigned Fund Balance Policy** – This policy, which was adopted in April 2011 and amended effective July 2014, establishes the authority by which OCFA may set aside cumulative resources in fund balance for an intended future use.

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

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

**Major Initiatives Expected to Affect Future Financial Positions**

OCFA has established the following strategic objectives for both the current and upcoming fiscal years:

<b>Strategic Objectives for Fiscal Years 2015/16 and 2016/17</b>
1. Improve OCFA communications at all levels
2. Establish consistency in Human Resources functions and improve labor relations
3. Conduct analysis of field operations and internal support functions
4. Focus on fiscal health
5. Build customer service mindset
6. Improve risk management outcomes
7. Implement performance improvement/efficiency measures
8. Improve public safety technology systems
9. Develop a Continuity of Operations Plan (COOP) for OCFA
10. Maintain flexibility for unforeseen events

Various initiatives, along with performance measures designed to document and assess progress toward their completion, have been identified for each of the ten strategic objectives. Highlights of select initiatives that have the potential to impact OCFA’s future financial positions are described below.

**Establish Working Groups to Address Operational Issues** – Various working groups have been established to analyze operational issues, and to develop and implement action plans that will enhance the quality, efficiency, and effectiveness of how public safety services are provided to OCFA’s member agencies and the citizens of Orange County.

- **Emergency Medical Services (EMS) Delivery Enhancements** – The Board of Directors has approved the phase-in and ongoing evaluation of enhancements to the EMS deployment model, as feasible, at six month intervals. These changes are intended to improve levels of service; enhance firefighter safety; reduce response times on advanced life support (ALS) medical calls; reduce the number of responding units; and reduce the need for automatic aid support from neighboring cities. In July 2015, “Phase 1” was implemented in the cities of Dana Point, Laguna Niguel, Tustin, and Yorba Linda. Unit reconfigurations in these cities included the conversion of two paramedic assessment trucks to paramedic trucks; one paramedic assessment engine to a paramedic engine; and one medic van to two

paramedic engines. The Fiscal Year 2015/16 financial impact totaled approximately \$860,000 to account for additional paramedic specialty skill compensation and the addition of one firefighter paramedic position. In February 2016, “Phase 2” was implemented in the cities of Irvine, Lake Forest, Mission Viejo, and Santa Ana. Unit reconfigurations included the conversion of six paramedic vans and twelve paramedic assessment engines to twelve paramedic engines; and the conversion of one paramedic assessment truck to a paramedic truck. The Fiscal Year 2015/16 financial impact totaled approximately \$185,000 (pro-rated) to account for additional paramedic specialty skill compensation. Ongoing annual costs of Phase 2 are anticipated to total approximately \$375,000. The desired outcome of EMS delivery enhancements is measured by response data, which continues to be evaluated at six-month intervals. Below is a summary of the Fiscal Year 2015/16 financial impacts of the EMS delivery enhancements.

City	From	To	Fiscal Year 2015/16 Financial Impact	
			Phase 1 (Full)	Phase 2 (Partial)
Dana Point	PAU* Engine 30	Paramedic Engine 30	\$662,409	\$ -
Irvine	PAU Engine 4 / Medic Van 4 PAU Engine 26 / Medic Van 26 PAU Engine 28 PAU Engine 38 / Medic Van 38 PAU Engine 47 PAU Engine 55	Paramedic Engine 4 Paramedic Engine 26 Paramedic Engine 28 Paramedic Engine 38 Paramedic Engine 47 Paramedic Engine 55	-	61,416
Laguna Niguel	PAU Truck 49	Paramedic Truck 49	66,329	-
Lake Forest	PAU Engine 54	Paramedic Engine 54	-	30,708
Mission Viejo	PAU Engine 31 / Medic Van 31	Paramedic Engine 31	-	30,708
Santa Ana	PAU Engine 70 PAU Truck 76 PAU Engine 77 / Medic Van 77 PAU Engine 78 / Medic Van 78 PAU Engine 79	Paramedic Engine 70 Paramedic Truck 76 Paramedic Engine 77 Paramedic Engine 78 Paramedic Engine 79	-	61,416
Tustin	PAU Truck 43	Paramedic Truck 43	66,329	-
Yorba Linda	Medic Van 32	Paramedic Engine 32 Paramedic Engine 10	66,329	-
* PAU = Paramedic Assessment Unit			<b>\$861,396</b>	<b>\$184,248</b>

- Hazardous Materials Response Team (HMRT) Program** – OCFA’s HMRT program is responsible for responding to industrial hazardous materials and weapons of mass destruction (WMD) incidents. It is one of three such programs to exist in Orange County. The program has experienced operational staffing issues pertaining to personnel recruitment and retention, training costs, and workload impacts. In order to address these issues and provide improved program longevity, the Board of Directors approved the establishment of 2.5% specialty compensation effective March 2016 for HMRT members who have obtained a specialist certification and have been assigned to the team for a minimum of two years. By providing this incentive, it is anticipated that employees will remain in the program longer, that OCFA will realize an offsetting reduction in its training costs, and that OCFA’s regional response capability to serve the citizens of Orange County will improve. The Fiscal Year 2015/16 financial impact of this change was approximately \$65,000, while the ongoing financial impact, net of training cost savings, is expected to be approximately \$70,000 annually.

- **Urban Search and Rescue (USAR) and Technical Rescue Truck (TRT) Operations and Staffing** – Like the HMRT program, the USAR/TRT specialty program has also experienced ongoing issues in regards to personnel retention, unit availability and response, and training costs. In order to address these issues and improve OCFA’s response capabilities, the Board of Directors approved the establishment of 7.5% specialty compensation effective March 2016 for all USAR-trained TRT personnel. Other recommended program changes included a daily staffing model that will guarantee resource availability; modified training and skill set requirements; a reduction in the number of air operations support trucks; establishment of an interview process for Fire Captain positions; an updated dispatch response matrix for USAR assets; and establishment of a group of qualified part-time USAR team to support staffing needs. The Fiscal Year 2015/16 fiscal impact of this change was approximately \$265,000, while the net ongoing financial impact, including a reduction in training costs, is expected to be approximately \$410,000 annually.
  
- **Air Operations Program Paramedic Position** – In February 2015, the Board of Directors approved a six-month trial to implement staffing changes to the Air Operations Program. Program changes included implementation of a 24/7, three platoon schedule and the addition of a firefighter paramedic position on weekends. During the trial period, helicopter availability more than doubled, and OCFA personnel responded to 18% more incidents that previously would have fallen out of the non-24/7 work schedule. During the trial period, more than half of the incidents that the helicopter responded to were medical in nature, and twenty-two patients were provide paramedic level escort while being transported with the helicopter. This enhancement improved patient care, increased safety, and reduced response times by eliminating the need to land and pick up a paramedic. By providing an Advance Life Support (ALS) capability to the helicopter, OCFA has provided a better depth of service than it previously had and has become more versatile in its response coverage. Based on the results of the trial, in January 2016 the Board of Directors approved the permanent addition of a firefighter paramedic post position at an annual ongoing cost of approximately \$665,000. The pro-rated Fiscal Year 2015/16 fiscal impact of this program change was approximately \$330,000.

**Focus on Long-term Fiscal Health for OCFA and Its Members** – OCFA remains focused on the pursuit of fiscal health, seeking to ensure that services delivered are sustainable into the future. In January 2016, a mid-year financial report was presented to the Board of Directors that reflected continued improvement in OCFA’s fiscal health and also allocated approximately \$12.6 million toward the pay-down of the Unfunded Actuarial Accrued Liability (UAAL) with the Orange County Employees Retirement System (OCERS). In addition, the Fiscal Year 2016/17 budget was adopted by the Board of Directors in May 2016, reflecting a balanced General Fund, cash contract increases to member cities that were below the allowable cost cap, and a flow of surplus funds from the General Fund to the Capital Improvement Program.

**Second Amendment to the JPA and New Equity Options** – In response to past concerns from OCFA member agencies about the relationship of financial contributions to level of service received, the Board of Directors empowered an Equity Ad Hoc Committee (Committee) to identify methods for mitigating equity concerns. In September 2013, the Board approved a solution presented by the Committee which required OCFA to issue equity payments to qualifying Structural Fire Fund (SFF) agencies, based on a calculation of average SFF Tax Rate. The solution required that equity payments be made from unrestricted revenue sources (non-property tax revenues). A Second Amendment to the JPA (2<sup>nd</sup> Amendment) was ratified by member agencies in November 2013, and concurrently the Board approved requesting a judicial review of the 2<sup>nd</sup> Amendment to seek court validation. On August 7, 2014, the 2<sup>nd</sup> Amendment was declared invalidated. OCFA and the City of Irvine appealed the decision; however, in March 2016 the appellate court issued an opinion affirming the 2<sup>nd</sup> Amendment’s invalidation and thus overturning equity solutions that were previously put in

motion by the Committee. In May 2016, the Board voted to conduct any future discussions of new proposals regarding member equity at regular Board meetings in lieu of forming a new Equity Ad Hoc Committee.

**Accelerated Pay-Down of Pension Liability with the Orange County Employees Retirement System** – In September 2013, the Board of Directors approved several strategies to accelerate funding OCFA’s Unfunded Actuarial Accrued Liability (UAAL) with the Orange County Employees Retirement System (OCERS). Those strategies, referred to as the “Snowball Plan,” were revised in November 2015 to include the following: (1) using unencumbered fund balance available at the close of each fiscal year to make annual lump sum payments, estimated at an average amount of \$3 million annually; (2) including savings from reduced retirement rates resulting from the implementation of the Public Employees’ Pension Reform Act in the annual budget to make bi-weekly additional payments; (3) budgeting an additional \$1 million beginning in Fiscal Year 2016/17, and increasing by \$2 million each year until reaching an annual amount of \$15 million; and (4) contributing \$1 million annually for five years, beginning in Fiscal Year 2016/17, from surplus fund balance available from the General Fund’s fund balance assignment for workers’ compensation. OCFA has been making additional payments toward its UAAL annually since Fiscal Year 2013/14, with additional payments made during Fiscal Year 2015/16 totaling \$15.5 million. A recent estimate received from the OCERS actuary indicated that accelerated payments have shortened the timeline to pay down the UAAL from an original twenty-nine years to twelve years. The Board of Directors is updated annually on the status of the pay-down plan.

**Improve Risk Management Outcomes** – A workers’ compensation injury analysis was completed in Fiscal Year 2015/16 in an attempt to reduce annual claims, expenses, and backfill costs as a result of work-related injuries. OCFA’s goal was to reduce its claims costs by 5-10%, and also to return 75% of injured employees who are released by a physician to light duty work within four days. Although the number of open workers’ compensation claims declined by 2% during Fiscal Year 2015/16, employee salary and claim costs for the program both increased. Moving into Fiscal Year 2016/17, OCFA will continue to focus on maintaining or reducing its workers’ compensation costs.

**Progress on the Public Safety System Project** – OCFA is in the process of a major, multi-year project to replace its Public Safety System (PSS), which has been in use since the 1980’s. The Computer Aided Dispatch (CAD) portion was completed and went live on September 9, 2014, marking a tremendous milestone for the PSS project as a whole. Building on the successful CAD implementation, OCFA will continue to work in Fiscal Year 2016/17 toward establishing timelines and objectives for the replacement of the Records Management System (RMS) portion of the Public Safety System, which includes the Orange County Fire Incident Reporting System (OCFIRS), Integrated Fire Prevention (IFP), and Investigations Case Management System (ICMS) applications. The Fiscal Year 2016/17 Capital Improvement Program budget includes funding for both the OCFIRS and IFP applications totaling approximately \$1.3 million.

**Labor Negotiations for Expiring Firefighter MOU** – The Memorandum of Understanding (MOU) with Orange County Professional Firefighters Association (OCPFA) for the firefighter bargaining unit expired in October 2015, and was extended to allow additional time for negotiations. Negotiation sessions between OCFA management and OCPFA were in progress throughout Fiscal Year 2015/16, and an MOU was approved at a special meeting of the Board of Directors September 1, 2016. The four-year MOU extends through August 2020 and accomplishes the Board’s goal of having employees pay 100% of the employee portion of retirement contributions. The financial impact of the MOU is the cost-equivalent of a 10.44% salary increase over a four-year period, with an average dollar increase of \$5.4 million annually.

### Hiring for Vacancies and Frozen Positions

A hiring freeze for positions that do not provide front line service to the public went into effect during Fiscal Year 2008/09. As the economy has improved in recent years, positions have been unfrozen, when necessary, at a measured and sustainable pace. In addition, each position that becomes vacant through employee retirements and terminations is reviewed by Executive Management to determine whether the workload can be reassigned or if it will be necessary to fill the position. A total of 86 authorized positions were frozen as of June 30, 2016, a decrease of 11 positions as summarized below.

<b>Frozen Positions</b>	<b>June 30</b>		<b>+/-</b>
	<b>2016</b>	<b>2015</b>	
Recommendations from the 2008 Santiago After Action Report included the addition of a fourth firefighter on twelve wildland engines, to be phased in over multiple fiscal years. Phase one authorized the addition of 9 positions, which were subsequently frozen in Fiscal Year 2008/09 pending improved financial condition.	9	9	-
The addition of a four-person truck company at Fire Station No. 20 (Irvine) was deferred in Fiscal Year 2008/09 until development activity and service demand increases (12 positions). In addition, the station's 3-person engine and 2-person paramedic van were transitioned to a single 4-person paramedic engine during Fiscal Year 2010/11, resulting in 3 additional frozen firefighter positions.	15	15	-
Six staff captain positions (two training officers and Administrative Captains for Divisions 1, 3, 4 and 5) have been frozen since Fiscal Year 2010/11, with personnel transitioning to fill vacant suppression field positions.	6	6	-
As a result of a service reduction request by the City of Stanton in July 2012, the four-person truck company at Fire Station No. 46 (Stanton) was reconfigured and replaced by a two-person paramedic van, resulting in 3 frozen fire apparatus engineer and 3 frozen fire captain positions since Fiscal Year 2012/13. During Fiscal Year 2015/16, those 6 positions were unfrozen in conjunction with new Fire Station No. 56 (Village of Sendero), which became operational in July 2015.	-	6	(6)
In November 2012, the OCFA's agreement for Aircraft Rescue Firefighting services at John Wayne Airport was amended to reduce daily staffing from seven to six personnel, resulting in 3 frozen fire apparatus engineer positions since Fiscal Year 2012/13.	3	3	-
Vacancies remain frozen for an additional thirty-four suppression positions, including: Fire Apparatus Engineers (15 positions, backfilled with overtime); Fire Captains (15 positions, backfilled with overtime); Staff Battalion Chiefs (2 positions); Heavy Fire Equipment Operator (1 position); and Fire Pilot (1 position).	34	34	-
<b>Subtotal – Suppression</b>	<b>67</b>	<b>73</b>	<b>(6)</b>
Vacancies remain frozen for nineteen non-suppression positions.			
✓ Executive Management/Human Resources	2	3	(1)
✓ Operations	1	1	-
✓ Community Risk Reduction	9	12	(3)
✓ Business Services	4	4	-
✓ Support Services	3	4	(1)
<b>Subtotal – Non-Suppression</b>	<b>19</b>	<b>24</b>	<b>(5)</b>
<b>Total frozen positions</b>	<b>86</b>	<b>97</b>	<b>(11)</b>

**Awards and Acknowledgments**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the OCFA for its Fiscal Year 2014/15 Comprehensive Annual Financial Report (CAFR), the eighteenth consecutive year OCFA has received this prestigious award. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements. The certificate is valid for a period of one year. We believe our Fiscal Year 2015/16 CAFR continues to meet the program's requirements, and we are submitting it to the GFOA to determine its eligibility for this year's award.

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

Respectfully submitted,

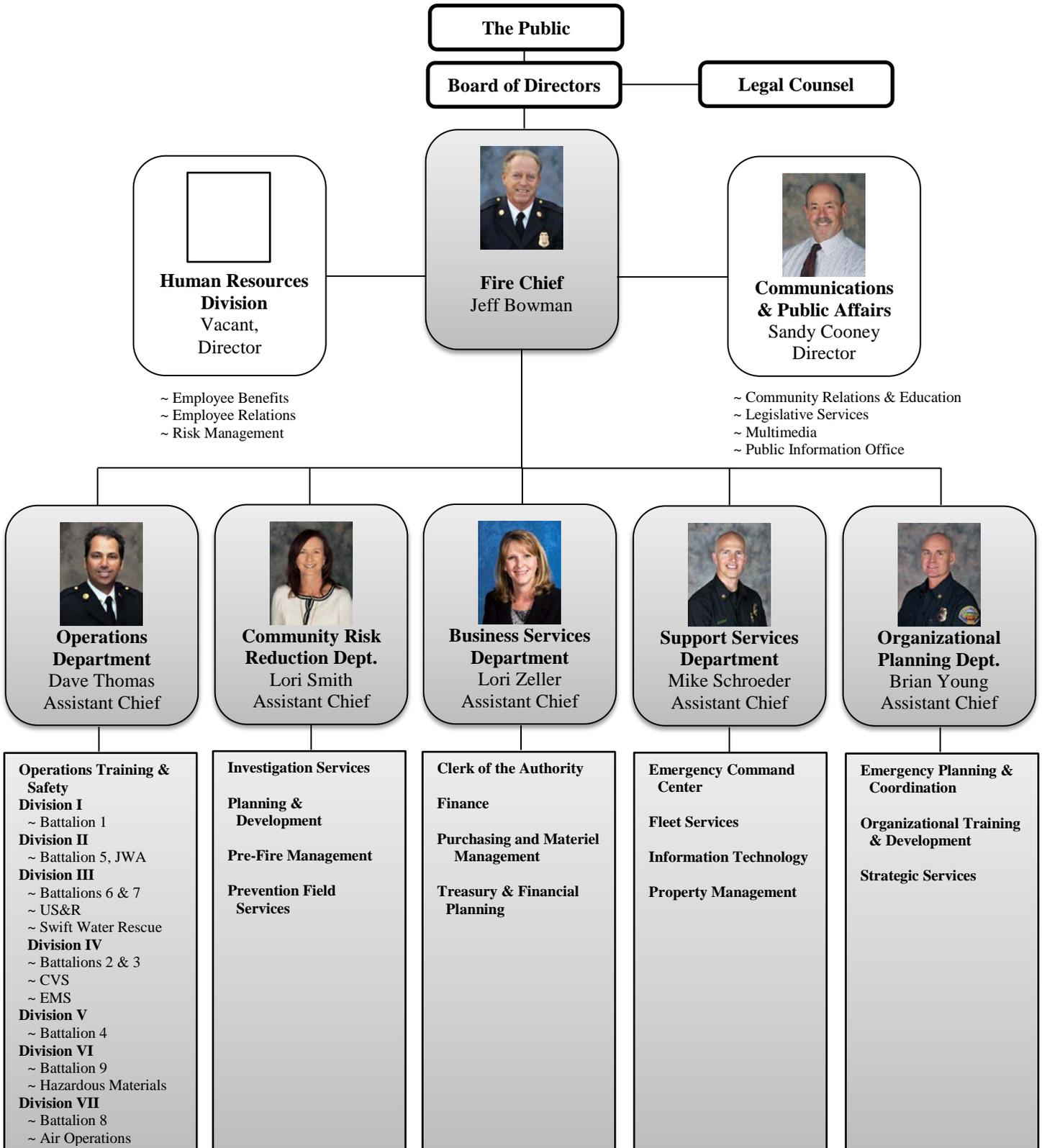


Jeff Bowman, Fire Chief



Lori Zeller, Assistant Chief of Business Services

**ORANGE COUNTY FIRE AUTHORITY**  
**Organization Chart**  
**As of June 30, 2016**



**ORANGE COUNTY FIRE AUTHORITY  
Management Staff and Appointed Officials  
As of June 30, 2016**

Jeff Bowman	Fire Chief
<hr/>	
Dave Thomas	Assistant Chief Operations Department
Lori Smith	Assistant Chief Community Risk Reduction Department
Lori Zeller	Assistant Chief Business Services Department
Mike Schroeder	Assistant Chief Support Services Department
Brian Young	Assistant Chief Organizational Planning Department
Vacant	Director Human Resources Division
Sandy Cooney	Director Communications & Public Affairs
<hr/>	
Sherry A.F. Wentz	Appointed – Clerk of the Authority
Jim Ruane	Appointed – Auditor
Patricia Jakubiak	Appointed – Treasurer
<hr/>	
Woodruff, Spradlin, & Smart	General Counsel

**ORANGE COUNTY FIRE AUTHORITY**  
**Organization of Board of Directors**  
**As of June 30, 2016**

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

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

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

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

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



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Orange County Fire Authority  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

A handwritten signature in black ink, appearing to read 'Jeffrey R. Egan', is positioned above the title of the signatory.

Executive Director/CEO



# Financial



# Section





## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Orange County Fire Authority, (the Authority) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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



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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Orange County Fire Authority as of June 30, 2016, and the respective changes in financial position and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Prior Year Comparative Information*

The financial statements include (partial or summarized) prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2015, from which such partial information was derived.

#### *Other Information*

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

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



CPAs AND ADVISORS

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2016 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lance, Soll &amp; Lughard, LLP". The signature is written in a cursive, flowing style.

Brea California  
September 30, 2016



## Orange County Fire Authority Safety Message

### PulsePoint



*Cardiac arrest is one of the leading causes of death, affecting hundreds of thousands of people in the United States each year. Effective cardio-pulmonary resuscitation (CPR), administered immediately after cardiac arrest, can increase a victim's chance of survival.*

### What Is PulsePoint?

Orange County Fire Authority has launched PulsePoint, a free mobile app that guides lifesaving CPR response for registered users within its service area. PulsePoint is designed for use by citizens and off-duty professionals trained in CPR. Informed at the same time as emergency responders, users are given detailed instructions, including the nearby locations of automated external defibrillators (AEDs). For more information on PulsePoint visit <http://www.pulsepoint.org/pulsepoint-respond/>.

### Get Certified

- ✓ Contact the American Red Cross or the American Heart Association to get CPR certified.
- ✓ Maintain your certification by getting recertified when required.

### Be a Life Saver

- ✓ PulsePoint is available on both the Apple App Store and the Google Play Store.
- ✓ Be notified when there is a cardiac emergency in your immediate vicinity. Your next rescue could be right around the corner.

# Management's Discussion and Analysis



## Fire Station 56 Grand Opening - July 2015





**ORANGE COUNTY FIRE AUTHORITY**  
**Management's Discussion and Analysis**  
**Year ended June 30, 2016**

As management of the Orange County Fire Authority (OCFA), we offer readers of OCFA's financial statements this overview and analysis of the financial activities for the fiscal year ended June 30, 2016.

**Financial Highlights**

**Governmental Activities:** OCFA's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$160,663,918 at the end of the current fiscal year. Net position consisted of net investment in capital assets totaling \$187,910,677; restricted for capital projects and other purposes totaling \$547,099; and an unrestricted deficit totaling \$349,121,694. The result of current fiscal year operations caused total net position to decrease by \$4,521,893 from the prior fiscal year.

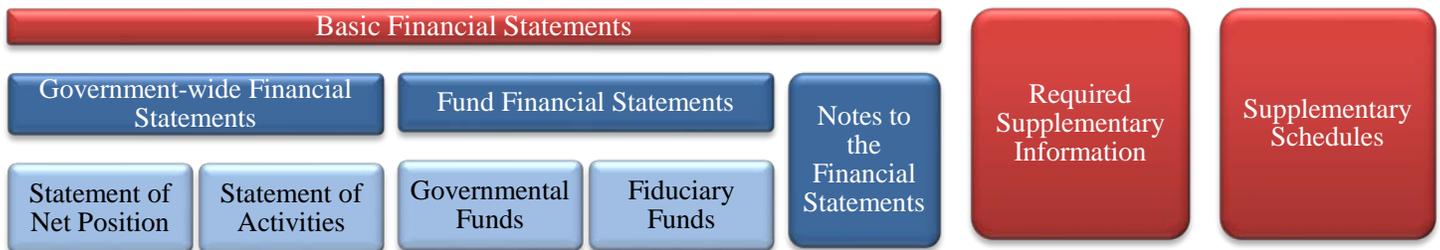
**Governmental Funds:** As of the close of the current fiscal year, the OCFA's governmental funds showed combined ending fund balances totaling \$209,370,885, an increase of \$32,481,099 from the prior fiscal year. Of the total ending fund balance, \$36,756,804 (17.6%) was available for funding future operational needs.

**General Fund:** At the end of the current fiscal year, total fund balance for the General Fund was \$153,057,705, and was categorized as follows:

❖ Nonspendable	\$ 36,779,845
❖ Restricted	13,867
❖ Committed	584,464
❖ Assigned	78,922,725
❖ Unassigned	<u>36,756,804</u>
Fund balance of the General Fund as of June 30, 2016	<u>\$153,057,705</u>

**Overview of the Financial Statements**

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



**Government-wide Financial Statements:** The government-wide financial statements are designed to provide readers with a broad overview of OCFA's finances, in a manner similar to a private-sector business. Public safety activities are reported as governmental activities, since they are principally supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 28-31.

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

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

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

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

OCFA reports four individual governmental funds. Information is presented separately in the fund financial statements for all four governmental funds, since OCFA has elected to classify all governmental funds as major funds. The OCFA adopts an annual appropriated budget for each governmental fund. Budgetary comparison statements and schedules have been provided for the governmental funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 34-42.

**Fiduciary Funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support OCFA's own programs. Combined basic fiduciary fund financial statements can be found on pages 43-44.

**Notes to the Financial Statements and Required Supplementary Information (RSI):** The notes and RSI provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-92, while RSI can be found on pages 95-102.

**Supplementary Schedules:** The budgetary schedules referred to earlier in connection with governmental funds are presented in the supplementary schedules section. Combining and individual fund statements and schedules can be found on pages 104-115.

**Government-wide Financial Analysis**

**Net Position:** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of OCFA, net position totaled a deficit of \$160,663,918 at the end of the most recent fiscal year, a 5.0% improvement from the prior fiscal year. Following is a summary of the OCFA's net position as of June 30, 2016 and 2015:

**ORANGE COUNTY FIRE AUTHORITY's Net Position**

<u>Governmental Activities</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>%</u>
<b>Assets:</b>				
Current and other assets	\$ 228,981,439	\$ 208,723,950	\$20,257,489	9.7%
Capital assets	<u>194,021,124</u>	<u>199,246,842</u>	<u>(5,225,718)</u>	-2.6%
<b>Total assets</b>	<b><u>423,002,563</u></b>	<b><u>407,970,792</u></b>	<b><u>15,031,771</u></b>	<b>3.7%</b>
<b>Deferred outflows of resources:</b>				
Related to pensions	<u>139,040,544</u>	<u>85,763,924</u>	<u>53,276,620</u>	6.2%
<b>Total deferred outflows of resources</b>	<b><u>139,040,544</u></b>	<b><u>85,763,924</u></b>	<b><u>53,276,620</u></b>	<b>6.2%</b>
<b>Liabilities:</b>				
Long-term liabilities	668,803,193	611,877,324	56,925,869	9.3%
Other liabilities	<u>17,992,265</u>	<u>29,787,326</u>	<u>(11,795,061)</u>	-4.0%
<b>Total liabilities</b>	<b><u>686,795,458</u></b>	<b><u>641,664,650</u></b>	<b><u>45,130,808</u></b>	<b>7.0%</b>
<b>Deferred inflows of resources:</b>				
Related to pensions	<u>35,911,567</u>	<u>21,194,439</u>	<u>14,717,128</u>	6.9%
<b>Total deferred inflows of resources</b>	<b><u>35,911,567</u></b>	<b><u>21,194,439</u></b>	<b><u>14,717,128</u></b>	<b>6.9%</b>
<b>Net position:</b>				
Net investment in capital assets	187,910,677	190,800,116	(2,889,439)	-1.5%
Restricted for capital projects	533,232	533,232	-	n/a
Restricted for other purposes	13,867	55,538	(41,671)	-0.8%
Unrestricted	<u>(349,121,694)</u>	<u>(360,513,259)</u>	<u>11,391,565</u>	3.2%
<b>Total net position</b>	<b><u>\$(160,663,918)</u></b>	<b><u>\$(169,124,373)</u></b>	<b><u>\$ 8,460,455</u></b>	<b>5.0%</b>

- At June 30, 2016, the largest portion of OCFA's net position reflects its investment in capital assets, less related outstanding debt used to acquire those assets. OCFA uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although OCFA's investment in its capital assets is reported net of related debt, it should be noted that the repayment of any debt issued to acquire capital assets must be from other sources. OCFA cannot sell the assets to obtain funding.
- An additional portion of OCFA's net position represents resources that are subject to external restrictions on how they may be used. As of June 30, 2016, restricted net position relates to CALFIRE contract revenues that are legally restricted for new fire station development or improvements to existing fire stations, as well as donations received for specific programs and unperformed purchase orders for grant-funded programs.
- The remaining balance of net position is considered unrestricted. A positive unrestricted balance would represent amounts that may be used to meet OCFA's ongoing obligations to citizens and creditors. A deficit unrestricted balance, as reported on June 30, 2016 and June 30, 2015, indicates that OCFA's obligations (liabilities and deferred inflows of resources) currently exceed its resources (assets and deferred outflows of

resources). This deficit is due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 during Fiscal Year 2014/15, which required that OCFA begin reporting its net pension liabilities on the Statement of Net Position. Although the situation surrounding OCFA's pension plans did not change, the way in which they are accounted for and reported in the financial statements changed based on the new guidance provided in GASB Statement No. 68.

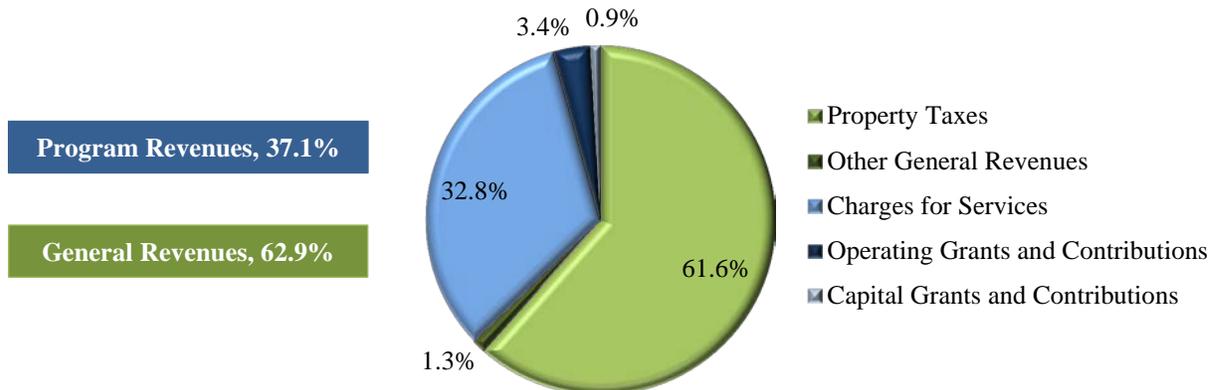
**Changes in Net Position:** Governmental activities increased OCFA's net position by \$8,460,455 during the most recent fiscal year, an indication that OCFA's financial position has improved. As previously noted, the reason for the overall deficit in net position is due to a change in financial reporting requirements under GASB Statement No. 68, not the result of a change in OCFA's financial situation.

Governmental activities are divided into two categories – program and general. Program revenues are those derived directly from a government program itself, or from parties outside the government's taxpayers, and thus reduce the net cost of providing that program. Any program expenses that are not offset by program revenues must essentially be financed by general revenues, such as taxes and investment earnings. Following is a summary of OCFA's changes in net position for Fiscal Year 2015/16 and Fiscal Year 2014/15, followed by explanations for the increases or decreases in revenues and expenses between fiscal years.

#### ORANGE COUNTY FIRE AUTHORITY's Changes in Net Position

<u>Governmental Activities</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>%</u>
Program revenues:				
Charges for services	\$ 117,263,679	\$ 113,150,325	\$ 4,113,354	3.6%
Operating grants and contributions	12,165,015	11,410,019	754,996	6.6%
Capital grants and contributions	3,331,088	9,182,195	(5,851,107)	-63.7%
Total program revenues	<u>132,759,782</u>	<u>133,742,539</u>	<u>(982,757)</u>	-0.7%
General revenues:				
Property taxes	219,840,417	205,141,237	14,699,180	7.2 %
Investment income	1,654,065	839,864	814,201	96.9%
Gain on sale of capital assets	6,000	63,953	(57,953)	-90.6%
Miscellaneous	2,823,503	1,235,004	1,588,499	128.6%
Total general revenues	<u>224,323,985</u>	<u>207,280,058</u>	<u>17,043,927</u>	8.2%
Total revenues	<u>357,083,767</u>	<u>341,022,597</u>	<u>16,061,170</u>	4.7%
Public safety expenses:				
Salaries and benefits	316,292,785	335,419,737	(19,126,952)	-5.7%
Services and supplies	35,127,573	46,073,201	(10,945,628)	-23.8%
Depreciation and amortization	9,267,982	9,050,195	217,787	2.4%
Interest on long-term debt	917,320	582,565	334,755	57.5%
Total expenses	<u>361,605,660</u>	<u>391,125,698</u>	<u>(29,520,038)</u>	-7.5%
Change in net position	(4,521,893)	(50,103,101)	45,581,208	
Net position, beginning of year	(169,124,373)	243,754,615	(412,878,988)	
Prior period adjustment	12,982,348	(362,775,887)	375,758,235	
Net position, end of year	<u>\$(160,663,918)</u>	<u>\$(169,124,373)</u>	<u>\$8,460,455</u>	5.0%

**Revenues of Governmental Activities - by Source  
Fiscal Year 2015/16**



Program revenues, which totaled \$132,759,782 for Fiscal Year 2015/16 and accounted for 37.1% of total revenues, decreased by \$982,757 (0.7%) from the prior fiscal year. Following is a description of each program revenue type, followed by an explanation of what contributed to the net increase or decrease from the prior fiscal year.

- Charges for services include amounts received from those who purchase, use, or directly benefit from or are affected by a program. These revenues increased by \$4,113,354 (3.6%) over the prior fiscal year.

Amount	Reason for Increase / Decrease
+\$2,870,000	Fire service contracts increased for cash contract city charges per terms of the Joint Powers Agreement (+\$2.53 million); OCFA's contract with California Department of Forestry (CALFIRE) for the protection of State Responsibility Area (SRA) lands (+\$210,000); and the Airport Rescue Firefighting (ARFF) Services contract with John Wayne Airport, per terms of an amended contract that went into effect in December 2012 (+\$130,000). The increase in cash contract city contract revenues includes accrual-based adjustments for revenues from the City of Santa Ana to reimburse OCFA for usage of employee general leave balances.
+\$2,205,000	Reimbursements for state and federal incidents vary each year depending on fire and emergency response activity. State assistance by hire services performed for CALFIRE and the California Emergency Management Agency (CAL EMA) increased by \$2.5 million. Reimbursements for state incidents were higher in the current fiscal year due to major Fiscal Year 2015/16 incidents such as the Butte Fire in September 2015. Federal assistance by hire services performed for Cleveland National Forest decreased by \$315,000 primarily due to the Fiscal Year 2014/15 Silverado Fire in September 2014. Federal responses to national incidents increased by \$20,000 due to responses in Fiscal Year 2015/16 for Hurricane Joaquin in October 2015 and Tropical Cyclone Amos in April 2016 .
-\$435,000	Fee-based fire prevention revenues decreased primarily due to permit activity for residential site reviews; a reduction in the fire sprinkler system plan review fee effective September 2015; and a delay in the number of assembly inspections completed in the current fiscal year.
-\$420,000	Revenues for ambulance transport and supplies reimbursement were lower in Fiscal Year 2015/16 due to a decline in transport activity.
-\$105,000	Road maintenance, fuel reduction, and other contract revenues generated by the hand crew decreased due to a decline in the amount of work performed for Southern California Edison.
<b>+\$4,115,000</b>	<b>Program Revenues: Charges for Services – Net Increase</b>

- Operating grants and contributions include grants, contributions, donations, and similar items that are restricted to one or more specific program. These revenues increased by \$754,996 (6.6%) from the prior fiscal year.

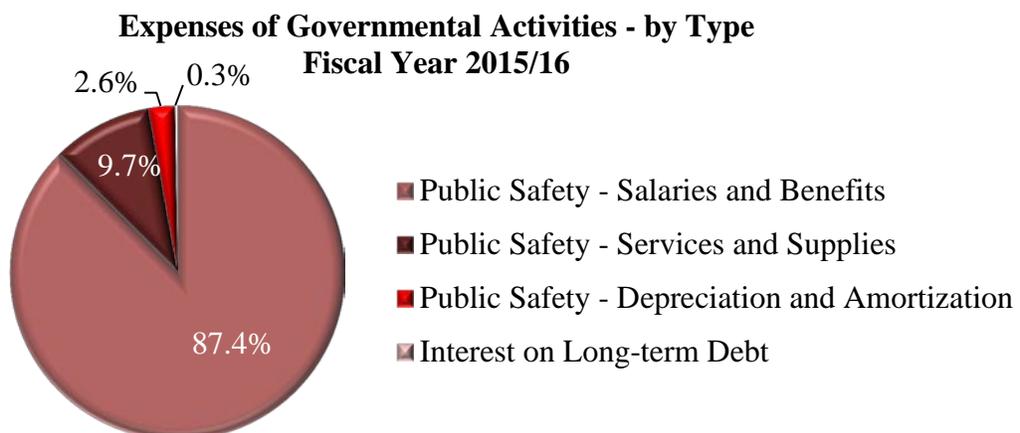
Amount	Reason for Increase / Decrease
+\$390,000	Tax increment passed through from member cities decreased by \$270,000, but one-time tax increment passed through from the County of Orange increased by \$660,000. In Fiscal Year 2011/12, the State of California dissolved its sixty year-old redevelopment program, and city redevelopment agencies were replaced with successor agencies to manage the wind-down of the program. Property tax increment that was formerly passed through to OCFA by various member cities has now been deposited into the newly formed Redevelopment Property Tax Trust Fund, from which the County of Orange Auditor/Controller makes disbursements.
+\$480,000	Federal and state operating grants and other reimbursable revenues increased primarily due to three one-time revenue sources that were new in Fiscal Year 2015/16: <ul style="list-style-type: none"> <li>• \$160,000 federal grants passed through the Orange County Sheriff's Department and the City of Santa Ana for development of wildland urban interface pre-fire plans;</li> <li>• \$100,000 reimbursement from the California Fire and Rescue Training Authority Task Force for costs incurred during a task force deployment exercise conducted in May 2016; and</li> <li>• \$40,000 state grant from CAL FIRE via the State Responsibility Fire Prevention Fund for the development of a county-wide wildfire protection plan.</li> </ul> <p>In addition, annual federal grants that increased in Fiscal Year 2015/16 included the Homeland Security Grant Program passed through the Orange County Sheriff's Department for regional training costs (\$25,000), and the Urban Search and Rescue (USAR) Cooperative Agreement via the Federal Emergency Management Agency to fund operations of California Task Force 5 (\$155,000).</p>
-\$115,000	Other miscellaneous operating revenues decreased, primarily due to a decline in the number of reimbursable instructional hours per a contract with Santa Ana College, as well as a decline in the number of projects submitted for reimbursement from the California Joint Apprenticeship Committee.
<b>+\$755,000</b>	<b>Program Revenues: Operating Grants and Contributions – Net Increase</b>

- Capital grants and contributions include grants, contributions, donations, and similar items that are restricted to one or more specific capital-related programs. These revenues decreased by \$5,851,107 (63.7%) from the prior fiscal year.

Amount	Reason for Increase / Decrease
-\$5,075,000	Revenues from developers decreased per the terms of various Secured Fire Protection Agreements. During Fiscal Year 2014/15, OCFA received over \$4.5 million from various developers as reimbursement for construction of new Fire Station No. 56 (Village of Sendero) in Rancho Mission Viejo, as well as a new type 1 engine to be placed into service at the station. Contributions varied between the prior and current fiscal years based on construction projects in the cities of Irvine, Aliso Viejo, Mission Viejo, Lake Forest, and Yorba Linda, resulting in a net \$575,000 increase.
-\$795,000	Revenues from federal capital grants decreased by \$795,000. A Community Development Block Grant project for improvements at four fire stations in the City of Santa Ana was completed in April 2015, resulting in an \$825,000 decrease to capital-related federal grant reimbursements. During Fiscal Year 2014/15, OCFA also received a \$10,000 Homeland Security Grant passed through the Orange County Sheriff's Department for the purchase of gas monitors. During Fiscal Year 2015/16, OCFA received a \$40,000 Assistance to Firefighters grant for the purchase of vehicle extrication gloves.
+\$20,000	Capital assets contributed to OCFA increased primarily due to various equipment items purchased by other government agencies via the federal Urban Area Security Initiative (UASI) grant. During Fiscal Year 2015/16, the City of Anaheim and the City of Santa Ana acquired and contributed to OCFA two search cameras and three mobile radios valued at \$45,000. During Fiscal Year 2014/15, the City of Santa Ana acquired and contributed two chemical agent detection kits valued at \$35,000. In addition, during Fiscal Year 2015/16 the Orange County Fire Authority Foundation acquired and contributed to OCFA the Pulsepoint software system that had been purchased for \$10,000 with a grant from Hoag Hospital.
<b>-\$5,850,000</b>	<b>Program Revenues: Capital Grants and Contributions – Net Decrease</b>

General revenues, which totaled \$224,323,985 for Fiscal Year 2015/16 and accounted for 62.9% of total revenues, increased by \$17,043,927 (8.2%) over the prior fiscal year. Following is a description of each general revenue type and an explanation of what contributed to the net increase or decrease from the prior fiscal year.

Amount	Reason for Increase / Decrease																								
+\$14,700,000	The largest general revenue, property taxes, increased by \$14,699,180 (7.2%) over the prior fiscal year, primarily due to increases in secured property taxes.																								
+\$1,590,000	Miscellaneous revenues increased by \$1,588,499 (128.6%), primarily relating to amounts received in Fiscal Year 2015/16 from the Orange County Professional firefighters Association IAFF Local 3631 in connection with the contract governing OCFA's contributions to the firefighter medical trust, which pays monthly health care premiums for employees in the firefighter unit. Other Fiscal Year 2015/16 increases pertained to SB90 claims reimbursed from the State of California and bankruptcy proceeds from the County of Orange. These revenue sources vary from year to year.																								
+\$810,000	Investment income increased by \$814,201 (96.9%). OCFA's year-to-date effective rate of return on its investment portfolio was 0.47% as of June 30, 2016, as compared to 0.27% as of June 30, 2015. This 74.0% increase in the annual rate of return attributed to approximately \$390,000 of the increase in overall interest earnings. In addition, OCFA adjusts its investments to market value as of June 30 each year. This resulted in an overall investment gain in Fiscal Year 2015/16, and attributed to approximately \$50,000 of the increase in total investment income as compared to the prior fiscal year's market value gain. The market value adjustment is a "paper only" transaction, and no actual investment gains or losses have been recognized since OCFA typically holds its investments to maturity. Finally, during Fiscal Year 2015/16 OCFA issued short-term debt in the form of Tax and Revenue Anticipation Notes (TRAN), which generated a premium that was approximately \$330,000 higher than the prior fiscal year's TRAN premium. These components of investment income are summarized below: <table border="1" style="margin-left: 40px; margin-top: 10px;"> <thead> <tr> <th></th> <th style="text-align: right;">FY 2015/16</th> <th style="text-align: right;">FY 2014/15</th> <th style="text-align: right;">Increase (Decrease)</th> </tr> </thead> <tbody> <tr> <td>Portfolio earnings</td> <td style="text-align: right;">\$ 843,479</td> <td style="text-align: right;">\$450,815</td> <td style="text-align: right;">\$392,664</td> </tr> <tr> <td>Market value gain (loss)</td> <td style="text-align: right;">125,018</td> <td style="text-align: right;">74,731</td> <td style="text-align: right;">50,287</td> </tr> <tr> <td>TRAN premium</td> <td style="text-align: right;">612,431</td> <td style="text-align: right;">275,880</td> <td style="text-align: right;">336,551</td> </tr> <tr> <td>Interest on property taxes</td> <td style="text-align: right;">73,137</td> <td style="text-align: right;">38,438</td> <td style="text-align: right;">34,699</td> </tr> <tr style="border-top: 2px solid black;"> <td><b>Total investment income</b></td> <td style="text-align: right;"><b>\$1,654,065</b></td> <td style="text-align: right;"><b>\$839,864</b></td> <td style="text-align: right;"><b>\$814,201</b></td> </tr> </tbody> </table>		FY 2015/16	FY 2014/15	Increase (Decrease)	Portfolio earnings	\$ 843,479	\$450,815	\$392,664	Market value gain (loss)	125,018	74,731	50,287	TRAN premium	612,431	275,880	336,551	Interest on property taxes	73,137	38,438	34,699	<b>Total investment income</b>	<b>\$1,654,065</b>	<b>\$839,864</b>	<b>\$814,201</b>
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-\$60,000	Gain on sale of capital assets decreased by \$57,953 (90.6%), primarily due to a decline in the number of vehicles and equipment items sold at public auction. During Fiscal Year 2014/15, twelve vehicles and fifteen equipment items were sold, including a fully-depreciated dozer and loader that sold for a combined \$53,000. During Fiscal Year 2015/16, only six vehicles were sold for a combined \$10,000.																								
+\$17,040,000	<b>General Revenues – Net Increase</b>																								



Total expenses decreased by \$29,520,038 (7.5%) from the prior fiscal year. Following is an explanation of what contributed to the net increase or decrease of each expense type from the prior fiscal year.

- Salaries and benefits decreased by \$19,126,952 (5.7%) from the prior fiscal year.

Amount	Reason for Increase / Decrease
-\$32,640,000	Retirement costs for contributions remitted to the Orange County Employees Retirement System (OCERS) decreased by \$4,840,000. Reasons for the decrease in actual plan contributions are further explained in the <b>Major Governmental Funds – General Fund</b> portion of this Management’s Discussion and Analysis. In addition, under the requirements of GASB Statement No. 68, the amount of pension expense recognized during Fiscal Year 2015/16 in order to fully capture OCFA’s share of the net pension liability and related pension expense in its governmental activities, was \$27.8 million less than the prior fiscal year.
+\$13,290,000	Reasons for increases and decreases to the following categories of salaries and benefits are further explained in the <b>Major Governmental Funds – General Fund</b> portion of this Management’s Discussion and Analysis: overtime costs (+6,340,000); regular pay (+2,840,000); employee health insurance and other benefits (+\$2,680,000); other pay (+\$1,720,000); and vacation and sick leave payouts (-\$315,000). In addition, salaries and benefits reported in the governmental activities were reduced by \$25,000 in Fiscal Year 2014/15 to reflect employee labor costs that were capitalized as part of the Computer Aided Dispatch (CAD) system that went into service in September 2014.
+\$600,000	The net change in long-term liabilities for various employee leave balances increased by \$600,000 as compared to the prior fiscal year, and is recognized as an expense in the governmental activities. The net increase is primarily related to a decline in the use of sick leave balances by employees.
-\$375,000	Other post-employment benefit (OPEB) cost for the defined benefit Retiree Medical Plan decreased by \$375,000. Annual OPEB cost is equal to an annual required contribution, as determined by an actuarial valuation, plus adjustments for cumulative interest and actual contributions to the plan. An updated actuarial study is completed every other year.
<b>-\$19,125,000</b>	<b>Salaries and Benefits – Net Decrease</b>

- Services and supplies decreased by \$10,945,628 (23.8%) from the prior fiscal year.

Amount	Reason for Increase / Decrease																
-\$7,005,000	In September 2013, the Board of Directors approved issuance of equity payments from unrestricted revenue sources to qualifying Structural Fire Fund member agencies, based on a calculation of average Structural Fire Fund Tax rate. Equity payments totaling \$7,005,000 were paid or accrued in the prior fiscal year in accordance with the 2 <sup>nd</sup> Amendment to the Joint Powers Agreement. However, no equity payments were paid or accrued in Fiscal Year 2015/16 because the 2 <sup>nd</sup> Amendment to the Joint Powers Agreement was nullified by the court.																
-\$5,330,000	OCFA’s long-term liability for workers’ compensation reflects the present value of estimated outstanding losses, as determined by an actuarial valuation and the “confidence level” set by the Board of Directors. The change in the actuarial liability estimate, plus actual cash claims paid, is recognized as an expense. Workers’ compensation expense decreased as follows: <table border="1" style="margin-left: 40px;"> <thead> <tr> <th></th> <th>FY 2015/16</th> <th>FY 2014/15</th> <th>Increase (Decrease)</th> </tr> </thead> <tbody> <tr> <td>Actual claims paid</td> <td>\$ 7,890,000</td> <td>\$ 6,450,000</td> <td>\$ 1,440,000</td> </tr> <tr> <td>Change in actuarial estimate</td> <td>(1,165,000)</td> <td>5,605,000</td> <td>(6,770,000)</td> </tr> <tr> <td><b>Total fiscal year expense</b></td> <td><b>\$6,725,000</b></td> <td><b>\$12,055,000</b></td> <td><b>\$(5,330,000)</b></td> </tr> </tbody> </table>		FY 2015/16	FY 2014/15	Increase (Decrease)	Actual claims paid	\$ 7,890,000	\$ 6,450,000	\$ 1,440,000	Change in actuarial estimate	(1,165,000)	5,605,000	(6,770,000)	<b>Total fiscal year expense</b>	<b>\$6,725,000</b>	<b>\$12,055,000</b>	<b>\$(5,330,000)</b>
	FY 2015/16	FY 2014/15	Increase (Decrease)														
Actual claims paid	\$ 7,890,000	\$ 6,450,000	\$ 1,440,000														
Change in actuarial estimate	(1,165,000)	5,605,000	(6,770,000)														
<b>Total fiscal year expense</b>	<b>\$6,725,000</b>	<b>\$12,055,000</b>	<b>\$(5,330,000)</b>														

(Continued on next page)

Amount	Reason for Increase / Decrease
(Continued) +\$955,000	Equipment and vehicle maintenance expense includes all costs necessary to support, maintain and repair OCFA's communications and information systems; its fleet of frontline and support vehicles and four helicopters; and various other equipment utilized throughout the organization. Expenses increased during Fiscal Year 2015/16 primarily due to support for the new Computer Aided Dispatch (CAD) system that went live in September 2014. OCFA was not required to begin paying annual support costs to the third party software provider until September 2015. Additional reasons for the increase to equipment and vehicle maintenance are further explained in the <i>Major Governmental Funds – General Fund</i> portion of this Management's Discussion and Analysis.
+\$705,000	Clothing and personal supply expense includes all costs necessary to outfit frontline and support personnel, and includes items such as uniforms, boots, helmets, gloves, turnouts, brush pants and coats, goggles, fire hoods, and specialty personal protective equipment. Expenses increased during Fiscal Year 2015/16 due to a high volume of uniform orders submitted by field personnel, as well as an increase in the number of new firefighter recruits as compared to the prior fiscal year. A more detailed explanation is included in the <i>Major Governmental Funds – General Fund</i> portion of this Management's Discussion and Analysis.
-\$500,000	OCFA's facilities include seventy-two fire stations, a new Urban Search and Rescue warehouse, and the Regional Fire Operations and Training Center (RFOTC). The total cost to keep these facilities repaired and in efficient operating condition decreased, primarily due to a significant grant-funded project to remodel four city-owned fire stations in the City of Santa Ana during Fiscal Year 2014/15. In the absence of that one-time project, building maintenance expenses actually increased by approximately \$325,000. Maintenance costs varied by location, but overall OCFA's expenses increased due to repairs of flooring, doors and gates, roofing, and landscaping. In addition, during Fiscal Year 2015/16 there was an increase in non-capitalized costs needed to make new Fire Station No. 56 (Village of Sendero) ready for operations.
+\$230,000	Reasons for increases and decreases to the following categories of services and supplies are further explained in the <i>Major Governmental Funds – General Fund</i> portion of this Management's Discussion and Analysis: transportation (-\$350,000); special department expenses (+235,000); employee travel, training, and meetings (+\$205,000); medical, dental, and lab supplies (+\$190,000); insurance (-\$80,000); food (+\$75,000); and utilities and communications (-\$45,000).
<b>-\$10,945,000</b>	<b>Services and supplies – Net Decrease</b>

- Depreciation and amortization expense, which had no impact on OCFA's cash balances, increased by \$217,787 (2.4%), and pertained primarily to depreciation on buildings. Fiscal Year 2015/16 was the first full year of depreciation expense for two significant building additions – the Urban Search and Rescue warehouse acquired in April 2015 and Fire Station No. 56 (Village of Sendero) placed into service in July 2015.
- Interest on long-term debt increased by \$334,755 (57.5%) from the prior fiscal year. Interest expense on the 2008 helicopter lease purchase agreement decreased by approximately \$60,000 as principal was paid down per the debt-to-maturity schedule. This was offset by an increase totaling approximately \$400,000 for interest on Tax and Revenue Anticipation Notes (TRAN) issued during Fiscal Year 2015/16.

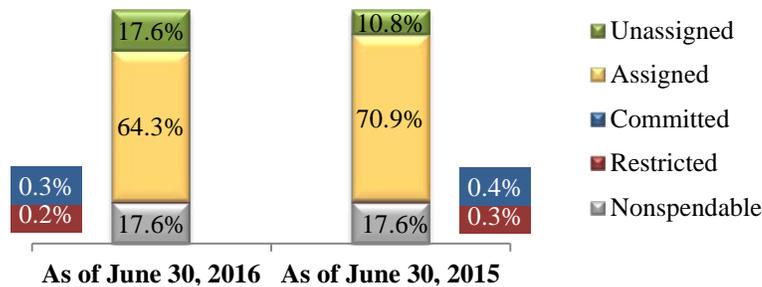
**Financial Analysis of OCFA’s Funds**

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

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

At the end of Fiscal Year 2015/16, OCFA’s governmental funds reported combined ending fund balances of \$209,370,885, an increase of \$32,481,099 in comparison with the prior fiscal year. Approximately 17.6% constitutes unassigned fund balance, which is available for spending for any purpose. The remaining 82.4% of fund balance is not available for spending on any new purpose, because it has already been restricted, committed, or assigned for specific purposes, or it is in a nonspendable form.

**Fund Balances of Governmental Funds**



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



The **General Fund** is the chief operating fund of the OCFA. At the end of Fiscal Year 2015/16, the General Fund’s fund balance totaled \$153,057,705. Unassigned fund balance totaling \$36,756,804 (24.0%) is available for future spending. The remaining \$116,300,901 (76.0%) is not available for spending on any new purpose, because it has already been restricted, committed or assigned for specific purposes, or is in a nonspendable form.

Total fund balance of the OCFA’s General Fund increased by \$19,802,100 during the current fiscal year. The prior fiscal year’s fund balance increased by \$4,768,968, a difference of \$15,033,132.

Impact on Fund Balance	Description
<b>+\$14,700,000</b>	Revenue from property taxes increased primarily due to secured property taxes.
<b>+\$2,410,000</b>	The most significant increase in intergovernmental revenue was state assistance by hire revenues for increased emergency response activity, including the Butte Fire in September 2015. Other increases included SB90 claims reimbursed from the State of California; contract revenues for the protection of State Responsibility Area (SRA); miscellaneous state and federal revenues; and tax increment passed through from member cities and the County of Orange. These increases totaled \$3.2 million, but were offset by \$800,000 in decreases relating to Fiscal Year 2014/15 federal assistance by hire emergency response activity and federal grants, including a Community Development Block Grant to remodel various Santa Ana fire station kitchens and bathrooms.
<b>+\$1,790,000</b>	The most significant increases in charges for services were for operating and facilities charges to cash contract cities per terms of the Joint Powers Agreement and the Airport Rescue Firefighting (ARFF) Services contract with John Wayne Airport. These increases totaled nearly \$2.8 million, but were offset by nearly \$1 million in decreased revenues for ambulance transport and supplies reimbursements; permit and inspection fees; and contract work generated by the hand crew.
<b>+\$975,000</b>	The increase in miscellaneous revenue was primarily due to amounts received from the Orange County Professional Firefighters Association IAFF Local 3631 in connection with OCFA's contract governing contributions to the firefighter medical trust, which pays monthly health care premiums for employees in the firefighter unit.
<b>+\$700,000</b>	The most significant increases in use of money and property pertained to the premium for the Fiscal Year 2015/16 TRAN issuance (+\$335,000). Other increases included investment portfolio earnings and the increase in market value investment gain allocated to the fund (+\$330,000), as well as interest earnings related to property taxes (+\$35,000).
<b>+\$20,575,000</b>	<b>Subtotal – Impact of Revenues</b>
<b>-\$6,340,000</b>	Overtime costs increased by over \$6.3 million, which included non-discretionary backfill for open/vacant suppression positions; overtime and backfill for suppression personnel responding to emergency incidents; and backfill for suppression personnel on workers' compensation or those utilizing leave balances. The overall increase in overtime was attributed to a new Memorandum of Understanding (MOU) with the firefighter unit that went into effect in November 2014, which changed the way in which sick and vacation hours count toward hours work when calculating overtime. In addition, the number of emergency response hours increased by nearly 30,000 hours due to a higher volume of out-of-county incidents in Fiscal Year 2015/16.
<b>+\$4,840,000</b>	Retirement costs had a net decrease due to one-time employer contributions made toward the net unfunded pension liability (-\$5.9 million); pension contributions based on changes to employee compensation negotiated during Fiscal Year 2014/15, net of a decline in the annual savings achieved by pre-paying a portion of the subsequent fiscal year's contributions to OCERS (+\$1.1 million); and additional payments made toward the unfunded pension liability during Fiscal Year 2014/15, which was achieved by carrying forward the higher safety member retirement rates from Fiscal Year 2012/13 (-\$100,000). OCFA made one-time employer contributions toward the net unfunded pension liability totaling \$21.3 million in Fiscal Year 2014/15, as compared to \$15.4 million in Fiscal Year 2015/16.
<b>-\$2,840,000</b>	An increase in regular pay was due primarily to labor contracts negotiated with the firefighter unit and the general and supervisory management unit during Fiscal Year 2014/15, which resulted in 2.0% and 2.75% base salary increases, respectively.
<b>-\$2,680,000</b>	Employee health insurance and other benefits increased primarily due to firefighter health insurance premiums. Monthly rates per employee increased from \$1,742 to \$1,900 effective January 1, 2016.
<b>-\$1,720,000</b>	Other pay – which includes pay to employees on workers' compensation, educational incentives, paramedic/EMT bonuses, bilingual pay, and other specialty pay – increased in the following areas:

*(Continued on next page)*

Impact on Fund Balance	Description
<i>(Continued)</i>	<ul style="list-style-type: none"> <li>➤ Workers' compensation pay +\$490,000</li> <li>➤ Paramedic specialty pay +\$440,000</li> <li>➤ Special assignment pay for training officers +\$225,000</li> <li>➤ Education incentives +\$180,000</li> <li>➤ Bilingual pay +\$115,000</li> <li>➤ Special assignment pay for hazmat specialists and technical rescue trucks +\$100,000</li> <li>➤ Miscellaneous taxable pay +\$90,000</li> <li>➤ Special assignment "on call" pay +\$80,000</li> </ul> <p>The number of employees on workers' compensation for all or a portion of the year increased from 179 in Fiscal Year 2014/15 to 206 in Fiscal Year 2015/16, attributing nearly \$500,000 to the overall increase in other pay. Paramedic specialty pay, which is calculated at 15% of regular pay, was another significant contributor to the overall increase. This specialty pay increased by over \$400,000 because of increases in employee compensation that were negotiated during Fiscal Year 2014/15, as well as various unit reconfigurations in 2015 and 2016 that increased the number of paramedic post positions.</p>
+\$315,000	Vacation and sick leave payouts decreased primarily due to the retirement of several long-term personnel during Fiscal Year 2014/15.
-\$8,425,000	<b><i>Subtotal – Impact of Salaries and Benefits</i></b>
+\$6,990,000	The decrease in miscellaneous expenditures relates primarily to equity payments due to the County of Orange and the cities of Irvine, Rancho Santa Margarita, Laguna Woods, and Lake Forest in Fiscal Year 2014/15 (+\$7,005,000). These payments were made in the prior fiscal year in accordance with the 2 <sup>nd</sup> Amendment to the Joint Powers Agreement, which was nullified by the appellate court during Fiscal Year 2015/16. No equity payments were paid or accrued in Fiscal Year 2015/16. In addition, the General Fund temporarily borrowed \$10 million and \$5 million during Fiscal Year 2015/16 and Fiscal Year 2014/15, respectively, resulting in an increase in interfund interest expenditures (-\$15,000).
-\$1,470,000	The most significant increase in professional services pertained to workers compensation claims paid, which increased by over \$1.4 million in Fiscal Year 2015/16. Other increases related to the development of thirty-two wildland urban interface pre-fire plans, and the annual partnership costs paid for the 800 MHz Countywide-Coordinated Communications System (CCCS) replacement. These increases totaled approximately \$1.7 million, but were partially offset by decreases for support and maintenance of the intranet/internet calendaring project that was completed in the prior fiscal year.
-\$955,000	Equipment and vehicle maintenance was higher in Fiscal Year 2015/16 primarily due to support for the Computer Aided Dispatch (CAD) system. The new OCFA-wide CAD system went live in September 2014; however, annual support and maintenance costs were not required to be paid to the third party software provider for the first full year while in the initial warranty period. Other costs that were higher in Fiscal Year 2015/16 included outsourcing of various repairs for vehicles that were in accidents; replacement of vehicle tires; various equipment system repairs at the Regional Fire Operations and Training Center (RFOTC), including the HVAC system, fire sprinkler system, generator, and fuel pumps; and ongoing maintenance and upgrade support for the Banner financial system and database.
-\$705,000	Clothing and personal supply costs increased primarily due to purchases of new uniforms and boots. In the prior fiscal year, many suppression personnel delayed replacing their uniforms in anticipation of a new uniform contract that was awarded in June 2015. Thus, a high volume of uniform orders were placed and filled in Fiscal Year 2015/16. In addition, new uniforms were purchased for firefighters in two academies held during Fiscal Year 2015/16, as opposed to only one academy held in the prior fiscal year.

*(Continued on next page)*

Impact on Fund Balance	Description
(Continued) +\$515,000	Decreases in building maintenance were attributed primarily to certain significant Fiscal Year 2014/15 projects, including a grant-funded kitchen and bathroom remodel at four fire stations in the City of Santa Ana and a hardscape remodel project at Fire Station No. 8 (Skyline). These decreases totaled approximately \$880,000, but were offset by increases in other maintenance costs at fire stations and the RFOTC for flooring; doors and gates; roofing; and landscaping.
+350,000	Transportation costs decreased due to an overall drop in fuel prices (+\$350,000). Fiscal Year 2014/15 fuel prices averaged \$2.84 and \$2.93 per gallon for diesel and regular, respectively. Fiscal Year 2015/16 fuel prices were 15-28% lower with an average price of \$2.04 and \$2.48 per gallon for diesel and regular, respectively. The average price per gallon for jet fuel to replenish the helicopter fuel tank also decreased 15% from \$3.09 per gallon in Fiscal Year 2014/15 to \$2.64 per gallon in Fiscal Year 2015/16.
-\$235,000	Increases in special department expenditures pertained primarily to the purchase of forty-three portable VHF radios, twelve mobile VHF radios, and related accessories during Fiscal Year 2015/16. Other significant costs in the current fiscal year included employee tuition reimbursements, supplies for the WEFIT health and wellness program, incident management team cache items, support of the drowning prevention task force, and various miscellaneous purchases made throughout the organization.
-\$205,000	The cost of employee travel, training, and meetings increased primarily due to the new OCFA-wide "Crucial Conversations" program which began in Fiscal Year 2015/16. Other significant in-county costs included an \$420 training class sponsored by the Urban Search and Rescue (USAR) task force, as well as on-site Banner financial system training for employees in Finance, Purchasing, Budget, and Human Resources. There was also an increase in the number of out-of-county trips completed by the Training & Safety Services section and those in the USAR program.
-\$190,000	More medical, dental, and lab supplies were purchased in Fiscal Year 2015/16, including pharmaceuticals, catheters, defibrillator supplies, and needles. Purchases of these supplies vary each year as stock is replenished and expiring pharmaceuticals are replaced.
+\$80,000	The cost of insurance premiums for excess workers' compensation and general liability coverage decreased during Fiscal Year 2015/16.
-\$75,000	Food costs were higher in Fiscal Year 2015/16 due to the purchase of box lunches for significant in-county fire incidents, including the Laguna Fire in June 2016; replenishment of MRE stock ("meals-ready-to-eat"); new drip-drop hydration mix placed on all fire apparatus; and various food costs needed to conduct two firefighter academies as opposed to only one academy in the prior fiscal year.
+\$45,000	A net decrease in utilities and communications charges was primarily due to declining electricity rates, offset by an increase in the monthly communications charges to operate all fax machines, phones, alarms, 911 boxes, and data circuits throughout OCFA.
+\$4,145,000	<b><i>Subtotal – Impact of Services and Supplies</i></b>
+\$80,000	Capital outlay varies each fiscal year based on organizational needs for new and replacement equipment. Significant equipment purchases in Fiscal Year 2014/15 included two servers, a helicopter hoist, seven extrication tools, a portable restroom facility, and twelve portable 800 MHz radios. The most significant purchases in Fiscal Year 2015/16 included three servers, thirteen mobile radios, six mobile vehicle lift systems, a compressor, three network switches, and four routers. In addition, the purchase and installation of various Code 3 equipment onto type 1 engines and Battalion Chief vehicles increased during Fiscal Year 2015/16.
-\$400,000	Interest and fiscal charges increased due to the issuance of Tax and Revenue Anticipation Notes (TRAN). The coupon rate on the Fiscal Year 2015/16 TRAN issuance was 2.00%, as compared to 0.75% for the Fiscal Year 2014/15 TRAN.
-\$4,600,000	<b><i>Subtotal – Impact of Expenditures</i></b>

*(Continued on next page)*

Impact on Fund Balance	Description
(Continued) -\$920,000	<p>Net interfund transfers increased and decreased as follows:</p> <ul style="list-style-type: none"> <li>➤ Transfers are made from the General Fund to the capital projects funds to fund current and future projects in the Capital Improvement Program. Transfers from the General Fund to the Communications and Information Systems Fund decreased during Fiscal Year 2015/16 (+\$2,925,000).</li> <li>➤ When the <i>Capital Projects Fund Policy</i> was implemented in Fiscal Year 2014/15, certain projects within the Capital Improvement Program were moved from the Communications and Information Systems Fund and the Facilities Maintenance and Improvement Fund (now closed) to the General Fund, resulting in one-time transfers in to the General Fund during Fiscal Year 2014/15 (-\$1,135,000 and -\$2,710,000, respectively).</li> </ul>
-\$110,000	There was a decrease in the proceeds from sale of capital and other assets, primarily due to the sale of a dozer, a loader, a fire command bus, and a type 1 engine during Fiscal Year 2014/15.
+\$90,000	Insurance recoveries increased in Fiscal Year 2015/16 due to property damage incurred at Fire Station No. 22 (Laguna Hills/Laguna Woods) and Fire Station No. 75 (Santa Ana), as well as an increase in the number of accidents involving OCFA vehicles.
-\$940,000	<b>Subtotal – Impact of Other Financing Sources and Uses</b>
+\$15,035,000	<b>General Fund – Net Impact on Fund Balance</b>



The *Communications and Information Systems Fund* had total fund balance of \$19,002,272 at the end of Fiscal Year 2015/16. Fund balance was assigned to the Capital Improvement Program (\$18,977,557) and communications and information technologies projects (\$24,715). Total fund balance increased by \$346,417 during the current fiscal year. The prior fiscal year’s fund balance increased by \$604,103, a difference of \$257,686.

Impact on Fund Balance	Description
+\$50,000	Revenues for use of money and property increased due to portfolio earnings and the market value investment gain allocated to the fund.
+\$60,000	Miscellaneous revenues pertaining to bankruptcy proceeds increased during Fiscal Year 2015/16.
+\$1,420,000	<p>Expenditures for services and supplies and capital outlay had a net decrease primarily due to four significant, multi-year capital improvement projects as follows:</p> <ul style="list-style-type: none"> <li>➤ The development of a new Computer Aided Dispatch (CAD) system began in Fiscal Year 2011/12 and was placed in service September 2014. Fiscal Year 2014/15 project costs included the final project milestones necessary to place the new system into service, including the acquisition of hardware and related warranty costs; system design; coding; data development (-\$810,000).</li> <li>➤ The Fire Station Alerting System project was a component of the overall CAD public safety system project. The project began in Fiscal Year 2013/14 and was placed in service July 2015. Fiscal Year 2014/15 project costs were higher than the current fiscal year since a significant number of project milestones were completed and costs were incurred at the peak of the project’s activity, including hardware and software installation at various fire stations; a radio interface controller; installation of turnout timers; and system integration (-\$625,000).</li> </ul>

*(Continued on next page)*

Impact on Fund Balance	Description
(Continued)	<ul style="list-style-type: none"> <li>➤ The Regional Fire Operations and Training Center (RFOTC) Audio Visual Upgrade project consists of the upgrade and replacement of various audio visual equipment used in the RFOTC board room and classroom one (Phase 1) and classrooms two through five (Phase 2). The project includes the purchase and installation of mixing boards, microphones, projectors, computers, controllers, and cabling; the addition of video conferencing capabilities; and an automated voting system for the board room. Phase 1 began in Fiscal Year 2015/16 and is expected to be completed during Fiscal Year 2016/17. Costs incurred thus far have included hardware acquisition and system design (+100,000).</li> <li>➤ The MDC and Mobile Data Network Upgrade project consisted of the purchase of approximately 350 modems and their subsequent installation onto fire apparatus over the course of three fiscal years. Fiscal Year 2014/15 project costs included professional installation costs incurred for the final completion of the project (-\$85,000).</li> </ul>
-\$1,790,000	<p>Net transfers in and out of the General Fund funds decreased as follows:</p> <ul style="list-style-type: none"> <li>➤ Transfers in from the General Fund for current and future projects in the Capital Improvement Program decreased by \$2,925,000 over the amount transferred in the prior fiscal year.</li> <li>➤ When a new <i>Capital Projects Fund Policy</i> was implemented in Fiscal Year 2014/15, certain projects within the Capital Improvement Program were moved from the Communications and Information Systems Fund to the General Fund, resulting in a corresponding increase in transfers out and a negative impact to balance in Fiscal Year 2014/15 totaling \$1,135,000.</li> </ul>
<b>-\$260,000</b>	<b>Communications and Information Systems Fund – Net Impact on Fund Balance</b>



The *Fire Apparatus Fund* had total fund balance of \$21,452,261 at the end of Fiscal Year 2015/16. Fund balance was assigned to the Capital Improvement Program (\$14,788,654) and purchase of fire apparatus and vehicles (\$6,663,607). Total fund balance decreased by \$3,988,171 during the current fiscal year. The prior fiscal year's fund balance decreased by \$4,056,449, a difference of \$68,278.

Impact on Fund Balance	Description
+\$40,000	Charges for services were for vehicle charges to cash contract cities, which increased in accordance with the terms of the Joint Powers Agreement.
+\$40,000	Revenues for use of money and property increased due to portfolio earnings and the market value investment gain allocated to the fund.
+\$40,000	Miscellaneous revenues pertaining to bankruptcy proceeds increased during Fiscal Year 2015/16.
-\$525,000	Developer contribution revenue decreased due to a Fiscal Year 2014/15 reimbursement from Rancho Mission Viejo Community Development for the type 1 engine to be placed into service at new Fire Station No. 56 (Village of Sendero).
+\$475,000	Capital outlay expenditures to purchase and outfit vehicles vary each fiscal year based on organizational needs for new and replacement vehicles. Expenditures were higher in Fiscal Year 2014/15 due to the purchase of five type 1 engines, nineteen sport utility vehicles (Tahoes and Suburbans), four mail delivery box trucks, and a compact track loader. Significant purchases in Fiscal Year 2015/16 have included four type 1 engines, six sport utility vehicles (Executive Management), seventeen pickup trucks (Colorados), and one brush chipper.
<b>+\$70,000</b>	<b>Fire Apparatus Fund – Net Impact on Fund Balance</b>



The **Fire Stations and Facilities Fund** had total fund balance of \$15,858,647 at the end of Fiscal Year 2015/16. Amounts pertaining to CALFIRE revenues received for future fire station construction (\$533,232) were classified as restricted. Remaining amounts were assigned to the Capital Improvement Program (\$15,312,280) and construction projects (\$13,135).

Total fund balance increased by \$3,338,405 during the current fiscal year. The prior fiscal year’s fund balance decreased by \$2,889,645, a difference of \$6,228,050.

Impact on Fund Balance	Description
+\$30,000	Revenues for use of money and property increased due to portfolio earnings and the market value investment gain allocated to the fund (+\$15,000). In addition, the General Fund temporarily borrowed \$10 million and \$5 million during Fiscal Year 2015/16 and Fiscal Year 2014/15, respectively, resulting in an increase in interfund interest earnings (+\$15,000).
+\$30,000	Miscellaneous revenues pertaining to bankruptcy proceeds increased during Fiscal Year 2015/16.
-\$4,550,000	Developer contribution revenue generated by Secured Fire Protection Agreements with developers vary each fiscal year based on housing development projects being completed throughout the county. During Fiscal Year 2014/15, OCFA received over \$4 million from various developers as reimbursement for construction of new Fire Station No. 56 (Village of Sendero) in Rancho Mission Viejo. In addition, \$3.1 million was received from Heritage Fields El Toro LLC related to development at the Great Park in the City of Irvine, as compared to nearly \$1.1 million received for the same project in Fiscal Year 2015/16. Other Fiscal Year 2015/16 developer contributions included over \$1.4 million for projects at Baker Ranch, Elements Site 1 Apartments, and Gateway Apartments in the City of Irvine.
+\$10,720,000	Capital outlay expenditures increased primarily due to the purchase of a centralized Urban Search and Rescue (USAR) warehouse during Fiscal Year 2014/15 at a cost of over \$6.2 million, as well as approximately \$4.6 million toward the multi-year construction project to build new Fire Station No. 56 (Village of Sendero). During Fiscal Year 2015/16, approximately \$100,000 was spent on various tenant improvement projects necessary to convert the warehouse into a fully-functioning USAR facility.
<b>+\$6,230,000</b>	<b>Fire Stations and Facilities Fund – Net Impact on Fund Balance</b>

**General Fund Budgetary Highlights**

The following table summarizes the changes in General Fund appropriations, as well as the variance between the final budget and actual amounts for Fiscal Year 2015/16.

	Original Budget	Increase (Decrease)	Final Budget	Variance Positive (Negative)	Actual Amounts
Salaries and benefits	\$277,424,610	\$19,523,220	\$296,947,830	\$ 2,533,746	\$294,414,084
Services and supplies	43,999,102	(4,353,564)	39,645,538	3,480,446	36,165,092
Capital outlay	4,276,504	378,236	4,654,740	4,031,834	622,906
Interest and fiscal charges	318,050	436,386	754,436	13,999	740,437
Transfers out	2,127,821	(2,049,634)	78,187	-	78,187
	<u>\$328,146,087</u>	<u>\$13,934,644</u>	<u>\$342,080,731</u>	<u>\$10,060,025</u>	<u>\$332,020,706</u>

**Adjustments to Appropriations:** Budgeted General Fund appropriations increased by \$13,934,644 from the time the original budget was adopted until the end of the fiscal year. Adjustments typically pertained to

activities that occurred throughout the year but were either unknown or for which reliable estimates could not be determined at the time of the original budget adoption. Significant adjustments are listed below:

Reason for Adjustment to Original Budget	Increase (Decrease)
One-time contribution toward unfunded pension liability	\$12,610,000
Jurisdictional equity adjustment payments	(7,880,000)
Overtime and backfill for response to out-of-county incidents	5,550,000
Grant activities	2,545,000
Transfers to Capital Improvement Program (CIP)	(2,050,000)
Operations Department salary savings	(1,000,000)
Staffing changes, reconfigurations, and service enhancements	750,000
Information Technology Division maintenance and support	615,000
Facilities maintenance	540,000
Interest on Tax and Revenue Anticipation Notes (TRAN) and interfund borrowing	435,000
Donations received	410,000
Various professional services	395,000
New hazmat specialist and tech rescue truck bonus pays	330,000
Outfitting four type one engines and four 100' tractor drawn aerials	300,000
Structural fire entitlement projects	85,000
Service Center equipment	80,000
Information Technology Division CIP projects	70,000
El Niño sand and other supplies	60,000
Urban Search and Rescue warehouse operating costs	40,000
Various other appropriations	50,000
<b>Total adjustments</b>	<b>\$13,935,000</b>

**Variance Between Final Budget and Actual Amounts:** Final budgeted General Fund expenditures exceeded actual amounts, resulting in a positive budget variance totaling \$10,060,025.

- The \$2.5 million positive variance in salaries and benefits is attributed primarily to staff vacancies throughout the organization as follows:

Department	Amount
Operations	\$ 970,000
Support Services	435,000
Business Services	390,000
Community Risk Reduction	390,000
Organizational Planning	235,000
Executive Management	115,000
<b>Total variance</b>	<b>\$2,535,000</b>

- The \$3.5 million net positive variance in services and supplies is primarily attributed to the following:
  - Approximately \$3.7 million in various operating costs, projects, and other purchases of services and supplies were budgeted but not completed during Fiscal Year 2015/16. These uncompleted projects are typically delayed due to project complexity or time requirements and will be re-budgeted, if needed, to

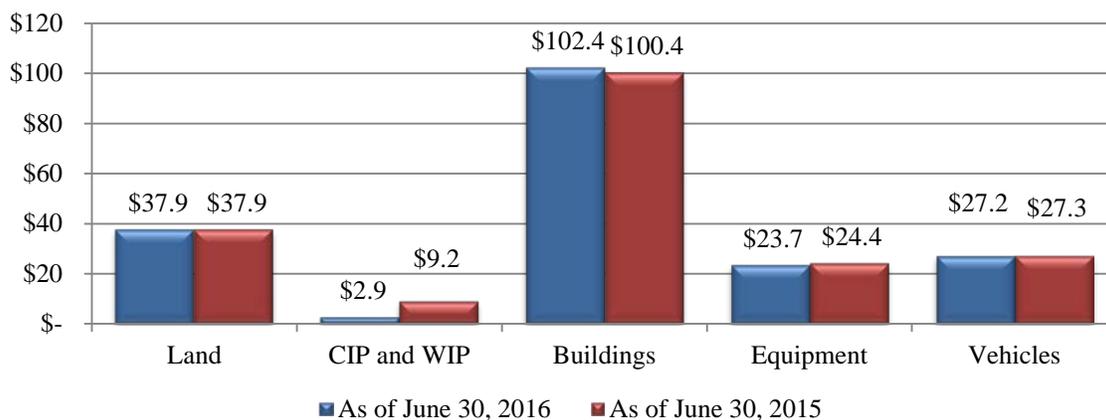
Fiscal Year 2016/17. The majority of savings from Fiscal Year 2015/16 were created by uncompleted Information Technology Division (IT) operating costs and projects from the Capital Improvement Program (CIP), including projects that involved the installation of communications equipment on fire apparatus and other professional programming services.

- The amount budgeted for workers’ compensation is based on an actuarially-determined estimate. Actual expenditures for workers’ compensation cases typically occur over multiple years, which often attributes to a difference between budgeted costs and actual expenditures during any given fiscal year. During Fiscal Year 2015/16, actual claims paid from the General Fund were \$200,000 more than the actuarial estimate, creating a negative budget variance.
- The \$4.0 million positive variance in capital outlay is primarily attributed to the following:
  - A project to replace approximately 120 frontline cardiac monitors and 150 defibrillators was budgeted during Fiscal Year 2015/16 for \$3.8 million. OCFA was in the bid process at the close of the fiscal year and, once completed, a contract is expected to be awarded and the purchase completed during Fiscal Year 2016/17. It is anticipated that these expenditure savings will be re-budgeted, as needed, to Fiscal Year 2016/17.
  - Approximately \$200,000 in Urban Search and Rescue (USAR) equipment items were budgeted but not purchased during Fiscal Year 2015/16, including defibrillators and monitors, a box truck modification, and a database management program. These grant-funded projects will either be modified via the grant approval process or re-budgeted, as needed, to Fiscal Year 2016/17.

**Capital Assets and Debt Administration**

**Capital Assets:** OCFA’s investment in capital assets for its government activities at the end of Fiscal Year 2015/16 totaled \$187,910,677 (net of accumulated depreciation and amortization and related outstanding debt). This investment in capital assets includes land, buildings, equipment, vehicles, work in progress and construction in progress. Net capital assets decreased from the prior fiscal year by \$2,889,439 (1.5%). Following is a summary of net capital assets by type for the current and prior fiscal years.

**Capital Assets, Net of Accumulated Depreciation and Amortization  
As of June 30, 2016 and 2015  
(In Millions)**



Major capital asset additions during Fiscal Year 2015/16 included the following:

- Construction in progress (CIP) and work in progress (WIP) accounted for forty-eight projects during Fiscal Year 2015/16, twenty of which were placed into service and twenty-eight of which were still in progress at year-end.
  - Construction projects completed over the span of multiple fiscal years are classified as CIP at year-end if they are not yet completed and placed into service. Additions totaling \$100,000 included various tenant improvements at the Urban Search and Rescue warehouse in Foothill Ranch; permits for a dormitory remodel project at Fire Station No. 41 (Fullerton Airport); and permits for a generator upgrade project at the Regional Fire Operations and Training Center (RFOTC). Those three projects were still in progress at fiscal year-end, with work expected to be completed during Fiscal Year 2016/17.
  - Fire engines, trucks, and other vehicles, are classified as WIP at year-end if they are in the process of being outfitted for operation and will be completed over the span of multiple fiscal years. WIP also includes multi-year communications and information systems projects. WIP additions totaled over \$2.7 million during Fiscal Year 2015/16, including costs pertaining to eight type one engines (\$2.2 million); fifteen Chevrolet Colorado pickup trucks (\$300,000); six front-line Chevrolet Suburban sport utility vehicles (\$100,000); thirteen front-line Chevrolet Tahoe sport utility vehicles (\$100,000); the Fire Station Alerting System (\$40,000); and a winch installed on Heavy Rescue 6 (\$10,000). Four type one engines, thirteen Chevrolet Tahoes, the Fire Station Alerting System, and the heavy rescue winch were all placed into service during the fiscal year, while the remaining projects were still in process as of June 30, 2016.
- Fiscal Year 2015/16 building additions consisted of \$5.1 million for new Fire Station No. 56 (Village of Sendero) in Rancho Mission Viejo, which was transferred from CIP and placed into service in July 2015.
- Equipment additions during Fiscal Year 2015/16 totaling \$1.9 million consisted of \$600,000 in new purchases, plus \$1.3 million of completed, multi-year projects transferred in from WIP. The most individually significant additions included the Fire Station Alerting System (cumulative \$1.3 million); three servers (\$200,000); sixteen mobile radios (\$85,000); and six mobile vehicle lift systems (\$60,000).
- Vehicle additions during Fiscal Year 2015/16 totaling \$3.3 million consisted of \$600,000 in new purchases, plus \$2.7 million of completed vehicles transferred in from WIP. The most individually significant additions included four type one engines (\$2.1 million); thirteen front-line sport utility vehicles (\$600,000); six sport utility vehicles utilized by Executive Management (\$300,000); ten pickup trucks assigned to Community Risk Reduction and Fleet Services (\$250,000); and one brush chipper (\$70,000).

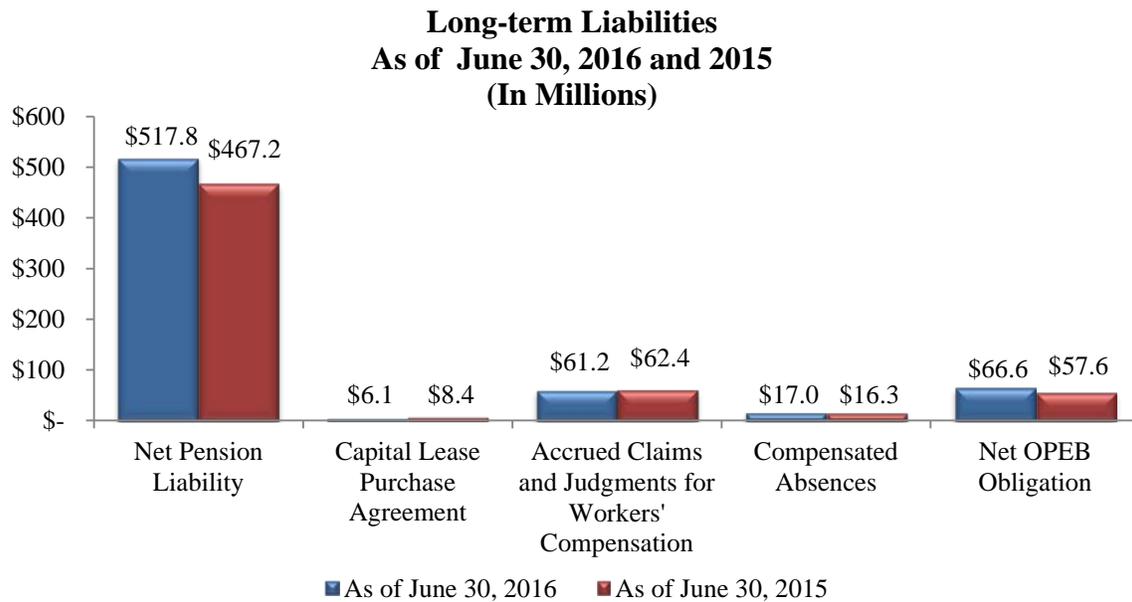
Major capital asset deletions during Fiscal Year 2015/16 included the following:

- Thirteen capital equipment items were sold, scrapped, or written off during Fiscal Year 2015/16, including seven thermal imaging cameras (\$70,000); one compressor (\$30,000); two mobile radios (\$15,000); one laptop (\$5,000); one portable radio (\$5,000); and one software license (\$5,000). The net book value of all equipment disposals was approximately \$10,000, as most items had reached the end of their useful service lives and were either fully or mostly depreciated. Most equipment was written off as obsolete during the annual physical inventory process. Other items were traded in to a vendor upon purchase of a replacement item, converted into training props, or accidentally damaged beyond repair.

- Seven vehicles were removed from OCFA’s fleet during Fiscal Year 2015/16 as part of OCFA’s ongoing vehicle replacement plan. The net book value of all vehicle disposals was \$0, as all items had reached the end of their useful service lives and were fully depreciated. Four sport utility vehicles (\$150,000) and two sedans (\$50,000) were sold at public auction. One sport utility vehicle (\$20,000) was written off as a total loss due to a vehicle accident that occurred during the fiscal year.

Additional information pertaining to the OCFA’s capital assets can be found in Note 15 of the accompanying Notes to the Financial Statements.

**Long-term Debt:** Total long-term liabilities increased by net \$56,925,869 (9.3%) during Fiscal Year 2015/16.



The most significant increases and decreases to long-term liabilities pertained to the net pension liability for the Orange County Employees Retirement System (OCERS) pension plan, which is being reported in the financial statements as a long-term liability for the first time in conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68. During Fiscal Year 2015/16, OCFA’s share of the plan’s net pension liability, as determined by an actuarial valuation for the plan as a whole, increased by \$133.4 million. This addition was offset by \$82.7 million in actual employer and employee contributions remitted by OCFA to the plan. The increases and decreases reported for the long-term pension liability are reported using an “accounting-based approach” in order to fully capture OCFA’s net liability and related pension expense incurred during each fiscal year. This differs from the “funding-based approach” used to calculate annual retirement rates and the amount of required employer and employee contributions due from OCFA to OCERS.

Additional information on the OCFA’s long-term liabilities can be found in Note 16 of the accompanying Notes to the Financial Statements.

**Next Year's Budget**

The Fiscal Year 2016/17 General Operating Fund adopted expenditure budget is approximately \$323.2 million, which is a net increase of \$5.8 million (1.8%) from the final Fiscal Year 2015/16 General Operating Fund budget totaling \$317.4 million. (These amounts exclude one-time and grant-related items, as well as unspent, encumbered appropriations from the prior fiscal year that are effectually re-appropriated in the ensuing year's budget). Highlights of the Fiscal Year 2016/17 General Operating Fund Budget are as follow:

- Budgeted salaries and benefits increased by \$3.7 million. The budget reflects annual costs in accordance with approved Memorandums of Understanding with each labor group. The retirement budget for Fiscal Year 2016/17 is based on rates provided by the Orange County Employees Retirement System (OCERS). For Fiscal Year 2016/17, those rates are approximately 1.1% higher for safety personnel and 3.8% lower for non-safety personnel.
- Budgeted services and supplies, capital outlay, and debt service increased by \$1.3 million. Overall, budgets were held flat as compared to Fiscal Year 2015/16, unless specific increases were identified by OCFA management or one-time grant proceeds were received. In general, the base Fiscal Year 2016/17 budget excluded one-time, grant-related, and assistance by hire expenditures at the time of adoption, as these projects will be budgeted as-needed throughout the upcoming fiscal year.
- The total number of authorized positions in the Fiscal Year 2016/17 budget is 1,363, which is the same as the final, authorized position list as of June 30, 2016. However, the budget reflects funding for only 1,284 of those authorized positions, since frozen vacancies, grant-funded, and limited term positions are not included at the time the original budget is adopted. Changes in authorized positions by unit are summarized as follows:

Unit	FY 2016/17 Budget	FY 2015/16 Final	Increase (Decrease)
Firefighter Unit	1,023	1,023	-
Fire Management Unit	45	45	-
General Unit	213	213	-
Supervisory Management Unit	27	27	-
Supported Employment Unit	4	4	-
Administrative Management	43	43	-
Executive Management	8	8	-
<b>Total authorized positions</b>	<b>1,363</b>	<b>1,363</b>	<b>-</b>

**Requests for Information**

This financial report is designed to provide a general overview of 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/Auditor, Orange County Fire Authority, 1 Fire Authority Road, Irvine, California 92602.



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*Orange County Fire Authority Safety Message*

**ABC's of Water Safety**  
**(Part 1 of 4)**



*Children and adults drown without a sound. Drowning is the leading cause of accidental death for children under the age of five and can happen in less than two inches of water. Prevent drowning. Never swim alone.*

**A – Active Adult Supervision**

- ✓ Keep infants and toddlers within an arm's reach when near water.
- ✓ Never swim alone, even adults.
- ✓ Never rely on water wings, rafts, or other swimming aids in place of U.S. Coast Guard-approved personal flotation devices (life jackets).
- ✓ If a child or adult is missing, every second counts. Check the water FIRST!

*(Continued on Page 27)*







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*Orange County Fire Authority Safety Message*

## **ABC's of Water Safety** **(Part 2 of 4)**

*(Continued from Page 26)*



*Children and adults drown without a sound. Drowning is the leading cause of accidental death for children under the age of five and can happen in less than two inches of water. Prevent drowning. Never swim alone.*

### **B - Barriers**

- ✓ Install and maintain proper fencing around the pool and spa to isolate swimming areas from the home and play areas.
- ✓ Use multiple layers of protection, such as fences, gate/door alarms, and safety covers, to keep children away from pools and spas.
- ✓ Use self-closing, self-latching gates that open outward, away from the pool.
- ✓ Remove items such as chairs or tables that a child could use to climb over a fence.

*(Continued on Page 32)*

**ORANGE COUNTY FIRE AUTHORITY**  
**Statement of Net Position**  
**June 30, 2016**  
 (With Comparative Data for Prior Year)

	<b>Primary Government</b>	
	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
<b>Assets:</b>		
Cash and investments (Note 4)	\$ 177,729,367	\$ 164,787,506
Receivables:		
Accounts, net (Note 5)	2,566,770	3,976,952
Accrued interest	224,075	96,621
Prepaid costs and other assets	36,789,256	31,160,094
Due from other governments, net (Note 6)	11,671,971	8,702,777
Capital assets (Note 15):		
Land	37,887,850	37,887,850
Construction in progress	102,341	5,092,288
Work in progress	2,795,704	4,121,289
Capital assets, net of accumulated depreciation/amortization	153,235,229	152,145,415
<b>Total assets</b>	<b>423,002,563</b>	<b>407,970,792</b>
<b>Deferred Outflows of Resources:</b>		
Deferred outflows of resources related to pensions (Note 16b)	139,040,544	85,763,924
<b>Total deferred outflows of resources</b>	<b>139,040,544</b>	<b>85,763,924</b>
<b>Liabilities:</b>		
Accounts payable	3,008,616	3,602,338
Accrued liabilities	14,824,059	12,828,886
Accrued interest	3,427	4,737
Unearned revenue (Note 8)	33,116	3,278,818
Due to other governments (Note 7)	123,047	10,072,547
Long-term liabilities (Note 16a):		
Other due within one year	13,377,381	12,512,349
Other due in more than one year	70,948,919	74,603,168
Proportionate share net pension liability	517,833,497	467,208,681
Net OPEB obligation	66,643,396	57,553,126
<b>Total liabilities</b>	<b>686,795,458</b>	<b>641,664,650</b>
<b>Deferred Inflows of Resources:</b>		
Deferred inflows of resources related to pensions (Note 16b)	35,911,567	21,194,439
<b>Total deferred inflows of resources</b>	<b>35,911,567</b>	<b>21,194,439</b>
<b>Net position:</b>		
Net investment in capital assets (Note 15b)	187,910,677	190,800,116
Restricted for (Note 10):		
Capital projects	533,232	533,232
Other purposes	13,867	55,538
Unrestricted	(349,121,694)	(360,513,259)
<b>Total net position</b>	<b>\$ (160,663,918)</b>	<b>\$ (169,124,373)</b>

See Notes to the Financial Statements

<b>Component Unit</b>		<b>OCFA Foundation</b>	
<b>2016</b>		<b>2015</b>	
\$ 108,718		\$ 108,720	
90		-	
-		-	
7,015		723	
-		-	
-		-	
-		-	
-		-	
<b>115,823</b>		<b>109,443</b>	
-		-	
-		-	
142		4,529	
-		-	
-		-	
6,000		-	
-		-	
-		-	
-		-	
-		-	
<b>6,142</b>		<b>4,529</b>	
-		-	
-		-	
-		-	
-		-	
47,448		52,583	
62,233		52,331	
<b>\$ 109,681</b>		<b>\$ 104,914</b>	

**ORANGE COUNTY FIRE AUTHORITY**  
**Statement of Activities**  
**Year ended June 30, 2016**  
 (With Comparative Data for Prior Year)

	<b>Primary Government</b>	
	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
<b>Expenses:</b>		
Public safety:		
Salaries and benefits	\$ 316,292,785	\$ 335,419,737
Services and supplies	35,127,573	46,073,201
Depreciation and amortization (Note 15d)	9,267,982	9,050,195
Interest on long-term debt	917,320	582,565
<b>Total program expenses</b>	<b>361,605,660</b>	<b>391,125,698</b>
<b>Program revenues:</b>		
Public safety:		
Charges for services	117,263,679	113,150,325
Operating grants and contributions	12,165,015	11,410,019
Capital grants and contributions	3,331,088	9,182,195
<b>Total program revenues</b>	<b>132,759,782</b>	<b>133,742,539</b>
Net program (expenses) revenues	(228,845,878)	(257,383,159)
<b>General revenues:</b>		
Property taxes	219,840,417	205,141,237
Investment income	1,654,065	839,864
Gain on sale of capital assets	6,000	63,953
Miscellaneous	2,823,503	1,235,004
<b>Total general revenues</b>	<b>224,323,985</b>	<b>207,280,058</b>
Change in net position	(4,521,893)	(50,103,101)
Net position at beginning of year, as restated (Note 3)	(156,142,025)	(119,021,272)
<b>Net position at end of year</b>	<b>\$ (160,663,918)</b>	<b>\$ (169,124,373)</b>

See Notes to the Financial Statements

<b>Component Unit</b>	
<b>OCFA Foundation</b>	
<b>2016</b>	<b>2015</b>
\$ -	\$ -
65,230	61,633
-	-
-	-
<b>65,230</b>	<b>61,633</b>
-	-
69,997	62,038
-	-
<b>69,997</b>	<b>62,038</b>
4,767	405
-	-
-	-
-	-
-	-
4,767	405
104,914	104,509
<b>\$ 109,681</b>	<b>\$ 104,914</b>



*Orange County Fire Authority Safety Message*

**ABC's of Water Safety**  
**(Part 3 of 4)**

*(Continued from Page 27)*



*Children and adults drown without a sound. Drowning is the leading cause of accidental death for children under the age of five and can happen in less than two inches of water. Prevent drowning. Never swim alone.*

**C - Classes**

- ✓ Learn to swim. Do not rely on swimming aids such as water wings, rafts, or noodles.
- ✓ Learn first aid and CPR. Always keep a phone nearby to call 9-1-1.
- ✓ Teach children that running, jumping, and pushing others on pool decks is dangerous and can cause injuries.

*(Continued on Page 33)*

# Fund Financial Statments



## Firefighter Academy 41 Graduation - December 2015







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*Orange County Fire Authority Safety Message*

## **ABC's of Water Safety** **(Part 4 of 4)**

*(Continued from Page 32)*



*Children and adults drown without a sound. Drowning is the leading cause of accidental death for children under the age of five and can happen in less than two inches of water. Prevent drowning. Never swim alone.*

### **D – Drain Safety**

- ✓ Keep children away from pool/spa drains to avoid entrapment and entanglements.
- ✓ Keep long hair tied back and remove dangling items like jewelry and bathing suit ties.
- ✓ Install compliant safety drain covers and automatic shut-off pump systems (Safety Vacuum Release Systems).
- ✓ Identify and mark the location of the electrical cut-off switch for the pool or spa pump.
- ✓ Know where the pool/spa pump switch is and how to turn it off.

**ORANGE COUNTY FIRE AUTHORITY**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2016**  
 (With Comparative Data for Prior Year)

	<u>General Fund</u>	<u>Capital Communications and Information Systems</u>
<b>Assets:</b>		
Cash and investments (Note 4)	\$ 121,350,414	\$ 19,105,606
Receivables:		
Accounts, net (Note 5)	2,442,570	-
Accrued interest	125,706	21,253
Prepaid costs and other assets	36,789,256	-
Due from other governments, net (Note 6)	10,050,255	-
<b>Total assets</b>	<b>\$ 170,758,201</b>	<b>\$ 19,126,859</b>
<b>Liabilities:</b>		
Accounts payable	\$ 2,720,274	\$ 124,587
Accrued liabilities	14,824,059	-
Unearned revenue (Note 8)	33,116	-
Due to other governments (Note 7)	123,047	-
<b>Total liabilities</b>	<b>17,700,496</b>	<b>124,587</b>
<b>Deferred Inflows of Resources:</b>		
Unavailable revenue	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>		
Nonspendable - prepaid costs (Note 9)	36,779,845	-
Restricted for (Note 10):		
Capital improvement program	-	-
Operations Department	13,867	-
Committed to - SFF cities enhancements (Note 11)	584,464	-
Assigned to (Note 12):		
Capital improvement program	4,668,314	18,977,557
Workers' compensation	73,720,054	-
Executive Management	36,690	-
Operations Department	51,484	-
Community Risk Reduction Department	15,845	-
Business Services Department	162,699	-
Support Services Department	119,743	-
Organizational Planning Department	21,000	-
Facilities projects	69,987	-
Communications and IT projects	56,909	24,715
Fire apparatus and other vehicles	-	-
Construction projects	-	-
Unassigned (Note 13)	36,756,804	-
<b>Total fund balances</b>	<b>153,057,705</b>	<b>19,002,272</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 170,758,201</b>	<b>\$ 19,126,859</b>

See Notes to the Financial Statements

<u>Projects Funds</u>		<u>Total Governmental Funds</u>	
<u>Fire Apparatus</u>	<u>Fire Stations and Facilities</u>	<u>2016</u>	<u>2015</u>
\$ 21,518,136	\$ 15,755,211	\$ 177,729,367	\$ 164,787,506
-	124,200	2,566,770	3,976,952
14,835	62,281	224,075	96,621
-	-	36,789,256	31,160,094
-	-	10,050,255	6,967,289
<b>\$ 21,532,971</b>	<b>\$ 15,941,692</b>	<b>\$ 227,359,723</b>	<b>\$ 206,988,462</b>
\$ 80,710	\$ 83,045	\$ 3,008,616	\$ 3,602,338
-	-	14,824,059	12,828,886
-	-	33,116	3,278,818
-	-	123,047	10,072,547
<b>80,710</b>	<b>83,045</b>	<b>17,988,838</b>	<b>29,782,589</b>
-	-	-	316,087
-	-	-	<b>316,087</b>
-	-	36,779,845	31,160,094
-	533,232	533,232	533,232
-	-	13,867	55,538
-	-	584,464	691,265
14,788,654	15,312,280	53,746,805	48,158,215
-	-	73,720,054	68,494,796
-	-	36,690	98,415
-	-	51,484	46,859
-	-	15,845	354
-	-	162,699	66,963
-	-	119,743	207,784
-	-	21,000	33,890
-	-	69,987	52,061
-	-	81,624	143,061
6,663,607	-	6,663,607	8,030,783
-	13,135	13,135	-
-	-	36,756,804	19,116,476
<b>21,452,261</b>	<b>15,858,647</b>	<b>209,370,885</b>	<b>176,889,786</b>
<b>\$ 21,532,971</b>	<b>\$ 15,941,692</b>	<b>\$ 227,359,723</b>	<b>\$ 206,988,462</b>

**ORANGE COUNTY FIRE AUTHORITY**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2016**  
**(With Comparative Data for Prior Year)**

	<b>2016</b>	<b>2015</b>
<b>Fund balances of governmental funds</b>	<b>\$ 209,370,885</b>	<b>\$ 176,889,786</b>

**Capital Assets**

When capital assets that are to be used in governmental activities are purchased or constructed, their costs are recorded as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the OCFA as a whole, net of accumulated depreciation/amortization.

Capital assets	318,064,366	314,353,552
Accumulated depreciation/amortization	(124,043,242)	(115,106,710)

**Long-term Liabilities and Receivables**

Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. A portion of OCFA's long-term liability for compensated absences is reimbursable by the City of Santa Ana, and therefore offset by a long-term receivable. Long-term receivables are not available to fund the activities of the current period, and are likewise not reported as governmental fund assets. All assets and liabilities, both current and long-term, are reported in the Statement of Net Position.

OCERS pension plan:		
Net pension liability	(517,669,806)	(466,968,323)
Deferred outflows of resources	139,005,504	85,761,443
Deferred inflows of resources	(35,819,433)	(21,185,872)
Extra Help pension plan:		
Net pension liability	(163,691)	(240,358)
Deferred outflows of resources	35,040	2,481
Deferred inflows of resources	(92,134)	(8,567)

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

	2016	2015
<b><u>Long-term Liabilities and Receivables, (Continued)</u></b>		
Capital lease purchase agreements	(6,110,447)	(8,446,726)
Accrued claims and judgments	(61,196,645)	(62,372,690)
Compensated absences	(17,019,208)	(16,296,101)
Long-term receivable for compensated absences	1,621,716	1,735,488
Net OPEB obligation	(66,643,396)	(57,553,126)
<b><u>Accrued Interest</u></b>		
Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds. Accrued interest was calculated and reported in the Statement of Net Position.	(3,427)	(4,737)
<b><u>Unavailable Revenues</u></b>		
Unavailable revenues are reported in the governmental funds if not collected or expected to be collected within the OCFA's availability period. However, amounts relating to unavailable revenues are not reported in the Statement of Net Position since revenue recognition is not based upon measurable and available criteria.		
Due from other governments - Santa Ana start-up costs	-	316,087
<b>Net position of governmental activities</b>	<b>\$ (160,663,918)</b>	<b>\$ (169,124,373)</b>

See Notes to the Financial Statements

**ORANGE COUNTY FIRE AUTHORITY**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year ended June 30, 2016**  
**(With Comparative Data for Prior Year)**

	<b>General Fund</b>	<b>Capital Communications and Information Systems</b>
<b>Revenues:</b>		
Taxes	\$ 219,840,417	\$ -
Intergovernmental	25,978,081	-
Charges for services	102,408,896	-
Use of money and property	1,353,083	111,865
Miscellaneous	2,096,571	312,605
Developer contributions	-	-
<b>Total revenues</b>	<b>351,677,048</b>	<b>424,470</b>
<b>Expenditures:</b>		
Current - public safety:		
Salaries and benefits	294,414,084	-
Services and supplies	36,165,092	84,845
Capital outlay	622,906	71,395
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	740,437	-
<b>Total expenditures</b>	<b>331,942,519</b>	<b>156,240</b>
Excess (deficiency) of revenues over (under) expenditures	19,734,529	268,230
<b>Other financing sources (uses):</b>		
Transfers in (Note 14)	-	78,187
Transfers out (Note 14)	(78,187)	-
Sale of capital and other assets	24,470	-
Insurance recoveries	121,288	-
<b>Total other financing sources (uses)</b>	<b>67,571</b>	<b>78,187</b>
Net change in fund balances	19,802,100	346,417
Fund balances, beginning of year, as restated (Note 3)	133,255,605	18,655,855
<b>Fund balances, end of year</b>	<b>\$ 153,057,705</b>	<b>\$ 19,002,272</b>

See Notes to the Financial Statements

Projects Funds		Total Governmental Funds	
Fire Apparatus	Fire Stations and Facilities	2016	2015
\$ -	\$ -	\$ 219,840,417	\$ 205,141,237
-	-	25,978,081	23,565,214
1,421,540	-	103,830,436	102,000,677
131,954	74,414	1,671,316	841,522
191,832	185,165	2,786,173	1,679,976
-	3,233,082	3,233,082	8,307,207
<b>1,745,326</b>	<b>3,492,661</b>	<b>357,339,505</b>	<b>341,535,833</b>
-	-	294,414,084	285,988,997
248	53,433	36,303,618	40,490,370
3,201,526	100,823	3,996,650	16,644,798
2,336,279	-	2,336,279	2,276,963
195,444	-	935,881	585,501
<b>5,733,497</b>	<b>154,256</b>	<b>337,986,512</b>	<b>345,986,629</b>
(3,988,171)	3,338,405	19,352,993	(4,450,796)
-	-	78,187	6,845,320
-	-	(78,187)	(6,845,320)
-	-	24,470	134,123
-	-	121,288	32,948
-	-	<b>145,758</b>	<b>167,071</b>
(3,988,171)	3,338,405	19,498,751	(4,283,725)
25,440,432	12,520,242	189,872,134	181,173,511
<b>\$ 21,452,261</b>	<b>\$ 15,858,647</b>	<b>\$ 209,370,885</b>	<b>\$ 176,889,786</b>

**ORANGE COUNTY FIRE AUTHORITY**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**Year ended June 30, 2016**  
**(With Comparative Data for Prior Year)**

	2016	2015
<b>Net change in fund balances - total governmental funds</b>	<b>\$ 19,498,751</b>	<b>\$ (4,283,725)</b>

**Capital Assets**

Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.

Capital outlay	3,996,650	16,644,798
Capitalized labor, included in salaries and benefits	-	23,975
Depreciation/amortization expense	(9,267,982)	(9,050,195)

Capital assets received through grant or donation are recognized as revenue in the Statement of Activities at their estimated fair value at time of receipt.

From OCFA Foundation	10,000	-
From other grantors and donors	44,984	37,736

Governmental funds report the proceeds from sale of capital and other assets as other financing sources. In the Statement of Activities, those proceeds are offset by the net book value of the asset, resulting in a gain or loss on the sale.

Capital asset disposals	(340,820)	(3,856,195)
Accumulated depreciation/amortization on disposals	331,450	3,805,380

**Long-term Liabilities and Receivables**

Repayment of long-term debt principal on the capital lease purchase agreements is reported as an expenditure in governmental funds. Principal payments reduce the long-term liability in the Statement of Net Position and do not result in an expense in the Statement of Activities.

	2,336,279	2,276,963
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Other long-term liabilities are reported in the Statement of Net Position. The net annual change in the liability is recognized as an expense in the Statement of Activities. Long-term liabilities do not require the use of current financial resources and are not reported as expenditures in the governmental funds.

OCERS pension plan	(12,090,983)	(39,860,404)
Extra Help pension plan	25,659	(2,905)
Accrued claims and judgments - workers' compensation	1,176,045	(5,582,831)

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

	<b>2016</b>	<b>2015</b>
Compensated absences - Santa Ana general leave	113,772	(18,482)
Compensated absences - other leave balances	(836,879)	(105,115)
A long-term receivable has been established in the Statement of Net Position for the portion of compensated absences reimbursable by the City of Santa Ana. The receivable balance is reduced over time as leave balances are used by employees and subsequently reimbursed by the city. Those reimbursements are reported as revenue in the governmental funds.	(113,772)	18,482
Contributions to the defined benefit retiree medical plan are made on a pay-as-you-go basis in the governmental fund financial statements. If actual contributions are less than the actuarially-determined required amount, the difference is reported as an expense in the Statement of Activities.	(9,090,270)	(9,467,809)
<b><u>Accrued Interest</u></b>		
Interest expenditures are reported when paid in the governmental funds, while the net change in accrued interest incurred for the period is recognized as interest expense in the Statement of Activities.	1,310	1,278
<b><u>Unavailable Revenues</u></b>		
Certain receivables and grants that have been accrued but not collected are reflected as unavailable revenue in the governmental funds. All earned revenue is recognized in the Statement of Activities regardless of when collected.		
Intergovernmental revenue - property tax increment	-	(367,964)
Charges for services - Santa Ana start-up costs	(316,087)	(316,088)
<b><u>Interfund Transactions</u></b>		
Transactions between governmental funds are eliminated for presentation in the government-wide financial statements.		
Transfers in	(78,187)	(6,845,320)
Transfers out	78,187	6,845,320
Use of money and property	(17,251)	(1,658)
Interest and fiscal charges	17,251	1,658
<b>Change in net position of governmental activities</b>	<b>\$ (4,521,893)</b>	<b>\$ (50,103,101)</b>

See Notes to the Financial Statements

**ORANGE COUNTY FIRE AUTHORITY**  
**General Fund**  
**Budgetary Comparison Statement**  
**Year ended June 30, 2016**  
**(With Comparative Data for Prior Year)**

	2016			Variance with Final Budget Positive (Negative)	2015
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>Budgetary fund balance, July 1, as restated</b>	<b>\$ 133,255,605</b>	<b>\$ 133,255,605</b>	<b>\$ 133,255,605</b>	<b>\$ -</b>	<b>\$ 115,504,289</b>
<b>Resources (inflows):</b>					
Taxes	214,445,545	218,156,295	219,840,417	1,684,122	205,141,237
Intergovernmental	14,942,177	23,926,860	25,978,081	2,051,221	23,565,214
Charges for services	101,969,304	101,173,891	102,408,896	1,235,005	100,619,516
Use of money and property	1,558,531	1,008,421	1,353,083	344,662	651,975
Miscellaneous	1,008,733	2,203,027	2,096,571	(106,456)	1,120,697
Transfers in	-	-	-	-	3,844,414
Sale of capital and other assets	50,000	50,480	24,470	(26,010)	134,123
Insurance recoveries	-	79,433	121,288	41,855	32,948
<b>Total resources (inflows)</b>	<b>333,974,290</b>	<b>346,598,407</b>	<b>351,822,806</b>	<b>5,224,399</b>	<b>335,110,124</b>
<b>Amounts available for appropriations</b>	<b>467,229,895</b>	<b>479,854,012</b>	<b>485,078,411</b>	<b>5,224,399</b>	<b>450,614,413</b>
<b>Charges to appropriation (outflows):</b>					
Salaries and benefits	277,424,610	296,947,830	294,414,084	2,533,746	285,988,997
Services and supplies	43,999,102	39,645,538	36,165,092	3,480,446	40,317,142
Capital outlay	4,276,504	4,654,740	622,906	4,031,834	703,370
Interest and fiscal charges	318,050	754,436	740,437	13,999	330,741
Transfers out	2,127,821	78,187	78,187	-	3,000,906
<b>Total charges to appropriations</b>	<b>328,146,087</b>	<b>342,080,731</b>	<b>332,020,706</b>	<b>10,060,025</b>	<b>330,341,156</b>
<b>Budgetary fund balance, June 30</b>	<b>\$ 139,083,808</b>	<b>\$ 137,773,281</b>	<b>\$ 153,057,705</b>	<b>\$ 15,284,424</b>	<b>\$ 120,273,257</b>

See Notes to the Financial Statements

**ORANGE COUNTY FIRE AUTHORITY**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2016**  
**(With Comparative Data for Prior Year)**

	<b>Pension</b>		
	<b>Trust Funds</b>		
	<b>Extra Help</b>	<b>Total Pension</b>	<b>Trust Funds</b>
	<b>Retirement</b>	<b>2016</b>	<b>2015</b>
<b>Assets:</b>			
Cash and investments (Note 4):			
Local Agency Investment Fund -			
Domestic fixed income securities	\$ 74,798	\$ 74,798	\$ 73,031
<b>Total assets</b>	<b>74,798</b>	<b>74,798</b>	<b>73,031</b>
<b>Net position restricted for pensions</b>	<b>\$ 74,798</b>	<b>\$ 74,798</b>	<b>\$ 73,031</b>

See Notes to the Financial Statements

**ORANGE COUNTY FIRE AUTHORITY**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**Year ended June 30, 2016**  
**(With Comparative Data for Prior Year)**

	<b>Pension</b>		
	<b>Trust Funds</b>		
	<b>Extra Help Retirement</b>	<b>Total Pension</b>	
		<b>2016</b>	<b>2015</b>
<b>Additions:</b>			
Contributions:			
Employer	\$ 2,267	\$ 2,267	\$ 2,481
Plan members	8,923	8,923	11,831
Total contributions	<u>11,190</u>	<u>11,190</u>	<u>14,312</u>
Net investment income:			
Interest	1,219	1,219	714
Total net investment income	<u>1,219</u>	<u>1,219</u>	<u>714</u>
<b>Total additions</b>	<b><u>12,409</u></b>	<b><u>12,409</u></b>	<b><u>15,026</u></b>
<b>Deductions:</b>			
Benefits and refunds paid to plan members and beneficiaries	10,642	10,642	6,459
<b>Total deductions</b>	<b><u>10,642</u></b>	<b><u>10,642</u></b>	<b><u>6,459</u></b>
Change in net position	1,767	1,767	8,567
Net position, beginning of year	73,031	73,031	64,464
<b>Net position, end of year</b>	<b><u>\$ 74,798</u></b>	<b><u>\$ 74,798</u></b>	<b><u>\$ 73,031</u></b>

See Notes to the Financial Statements

# Notes to the Financial Statements



## Best and Bravest Award Dinner - February 2016





**ORANGE COUNTY FIRE AUTHORITY**  
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**Year ended June 30, 2016**

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## Orange County Fire Authority Safety Message

### Smoke Alarms (Part 1 of 3)



*Almost two-thirds of all home fire deaths occur in homes with no working smoke alarm. Protect your family by installing smoke alarms, inspecting them regularly, and practicing home fire drills.*

#### Install

- ✓ Install smoke alarms inside and outside each bedroom and sleeping area and on every level of the home.
- ✓ Install smoke alarms on the ceiling or high on a wall. Keep them at least 10 feet from the stove to reduce false alarms.
- ✓ Check the back for the manufacturer's date. Replace all alarms when they're 10 years old.
- ✓ Use interconnected smoke alarms. When one sounds, they all sound.
- ✓ It's safest to use both ionization and photoelectric smoke alarms. Ionization alarms are quicker to warn about flaming fires. Photoelectric smoke alarms are quicker to warn about smoldering fires (fires that burn slowly with little smoke, then burst into flames).
- ✓ Special alarms with strobe lights and bed shakers are available for people who are deaf or hard of hearing.

*(Continued on Page 94)*

**ORANGE COUNTY FIRE AUTHORITY**

**Notes to the Financial Statements**

**Year ended June 30, 2016**

**(1) Summary of Significant Accounting Policies**

**(a) Description of the Reporting Entity**

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

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

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

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

- The primary government is considered to be financially accountable for an organization if it appoints a voting majority of that organization's governing body, and (1) if the primary government is able to impose its will on that organization or (2) there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the primary government.
- The primary government may also be considered financially accountable for an organization if that organization is fiscally dependent on the primary government (i.e., the organization is unable to approve or modify its budget, levy taxes or set rates/charges, or issue bonded debt without approval from the primary government).

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

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

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

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

The Foundation's Board of Directors consists of no less than three and no more than seven members, the exact number determined by resolution of the Foundation Board. Foundation Board members must have been active in or had significant prior experience in governmental or community organizations, or the fire service. The Foundation Board may consist of any combination of members of the public, OCFA employees, and/or past or current OCFA Board members. Initially, the Chair of OCFA's Board appointed the first three Foundation Directors. As of June 30, 2016, there were five non-OCFA Board members on the Foundation's Board. Additional members may be appointed by the Foundation Board at a future date via a simple majority vote.

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

(b) Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

### (c) Major Funds and Other Fund Types

#### Major Governmental Funds

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

- The **General Fund** is the primary operating fund of the OCFA and is used to account for all financial resources not accounted for and reported in another fund. The General Fund accounts for the financial activities of providing fire suppression, protection, prevention, and related services to OCFA's member cities and unincorporated areas. The primary sources of revenue are property taxes for fire protection (Structural Fire Fund), cash contracts, intergovernmental reimbursements, and various user fees.
- The **Communications and Information Systems Fund** is a capital projects fund used to account for the significant acquisition, improvement, or replacement of specialized communications and information technology systems and/or equipment.
- The **Fire Apparatus Fund** is a capital projects fund used to account for the significant acquisition, improvement, or replacement of fire apparatus, including vehicles, trailers, and helicopters.
- The **Fire Stations and Facilities Fund** is a capital projects fund used to account for the significant acquisition, improvement, replacement, or construction of fire stations and facilities.

#### Fiduciary Fund Types

- **Pension 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. OCFA's pension trust fund accounts for the cost of the extra help post-employment defined benefit retirement plan.

### (d) Cash and Investments

OCFA's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For

financial statement presentation purposes, cash and cash equivalents are shown as both restricted and unrestricted cash and investments.

Investments are stated at fair value (the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants), in accordance with GASB Statement No. 72. OCFA's policy is generally to hold investments until maturity. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

(e) Receivables

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

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

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

(f) Prepaid Costs and Inventories

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

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

(g) Capital Assets

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

capital assets and improvements are capitalized as projects are constructed. OCFA's capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

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

(h) Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position of governmental activities and the Balance Sheet of governmental funds may report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position or fund balance that apply to future period(s) and so will not be recognized as outflows of resources (expenses or expenditures) during the current fiscal year. OCFA currently reports deferred outflows pertaining to pensions on the Statement of Net Position of governmental activities.

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

(i) Compensated Absences

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

(j) Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs,

whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(k) Pensions

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

(l) Fund Equity

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

- **Nonspendable** fund balance includes amounts that are not in a spendable form, such as prepaid items or supplies inventories, or that are legally or contractually required to remain intact, such as principal endowments.
- **Restricted** fund balance includes amounts that are subject to externally enforceable legal restrictions imposed by outside parties (i.e., creditors, grantors, contributors) or that are imposed by law through constitutional provisions or enabling legislation.
- **Committed** fund balance includes amounts whose use is constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest level of decision-making authority. The Board of Directors serves as OCFA's highest level of decision-making authority and has the authority to establish, modify, or rescind a fund balance commitment via a minutes order, which may or may not be documented by a written Board resolution.
- **Assigned** fund balance includes amounts intended to be used by OCFA for specific purposes, subject to change, as established either directly by the Board of Directors or by management officials to whom assignment authority has been delegated by the Board of Directors. OCFA's Board of Directors has established a *Fund Balance Assignment Policy* which establishes the authority by which OCFA may set aside cumulative resources in fund balance for an intended future use. The Board of Directors has the authority to assign fund balance, and has delegated its authority to assign amounts for workers' compensation and the capital improvement program to the Assistant Chief of Business Services, or her designee, in accordance with the parameters outlined in the policy and subject to annual review and concurrence by the Budget and Finance Committee.
- **Unassigned** fund balance is the residual classification that includes spendable amounts in the General Fund that are available for any purpose.

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

(m) Operating Contingency

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

(n) Prior Year Data

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

(o) Use of Estimates

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

**(2) Compliance and Accountability**

(a) Budgetary Information

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

Perspective differences occur when the framework used for budgeting differs from the fund structure used for financial reporting. OCFA's General Fund consists of four separately-budgeted funds that have been combined and consolidated for financial statement presentation. The table below reconciles fund balance for the General Fund as reported on the budgetary basis to the presentation in the financial statements. The Supplementary Schedules section of this report includes additional General Fund combining schedules for balance sheet, budgetary data, and actual operating data for the year ended June 30, 2016.

	Fund Balance as of <u>June 30, 2016</u>
Budgetary basis:	
General Operating Fund	\$ 73,992,052
General Fund Capital Improvement Program (CIP)	4,761,135
Structural Fire Entitlement	584,464
Self Insurance	<u>73,720,054</u>
General Fund for financial statement presentation	<u>\$153,057,705</u>

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

Fund	Original Budget	Increase/ (Decrease)	Final Budget
General Fund	\$328,146,087	\$13,934,644	\$342,080,731
Communications and Information Systems	6,625,685	(4,831,152)	1,794,533
Fire Apparatus	18,042,177	1,532,139	19,574,316
Fire Stations and Facilities	<u>854,248</u>	<u>51,829</u>	<u>906,077</u>
Total budgeted governmental funds	<u>\$353,668,197</u>	<u>\$10,687,460</u>	<u>\$364,355,657</u>

(b) Emergency Appropriations Policy

In September 2008, the Board adopted the Emergency Appropriations Policy to provide a means of increasing budgeted appropriations in the event that extraordinary fire or emergency incident activity occurs after the last Board meeting of the fiscal year, which may cause expenditures to exceed the authorized General Fund budget. The contingency appropriation, which may not exceed \$3,000,000 each fiscal year, is established for unforeseen requirements, primarily salary and employee benefits for extraordinary fire or emergency response. No expenditures may be made directly against the contingency appropriations; however, OCFA management may recommend a transfer from the contingency appropriations to a specific purpose appropriation. The Chair of the Board of Directors or the Vice Chair, in the absence of the Chair, must pre-approve any such transfers. Upon approval by the Chair or Vice Chair, notice of this transfer must be provided immediately to the full Board in writing. There were no transfers made from the contingency appropriations during the year ended June 30, 2016; therefore, the budgetary comparison statements and schedules included in the financial statements do not reflect any increase to the final budgeted expenditures.

(c) Encumbrance Accounting

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

**(3) Prior Period Adjustment**

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

The Board of Directors also approved requesting a judicial review of the 2<sup>nd</sup> Amendment to seek court validation. The validation process, which was initiated in December 2013, would affirm the ability to use unrestricted revenue sources for purposes of issuing equity payments to qualifying agencies, and would preclude any future challenges to the legality of the 2<sup>nd</sup> Amendment. In August 2014, an Orange County Superior Court judge ruled against the OCFA in a validation hearing, stating that the 2<sup>nd</sup> Amendment was invalid and unenforceable as a matter of law. OCFA appealed the decision, but in March 2016 the appellate court issued an opinion affirming the invalidation of the 2<sup>nd</sup> Amendment.

As of June 30, 2015, OCFA had either paid or accrued as a liability all jurisdictional equity adjustment payments, plus interest, due to Structural Fire Fund members under the provisions of the 2<sup>nd</sup> Amendment as follows:

Government Agency	Amounts Paid	Unpaid, Accrued Equity Payments	Accrued Interest	Total
City of Irvine	\$2,988,081	\$9,501,321	\$15,861	\$12,505,263
City of Laguna Woods	-	5,616	5	5,621
City of Lake Forest	-	155	-	155
City of Rancho Santa Margarita	-	135,571	128	135,699
County of Orange	-	335,293	317	335,610
Total	<u>\$2,988,081</u>	<u>\$9,977,956</u>	<u>\$16,311</u>	<u>\$12,982,348</u>

The appellate court's opinion had the effect of nullifying the 2<sup>nd</sup> Amendment and, consequently, all amounts previously paid and/or accrued totaling \$12,982,348 were considered invalid. As a result, during the year ended June 30, 2016, OCFA restated the beginning net position of its governmental activities and the beginning fund balance of its General Fund as follows:

	Governmental Activities	Governmental Funds
	Net Position	General Fund Fund Balance
As previously reported	\$(169,124,373)	\$120,273,257
Prior period adjustment	12,982,348	12,982,348
As restated	\$(156,142,025)	\$133,255,605

**(4) Cash and Investments**

**(a) Financial Statement Presentation**

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

Cash and investments as of June 30, 2016, are reported in the accompanying financial statements as follows:

Statement of Net Position:	
Governmental activities	\$177,729,367
Discretely presented component unit – OCFA Foundation	108,718
Statement of Fiduciary Net Position:	
Fiduciary funds	74,798
Total cash and investments	\$177,912,883

Cash and investments consist of the following as of June 30, 2016:

Petty cash / cash on hand	\$ 13,445
Demand deposits	(861,686)
Investments	178,761,124
Total cash and investments	\$177,912,883

**(b) Demand Deposits**

At June 30, 2016, the carrying amount of the OCFA's demand deposits was \$(861,686) and the bank balance was \$1,137,419. The \$1,999,105 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first

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

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

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

<u>Investment Types</u>	<u>Maximum Maturity</u>	<u>Maximum % of Portfolio in Investment Type</u>	<u>Maximum % of Portfolio in Single Issuer</u>
U.S. Treasury obligations	5 years	100%	100%
Federal agency securities	5 years	75% <sup>(1)</sup>	75% <sup>(1)</sup>
Bankers' acceptances	180 days	25% <sup>(1)</sup>	25% <sup>(1)</sup>
Commercial paper	270 days	15% <sup>(1)</sup>	15% <sup>(1)</sup>
Negotiable certificates of deposit	5 years	25% <sup>(1)</sup>	25% <sup>(1)</sup>
Repurchase agreements	14 days <sup>(1)</sup>	15% <sup>(1)</sup>	15% <sup>(1)</sup>
Money market mutual funds	n/a	15% <sup>(1,2)</sup>	15% <sup>(1,2)</sup>
Local Agency Investment Fund	n/a	75% <sup>(1)</sup>	75% <sup>(1)</sup>

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

(2) No limit on automatic overnight sweep

(d) Investments Authorized by Debt Agreements

Proceeds of bonds or other indebtedness and any moneys set aside and pledged to secure payment of bonds may be invested in accordance with the resolution, indenture, or statutory provisions governing the issuance of the indebtedness. OCFA did not have any investments held by fiscal agent during Fiscal Year 2015/16.

(e) Investments in State Investment Pool

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

(f) GASB Statement No. 72

OCFA adopted GASB Statement No. 72, *Fair Value Measurement and Application*, as of July 1, 2015. GASB Statement No. 72 establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. OCFA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

OCFA has the following fair value measurements for its investments as of June 30, 2016:

	Fair Value Hierarchy Level			Fair Value
	Level 1	Level 2	Level 3	
Federal agency securities	\$ -	\$108,052,480	\$ -	\$108,052,480
Money market mutual funds	-	6,560,578	-	6,560,578
LAIF	-	64,148,066	-	64,148,066
Total	<u>\$ -</u>	<u>\$178,761,124</u>	<u>\$ -</u>	<u>\$178,761,124</u>

All of OCFA's investments are valued using Level 2 inputs. Federal agency securities are valued using institutional bond quotes. Money market investments that have a remaining maturity at the time of purchase of one year or less and are held by governments other than external investment pools, and investments held by 2a7-like external investment pools, are measured at amortized cost as provided in GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The fair value of LAIF is measured using a Net Asset Value (NAV) calculation determined by the pool.

(g) Credit Risk

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

	Minimum Rating Required	Rating at Year-End		
		Aaa/ AA+/ AAA	Unrated	Fair Value
Federal agency securities	N/A	\$108,052,480	\$ -	\$108,052,480
Money market mutual funds	Aaa/AAA	-	6,560,578	6,560,578
LAIF	N/A	-	64,148,066	64,148,066
Total		<u>\$108,052,480</u>	<u>\$70,708,644</u>	<u>\$178,761,124</u>

(h) Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. OCFA's investment policy requires that collateral be held by an independent third party with whom OCFA has a current custodial agreement. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. OCFA's investment policy requires that all security transactions are conducted on a delivery-versus-payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of OCFA's bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. As of June 30, 2016, none of the OCFA's deposits or investments was exposed to disclosable custodial credit risk.

(i) Concentration of Credit Risk

OCFA's investment policy imposes restrictions for certain types of investments with any one issuer to 15% of the total investment pool with the following exceptions: U.S. Treasury obligations (100%), LAIF (75%), federal agency securities (75%), bankers' acceptances (25%), and negotiable certificates of deposit (25%). With respect to concentration risk as of June 30, 2016, the OCFA is in compliance with the investment policy's restrictions. In addition, GASB Statement No. 40 requires a separate disclosure if any single issuer comprises more than 5% of the total investment value (exclusive of amounts held by fiscal agent). Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement. Investments with issuers exceeding 5% of the total investment portfolio at June 30, 2016, are summarized below.

Issuer	Fair Value	% of Portfolio
Federal Home Loan Bank (FHLB)	\$52,988,280	29.6%
Freddie Mac	28,056,700	15.7%
Federal Farm Credit Bank (FFCB)	27,007,500	15.1%

(j) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. OCFA's investment policy limits investment

maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. OCFA's investment policy states that at least 50% of the portfolio must mature in one year or less, and unless matched to a specific requirement and approved by the Executive Committee and the Board of Directors, no portion of the portfolio may exceed five years. OCFA has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2016, the OCFA had the following investments and maturities:

	Investment Maturities in Months			Fair Value
	6 or Less	7 to 12	13 to 60	
Federal agency securities	\$ 55,978,650	\$ -	\$52,073,830	\$108,052,480
Money market mutual funds	6,560,578	-	-	6,560,578
LAIF	64,148,066	-	-	64,148,066
Total	<u>\$126,687,294</u>	<u>\$ -</u>	<u>\$52,073,830</u>	<u>\$178,761,124</u>

As of June 30, 2016, OCFA's investments included the following callable investments, which are considered to be exposed to interest rate risk:

Issuer	Call Date(s)	Yield to Call	Maturity Date	Fair Value
Freddie Mac	8/28/2016	0.827%	11/28/2017	\$10,008,100
Federal Farm Credit Bank (FFCB)	Anytime	0.559%	10/15/2018	10,000,200
Federal Farm Credit Bank (FFCB)	9/6/2016	0.816%	9/6/2018	8,007,120
Federal Home Loan Bank (FHLB)	8/10/2016	0.662%	8/10/2018	6,003,780

**(5) Accounts Receivable**

Accounts receivable, net of an allowance for doubtful accounts, consists of the following as of June 30, 2016:

	Governmental Funds			Component Unit
	General Fund	Fire Apparatus	Total	OCFA Foundation
Fire prevention/late fees	\$ 644,252	\$ -	\$ 644,252	\$ -
Ambulance/other reimbursements	1,959,330	-	1,959,330	-
Due from developers	-	124,200	124,200	-
Other/miscellaneous	33,204	-	33,204	90
Accounts receivable	2,636,786	124,200	2,760,986	90
Allowance for doubtful accounts	<u>(194,216)</u>	<u>-</u>	<u>(194,216)</u>	<u>-</u>
Accounts receivable, net	<u>\$2,442,570</u>	<u>\$124,200</u>	<u>\$2,566,770</u>	<u>\$90</u>

**(6) Due from Other Governments**

Amounts due from other governments, net of an allowance for doubtful accounts, consist of the following as of June 30, 2016:

	Governmental Funds	Primary Government
	General Fund	Governmental Activities
Fire protection and other services:		
Cash contract cities – leave balances and other contract costs	\$ 182,553	\$ 1,804,269
State responsibility area	1,465,902	1,465,902
Airport rescue firefighting	745,391	745,391
Other services	<u>136,489</u>	<u>136,489</u>
Subtotal	2,530,335	4,152,051
Assistance by hire/activation	4,096,172	4,096,172
Grants	392,284	392,284
Property tax/tax increment	3,054,319	3,054,319
Other/miscellaneous	<u>100,000</u>	<u>100,000</u>
Due from other governments	10,173,110	11,794,826
Allowance for doubtful accounts	<u>(122,855)</u>	<u>(122,855)</u>
Due from other governments, net	<u>\$10,050,255</u>	<u>\$11,671,971</u>

**(7) Due to Other Governments**

As of June 30, 2016, due to other governments totaling \$123,047, as reported in both the governmental activities and the governmental funds (General Fund), consists of amounts payable to the County of Orange in conjunction with bankruptcy proceeds.

**(8) Unearned and Unavailable Revenue**

Unavailable revenue in the governmental funds consists of amounts that are considered *unavailable* to finance the expenditures of the current fiscal period. Only the amounts that are *unearned* are reported as liabilities of governmental activities. Unearned revenues consist of the following as of June 30, 2016:

	Governmental Funds	Primary Government	Component Unit
	General Fund	Governmental Activities	OCFA Foundation
Unearned revenue:			
Helicopter hangar rental deposits	\$16,612	\$16,612	\$ -
Helicopter hangar rent – July 2016	10,699	10,699	-
Cell tower rent – July 2016	3,605	3,605	-
Miscellaneous cash advances	<u>2,200</u>	<u>2,200</u>	<u>6,000</u>
Total	<u>\$33,116</u>	<u>\$33,116</u>	<u>\$6,000</u>

**(9) Fund Balance of Governmental Funds – Nonspendable**

Prepaid costs are reported as an asset until the expenditures are recognized proportionately over the future period in which the services are to be provided. An amount equal to the asset is reported as nonspendable fund balance in the governmental funds, since these amounts are not in a spendable form.

Nonspendable fund balance consists of the following as of June 30, 2016:

	General Fund
Retirement contributions:	
Fiscal Year 2016/17	\$35,000,000
Fiscal Year 2015/16	1,136,149
Maintenance and support	513,268
Warranties	25,540
Subscriptions and memberships	39,840
Other	65,048
Total	\$36,779,845

In January 2015, OCFA prepaid a portion of its Fiscal Year 2015/16 retirement contributions to the Orange County Employees Retirement System (OCERS) totaling \$29,539,884. In October 2015 and January 2016, OCFA prepaid a portion of its Fiscal Year 2016/17 retirement contributions to OCERS totaling a combined \$35,000,000. The prepayments produced savings of over \$1.7 million in Fiscal Year 2015/16, and are expected to produce savings of over \$2.0 million in Fiscal Year 2016/17. Due to the timing of the pay period calendar, the unamortized balance of the January 2015 prepayment totaled \$1,136,149 as of June 30, 2016. The entire amount of the October 2015 and January 2016 prepayments was unamortized as of June 30, 2016. Other prepaid items as of June 30, 2016, included various equipment warranties on mobile data computers, laptops, computers, pagers, tablets, and monitors; and other amounts such as annual maintenance and support fees, subscriptions, and professional memberships.

**(10) Fund Balance of Governmental Funds – Restricted**

Restricted fund balance in the General Fund includes grant-funded or other restricted, unexpended encumbrances outstanding at year-end, as well as donations received for specific programs. Restricted fund balance in the Fire Stations and Facilities Fund includes CALFIRE contract revenues that are legally restricted for new fire station development or improvements to existing fire stations. Restricted fund balance consists of the following as of June 30, 2016:

	General Fund	Fire Stations and Facilities	
	Operations Department	Capital Improvement Program	Total
Purpose of encumbrances:			
Urban Search and Rescue grant program	\$ 5,777	\$ -	\$ 5,777
California Joint Apprenticeship Committee	5,511	-	5,511
	11,288	-	11,288
Donations – disaster preparation academy	2,579	-	2,579
CALFIRE station(s)	-	533,232	533,232
Total	\$13,867	\$533,232	\$547,099

**(11) Fund Balance of Governmental Funds – Committed**

In July 1999, the Board of Directors authorized that \$4,405,086 be set aside to fund OCFA-related service or resource enhancement projects in certain structural fire fund cities. In January 2012, the Board of Directors authorized an additional \$622,106 to be set aside for the same purpose. As of June 30, 2016, the remaining unspent amount totaling \$584,464 was reported as a fund balance commitment in the General Fund. The funds are committed for projects in the following cities:

<u>City</u>	<u>General Fund</u>
Aliso Viejo	\$ 281
Irvine	530,971
Laguna Niguel	<u>53,212</u>
Total	<u>\$584,464</u>

**(12) Fund Balance of Governmental Funds – Assigned**

Assigned fund balance includes the following as of June 30, 2016:

Capital Improvement Program	\$ 53,746,805
Workers' compensation	73,720,054
Assigned, unexpended encumbrances	<u>7,235,814</u>
Total	<u>\$134,702,673</u>

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

- The assignment to the Capital Improvement Program reflects cumulative amounts transferred from the General Fund to the capital projects funds, net of actual cumulative project expenditures and other revenue sources accounted for in those funds. The assignment may also include net resources accumulated within the General Fund itself in order to fund purchases and projects that are capital in nature but do not necessarily meet the criteria to be reported in one of OCFA's capital projects funds. The assignment may not exceed the net cost of future identifiable projects. Fund balance assigned for the Capital Improvement Program totaled \$53,746,805 as of June 30, 2016, and is reported in the General Fund (\$4,668,314), Communications and Information Systems Fund (\$18,977,557), Fire Apparatus Fund (\$14,788,654) and Fire Stations and Facilities Fund (\$15,312,280).
- The assignment to workers' compensation reflects the cumulative difference between actual workers' compensation expenditures incurred and budgeted costs, which are based on an annual actuarial valuation prepared by an external actuary and a confidence level set by the Board of Directors. The assignment for workers' compensation is reported in the General Fund and totaled \$73,720,054 as of June 30, 2016.

Assigned fund balance pertaining to unexpended encumbrances outstanding as of June 30, 2016, totaled \$7,235,814 and is summarized below for each governmental fund:

Purpose of Encumbrance	Communications and Information Systems	Fire Apparatus	Fire Stations and Facilities
	Communications and IT Projects	Fire Apparatus and Other Vehicles	Construction Projects
100' tractor drawn aerials	\$ -	\$5,227,858	\$ -
Paramedic squads and Type 6 brush patrols	-	1,203,215	-
Pickup trucks	-	232,534	-
RFOTC audio visual upgrade design	24,715	-	-
Structural design and documents for Urban Search and Rescue warehouse improvements	-	-	13,135
Total	<u>\$24,715</u>	<u>\$6,663,607</u>	<u>\$13,135</u>

General Fund

Purpose of Encumbrance	Executive Management	Operations Department	Community Risk Reduction Department	Business Services	Support Services Department	Organizational Planning Department	Facilities Projects	Communications and IT Projects	Total
	Wildland clothing	\$ -	\$ -	\$ -	\$63,724	\$ -	\$ -	\$ -	\$ -
Electric reach truck	-	-	-	41,056	-	-	-	-	41,056
Honor guard uniforms	25,682	-	-	-	-	-	-	-	25,682
Swift water clothing	-	25,202	-	-	-	-	-	-	25,202
Laptops	-	-	-	-	-	-	-	24,172	24,172
Computers, monitors, and speakers	-	-	-	-	-	-	-	22,680	22,680
Auto data updater license	-	-	-	-	-	21,000	-	-	21,000
Sharepoint support	-	-	-	-	19,350	-	-	-	19,350
E-mail security and support	-	-	-	-	17,200	-	-	-	17,200
Vehicle repairs	-	-	-	-	16,077	-	-	-	16,077
Code books	-	-	15,845	-	-	-	-	-	15,845
Galvanized guardrails	-	-	-	-	-	-	15,585	-	15,585
Other	11,008	26,282	-	57,919	67,116	-	54,402	10,057	226,784
Total	<u>\$36,690</u>	<u>\$51,484</u>	<u>\$15,845</u>	<u>\$162,699</u>	<u>\$119,743</u>	<u>\$21,000</u>	<u>\$69,987</u>	<u>\$56,909</u>	<u>\$534,357</u>

**(13) Fund Balance of Governmental Funds – Unassigned**

Unassigned fund balance in the General Fund consists of the following as of June 30, 2016:

10% Operating Contingency	\$28,778,587
All other residual amounts available for any purpose	<u>7,978,217</u>
Total	<u>\$36,756,804</u>

**(14) Interfund Transfers**

Interfund transfers are used to move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them. Interfund transfers for the year ended June 30, 2016, are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$78,187
Communications and Information Systems	<u>78,187</u>	<u>-</u>
Total	<u>\$78,187</u>	<u>\$78,187</u>

Transfers were made from the General Fund to the Communications and Information Systems Fund for current and future capital improvement projects identified in the Capital Improvement Plan.

**(15) Capital Assets**

**(a) Changes in Capital Asset Balances by Asset Class**

Capital asset activity of the OCFA Foundation for the year ended June 30, 2016, was as follows:

<u>Component Unit/ OCFA Foundation</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Capital assets depreciated/amortized:					
Equipment	\$ -	\$ 10,000	\$ (10,000)	\$ -	\$ -
Capital assets, net	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ (10,000)</u>	<u>\$ -</u>	<u>\$ -</u>

Capital asset activity of OCFA's governmental activities for the year ended June 30, 2016, was as follows:

<u>Primary Government/ Governmental Activities</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Capital assets not depreciated/amortized:					
Land	\$ 37,887,850	\$ -	\$ -	\$ -	\$ 37,887,850
Construction in progress	5,092,288	101,752	-	(5,091,699)	102,341
Work in progress	<u>4,121,289</u>	<u>2,718,052</u>	-	<u>(4,043,637)</u>	<u>2,795,704</u>
Total capital assets not depreciated/amortized	<u>47,101,427</u>	<u>2,819,804</u>	-	<u>(9,135,336)</u>	<u>40,785,895</u>
Capital assets depreciated/amortized:					
Buildings	137,772,434	-	-	5,091,699	142,864,133
Equipment	58,076,611	624,898	(131,555)	1,304,613	59,874,567
Vehicles	<u>71,403,080</u>	<u>606,932</u>	<u>(209,265)</u>	<u>2,739,024</u>	<u>74,539,771</u>
Subtotal	<u>267,252,125</u>	<u>1,231,830</u>	<u>(340,820)</u>	<u>9,135,336</u>	<u>277,278,471</u>
Less accumulated depreciation/amortization:					
Buildings	(37,322,693)	(3,166,163)	-	-	(40,488,856)
Equipment	(33,700,818)	(2,636,367)	122,185	-	(36,215,000)
Vehicles	<u>(44,083,199)</u>	<u>(3,465,452)</u>	<u>209,265</u>	-	<u>(47,339,386)</u>
Subtotal	<u>(115,106,710)</u>	<u>(9,267,982)</u>	<u>331,450</u>	-	<u>(124,043,242)</u>
Total capital assets depreciated/amortized, net	<u>152,145,415</u>	<u>(8,036,152)</u>	<u>(9,370)</u>	<u>9,135,336</u>	<u>153,235,229</u>
Capital assets, net	<u>\$199,246,842</u>	<u>\$(5,216,348)</u>	<u>\$ (9,370)</u>	<u>\$ -</u>	<u>\$194,021,124</u>

(b) Net Investment in Capital Assets

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

Capital assets, net of accumulated depreciation/amortization	\$194,021,124
Capital-related debt – 2011 aircraft lease refinance	<u>(6,110,447)</u>
Net investment in capital assets	<u>\$187,910,677</u>

(c) Capital Assets Acquired Under Capital Lease

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

Equipment	\$22,074,284
Vehicles	<u>15,605,764</u>
Total capital assets acquired under capital lease	<u>\$37,680,048</u>

(d) Depreciation/Amortization Expense

Depreciation/amortization expense of \$9,267,982 was charged to public safety in the Statement of Activities.

**(16) Long-term Liabilities**

(a) Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2016, is summarized in the table below.

<u>Governmental Activities</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Net pension liability:					
OCERS pension plan	\$466,968,323	\$133,428,399	\$ (82,726,916)	\$517,669,806	\$ -
Extra Help pension plan	<u>240,358</u>	<u>-</u>	<u>(76,667)</u>	<u>163,691</u>	<u>-</u>
	467,208,681	133,428,399	(82,803,583)	517,833,497	-
Capital lease purchase agreement:					
Aircraft Lease Refinance-2011	8,446,726	-	(2,336,279)	6,110,447	2,379,140
Accrued claims and judgments:					
Workers' compensation	62,372,690	6,716,066	(7,892,111)	61,196,645	7,743,304
Compensated absences	16,296,101	12,938,324	(12,215,217)	17,019,208	3,254,937
Net OPEB obligation	<u>57,553,126</u>	<u>13,550,385</u>	<u>(4,460,115)</u>	<u>66,643,396</u>	<u>-</u>
Total	<u>\$611,877,324</u>	<u>\$166,633,174</u>	<u>\$(109,707,305)</u>	<u>\$668,803,193</u>	<u>\$13,377,381</u>

The capital lease purchase agreement is liquidated by the Fire Apparatus Fund. The extra help pension plan is liquidated by the Extra Help Retirement Fund. All other long-term liabilities are normally liquidated by the General Fund.

(b) Pension Plans

OCFA participates in two defined benefit pension plans that are administered through a trust or equivalent arrangement. Additional information is provided for these plans within these notes as

Note 21 and Note 22. Following is a summary of plan activities as of and for the year ended June 30, 2016:

Description	OCERS Pension Plan	Extra Help Pension Plan	Total
Net pension liability	\$517,669,806	\$163,691	\$517,833,497
Deferred outflows of resources related to pensions	139,005,504	35,040	139,040,544
Deferred inflows of resources related to pensions	(35,819,433)	(92,134)	(35,911,567)
Pension expenditures associated with net pension liabilities (as reported in the fund financial statements)	82,726,916	10,642	82,737,558
Pension expense associated with net pension liabilities (as reported in the government-wide financial statements)	94,784,899	(15,017)	94,769,882

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

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

On November 16, 2011, the terms of the Agreement were amended to reflect a reduction in the annual interest rate from 3.7609% to 2.58%. A 1.75% prepayment premium totaling \$286,599, plus accrued interest for the period September 22, 2011, through November 16, 2011, totaling \$92,386, were added to the outstanding principal balance to be repaid over the remaining life of the lease. Rental payments are payable quarterly commencing March 22, 2009, and terminating on December 22, 2018. During the year ended June 30, 2016, OCFA made principal and interest payments totaling \$2,336,279 and \$195,444, respectively. The outstanding balance of the capital lease liability was \$6,110,447 as of June 30, 2016. Future annual lease payment requirements are as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
2017	\$2,397,140	\$134,583	\$2,531,723
2018	2,459,589	72,134	2,531,723
2019	1,253,718	12,144	1,265,862
Total	<u>\$6,110,447</u>	<u>\$218,861</u>	<u>\$6,329,308</u>

**(d) Compensated Absences**

OCFA is obligated to its employees for the following accumulated earned but unused leave benefits as of June 30, 2016:

	<u>Vacation</u>	<u>Comp/Other</u>	<u>Sick Leave</u>	<u>Santa Ana General Leave</u>	<u>Total</u>
Safety Members	\$ 9,970,950	\$169,704	\$1,511,630	\$1,597,640	\$13,249,924
General Members	<u>1,883,853</u>	<u>367,893</u>	<u>1,493,462</u>	<u>24,076</u>	<u>3,769,284</u>
Total	<u>\$11,854,803</u>	<u>\$537,597</u>	<u>\$3,005,092</u>	<u>\$1,621,716</u>	<u>\$17,019,208</u>

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

**(17) Commitments and Contingencies**

**(a) Outstanding Encumbrances / Commitments with Vendors**

As of June 30, 2016, commitments for outstanding encumbrances (unperformed purchase orders and contracts for goods and services) by major governmental fund are as follows:

General Fund	\$ 545,645
Communications and Information Systems	24,715
Fire Apparatus	6,663,607
Fire Stations and Facilities	<u>13,135</u>
Total outstanding encumbrances	<u>\$7,247,102</u>

Significant individual commitments with vendors as of June 30, 2016 are identified below.

Fund / Vendor	Description	Original Commitment	Spent-to- Date	Remaining Commitment
<u>General Fund:</u>				
Linegear Fire & Rescue	Wildland clothing	\$ 63,724	\$ -	\$ 63,724
Southwest Material Handling, Inc.	Electric reach truck	41,056	-	41,056
Keystone Uniforms	Honor guard uniforms	25,682	-	25,682
The Rescue Source	Swift water clothing	21,573	-	21,573
Deccan, Inc.	Auto data updater license	21,000	-	21,000
<u>Communications and Information Systems:</u>				
TK1SC, Inc.	RFOTC audio visual upgrade design	79,750	55,035	24,715
<u>Fire Stations and Facilities:</u>				
KME Fire Apparatus	(4) 100' tractor drawn aerials	5,227,858	-	5,227,858
Boise Mobile Equipment	(5) paramedic squads; (1) type 6 brush patrol	1,203,215	-	1,203,215
Lake Chevrolet	(6) Chevy Colorado pickup trucks	179,333	-	179,333
DDL Traffic, Inc.	Right-of-way preemption equipment for Chevy Colorado pickup trucks	34,642	-	34,642
Lewis/Schoepfle Architects	Structural design and documents for Urban Search and Rescue warehouse improvements	60,280	47,145	13,135

(b) Pending Litigation

OCFA is currently in the discovery phase of an employee discrimination case. OCFA's legal counsel believes that it is unlikely OCFA will obtain a favorable outcome in this case, based on the results of two related internal investigations and resulting employee discipline. However, the degree of likelihood and amount of any potential legal liability could not be determined at this time. Because the plaintiff is still fully-employed by OCFA, any damages awarded would most likely be based on emotional distress claims.

**(18) Lessor in Operating Lease Agreements**

(a) Aircraft Hangar Leases

OCFA has entered into Aircraft Hangar Lease agreements to provide spaces to tenants in the western portion of the OCFA-owned aircraft hangar at Fullerton Municipal Airport. The original cost of the aircraft hangar's western was \$2,201,950, and the net book value was \$2,055,154 as of June 30, 2016. Fiscal Year 2015/16 depreciation expense totaled \$48,932. The terms of the agreements are as follows:

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

Rental revenue totaled \$152,117 for Fiscal Year 2015/16. Future potential rental revenue under the terms of the leases is as follows:

<u>Fiscal Year</u>	<u>Ladera Aircraft, LLC</u>	<u>Lidar America, LLC</u>	<u>Hangar 21 Helicopters</u>	<u>Total</u>
2016/17	\$ 63,108	\$ 66,450	\$ 69,000	\$198,558
2017/18	64,688	68,110	69,000	201,798
2018/19	21,740	69,817	63,250	154,807
2019/20	-	65,461	-	65,461
2020/21	-	-	-	-
Total	<u>\$149,536</u>	<u>\$269,838</u>	<u>\$201,250</u>	<u>\$620,624</u>

(b) Wireless Communications Facilities Site Lease

On March 24, 2011, OCFA entered into a Wireless Communications Facilities Site Lease with Vista Towers, LLC (Vista), to provide space at the OCFA-owned Regional Fire Operations and Training Center to install and operate a digital mobile radio communications site consisting of up to two wireless communication towers, equipment shelters, and cabinets, for up to six cell phone carriers. In July 2015, the Board of Directors approved Vista's request to assign its interest in the lease to

SBA Towers VI, LLC (SBA). SBA has assumed the payment terms of the original agreement, and is responsible for the installation, construction, maintenance, repairs, replacement, and operations of the towers and, if applicable, the removal of the towers upon termination of the lease.

The lease term commenced on the earlier of the pulling of all permits necessary for construction, or September 24, 2012, and continues for five years from that date. The lease may be renewed for up to four consecutive five-year increments, for a total of twenty-five years. Rent is due the first of each month and is determined based on the number of carriers being occupied by each of the towers. SBA pays \$1,250 for each month in which there is one or no carrier on one of the towers, and \$1,000 per month for each additional carrier occupied on each tower beyond the first carrier. Base rent automatically increases by 3% annually.

OCFA began collecting base rent in July 2012, with rent for a second and third carrier commencing in June and October 2013, respectively. Rental revenue totaled \$40,955 for Fiscal Year 2015/16. Future potential rental revenue, assuming rent for the three additional carriers may commence January 1, 2017, is as follows:

Fiscal Year(s)	Carriers 1-3	Carriers 4-6	Total
2016/17	\$ 43,458	\$ 19,674	\$ 63,132
2017/18	44,765	40,485	85,250
2018/19	46,108	41,709	87,817
2019/20	47,497	42,966	90,463
2020/21	48,924	44,262	93,186
2021/22 - 2025/26	267,480	242,022	509,502
2026/27 - 2030/31	310,051	280,566	590,617
2031/32 - 2035/36	359,514	325,296	684,810
2036/37 - 2040/41	81,793	74,013	155,806
Total	<u>\$1,249,590</u>	<u>\$1,110,993</u>	<u>\$2,360,583</u>

**(19) Lessee in Operating Lease Agreements**

OCFA is obligated under operating lease agreements for the rental of various fire stations, including a land lease at Fullerton Municipal Airport:

- Twenty-six city-owned stations are leased for \$1 per year through June 30, 2030. In addition, OCFA leases land from three cities for three OCFA-owned stations. The station land leases are for \$1 per year and extend through June 30, 2030 (Station 6); November 26, 2057 (Station 17); and April 30, 2045 (Station 36).
- On June 14, 2010, OCFA entered into a land lease agreement with the City of Fullerton for a new space at Fullerton Municipal Airport. Monthly lease payments of \$2,886 for the eastern half of the building commenced January 2011. An additional monthly lease payment of \$2,070 for the western half of the building commenced July 2013. Total monthly rent will increase annually by an amount equal to the change in the consumer price index, from a minimum of 3% to a maximum of 5%. The term of the agreement extends forty years through July 2050, with a fifteen year extension option through July 2065.

- On August 25, 2011, the OCFA Executive Committee approved the execution of a Lease Agreement with FW Aviation, LLC for a training tower at Fire Station No. 41 Air Operations and Maintenance Facility at Fullerton Airport, which includes a helicopter training prop, an additional restroom, and approximately 600 square feet of classroom/storage area. The lease term is for ten years commencing September 2011, with an optional ten-year extension. Initial monthly rent of \$1,575 will increase by \$18 each year.

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

Fiscal Year(s)	City-Owned Stations/ Land Leases	Airport Land Lease	Airport Training Tower	Total
2016/17	\$ 29	\$ 71,016	\$ 19,944	\$ 90,989
2017/18	29	73,140	20,160	93,329
2018/19	29	75,324	20,376	95,729
2019/20	29	77,592	20,592	98,213
2020/21	29	79,920	20,808	100,757
2021/22 - 2025/26	145	436,992	3,474	440,611
2026/27 - 2030/31	118	506,652	-	506,770
2031/32 - 2035/36	10	587,376	-	587,386
2036/37 - 2040/41	10	680,928	-	680,938
2041/42 - 2045/46	9	789,348	-	789,357
2046/47 - 2050/51	5	818,100	-	818,105
2051/52 - 2055/56	5	-	-	5
2056/57 - 2060/61	1	-	-	1
Total	<u>\$448</u>	<u>\$4,196,388</u>	<u>\$105,354</u>	<u>\$4,302,190</u>

**(20) Insurance**

**(a) Coverage Limits**

OCFA has purchased commercial insurance coverage for general, auto, property, volunteer accident, aviation, and pollution liabilities; public official and auto verifier bonds; and excess coverage for the self-insured workers compensation. Coverage limits include the following:

Type of Coverage	Limit	Deductible
General and Auto Liability:		
Each Occurrence or Wrongful Act	\$1,000,000	
General Annual Aggregate	\$2,000,000	
Management Liability	\$1,000,000	\$5,000
Cyber Liability	\$1,000,000	
Auto Liability	\$1,000,000 combined single limit	\$1,000 - \$3,000
Garage Keepers Legal Liability	\$250,000	\$250 - \$500
Umbrella Liability	\$10,000,000	

Type of Coverage	Limit	Deductible
Property Liability:		
Buildings and Contents	Scheduled replacement cost	\$5,000
Crime/Employee Dishonesty	\$1,000,000	\$5,000
Volunteer Accident:		
Accidental Death and Dismemberment	\$25,000 each occurrence; \$250,000 aggregate per accident	
Accident Medical Expense	\$100,000 per occurrence	
Dental	\$250 per tooth	
Aircraft Hull and Liability	\$50,000,000 per occurrence	\$15,000 - \$50,000
Pollution Liability	\$1,000,000 per condition	\$25,000
Public Official Bonds	\$1,000,000 each	
Auto Verifier Bonds	\$5,000 each	
Excess Workers Compensation	Statutory limits	

At June 30, 2016, OCFA had no outstanding claims which exceed insurance coverage. There have been no significant changes in insurance coverage as compared to last year, and settlements have not exceeded coverage in each of the past three fiscal years.

(b) Self-Insurance

OCFA transitioned its program for workers' compensation insurance from Guaranteed Cost to Self-Insurance effective March 1, 2002. OCFA's self-insurance program covers workers' compensation claims up to \$50,000,000, subject to a \$2,000,000 self-insured retention (SIR) per incident. Workers' compensation claims in excess of the self-insured level are insured by the California State Association of Counties Excess Insurance Authority (CSAC-EIA) at statutory limits. OCFA utilizes the services of a third-party claims administrator for administration of workers' compensation claims.

As of June 30, 2016, accrued claims and judgments for workers' compensation totaled \$61,196,645 and were recorded as a long-term liability in the government-wide financial statements. This liability reflects the present value of estimated outstanding losses at the 50% confidence level, as determined by an actuarial valuation dated December 31, 2015, and includes claims that have been incurred but not yet reported (IBNR's). A confidence level is the statistical certainty that an actuary believes funding will be sufficient. For example, a 50% confidence level means that the actuary believes funding will be sufficient in five years out of ten. On May 27, 2010, the Board of Directors authorized to change the OCFA's confidence level from 80% to 50%.

Following is a summary of changes in workers' compensation claims payable for the years ended June 30, 2016 and 2015, including the current and long-term portions at year-end.

	Fiscal Year Ended	
	June 30, 2016	June 30, 2015
Unpaid claims at beginning of fiscal year	\$62,372,690	\$56,789,859
Incurred claims (including IBNR's)	6,716,066	12,026,082
Claim payments	<u>(7,892,111)</u>	<u>(6,443,251)</u>
Unpaid claims at end of fiscal year	<u>\$61,196,645</u>	<u>\$62,372,690</u>
Current portion	\$ 7,743,304	\$ 7,076,667
Long-term portion	<u>53,453,341</u>	<u>55,296,023</u>
Unpaid claims at end of fiscal year	<u>\$61,196,645</u>	<u>\$62,372,690</u>
Confidence level at end of fiscal year	50%	50%

Because of the long-term nature of this liability, it is excluded from the OCFA's governmental fund financial statements under the modified accrual basis of accounting. However, OCFA has established a fund balance assignment for workers' compensation in the General Fund in the amount of \$73,720,054. This assignment reflects the cumulative difference for multiple years between actual expenditures and budgeted costs, which are based on the annual actuarial valuation. Actual expenditures for workers' compensation cases often occur over multiple years, attributing to the cumulative difference between budgeted costs and expenditures.

**(21) Retirement Plan for Full-Time Employees**

(a) General Information about the Plan

*Plan Description and Administration*

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

OCERS was established in 1945 under the provisions of the County Employees Retirement Law of 1937. OCERS is governed by a ten-member Board of Retirement, including nine voting members and one alternate member. Board membership consists of four members appointed by the County of Orange Board of Supervisors and five members elected by the members of the pension system – two

by the general members, two by the safety members (one voting and one alternate), and one by the retired members. The County of Orange Treasurer-Tax Collector, who is elected by the voters registered in the county, serves as an ex-officio member.

OCERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost-sharing plans that are administered by OCERS. The report can be obtained from OCERS at 2223 Wellington Avenue, Santa Ana, California 92701.

Benefits Provided

OCERS provides retirement, disability, and death benefits to general and safety members. Safety membership includes those members serving in active law enforcement, fire suppression, and as probation officers. General membership applies to all other occupations. Plan retirement benefits are tiered based upon date of OCERS membership. Tier I members were hired prior to September 21, 1979, and use their highest one-year average salary to determine their retirement allowance. Tier II members were hired after September 21, 1979, and use their highest three-year average salary to determine their retirement allowance. Member rate groups are determined by employer, bargaining unit, and benefit plan. The benefit plan represents the benefit formula and tier that will be used in calculating a retirement benefit. All regular employees scheduled to work twenty hours or more per week become members of the plan upon commencing employment with one of OCERS' plan sponsors, with the exception of a provision adopted in 2014 that allows new members over the age of 65 to opt out of the plan. Active members are vested in OCERS upon accumulating five years of accredited service or attaining the age of 70.

On September 12, 2012, California Governor Brown signed Assembly Bill 340, which created the California Public Employees' Pension Reform Act of 2012 (PEPRA) and amended sections of the 1937 Act under which OCERS operates. The law created a benefit tier for new employees entering public agency employment and public retirement system membership, effective January 1, 2013. One of the many changes brought about by PEPRA involved new retirement formulas for newly hired employees who do not establish reciprocity with OCERS. Another change brought about by PEPRA requires employees who do not establish reciprocity to pay 50% of the normal retirement costs from the beginning of their employment.

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

Years of Service Credit	Eligible Age
10 or more	Age 50
5 or more (PEPRA Members)	Age 52
30 or more (General Members)	Any age
20 or more (Safety Members)	Any age
5 or more, and at least 10 years of active employment with a sponsoring agency covered by OCERS (Part-time Members)	Age 55
Any	Age 70

The provisions and benefits provided by OCFA to its safety and general members as of June 30, 2016 are summarized below:

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

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

Contributions

Each year, an actuarial valuation is performed for OCERS to determine funding contributions for each agency member within their assigned rate group and plan on an actuarial basis. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability (UAAL). The table below summarizes OCFA's required employer contribution rates and employee rates (paid by OCFA) for the year ended June 30, 2016:

Category	Plan	Tier	Benefit Formula	Employer Contribution Rates			Employee Contribution Rates (See Below)
				Normal Cost	UAAL	Total	
Safety	E	I	3.0% at 50	25.86%	24.14%	50.00%	9.70% - 13.74%
Safety	F	II	3.0% at 50	25.86%	24.14%	50.00%	13.32% - 19.75%
Safety	R	II	3.0% at 55	21.70%	24.14%	45.84%	12.72% - 18.86%
Safety	V	II	2.7% at 57 (PEPRA)	16.85%	24.14%	40.99%	13.22% - 21.71%
General	I	I	2.7% at 55	14.06%	23.34%	37.40%	10.46% - 16.32%
General	J	II	2.7% at 55	14.06%	23.34%	37.40%	9.99% - 16.32%
General	N	II	2.0% at 55	14.15%	23.34%	37.49%	7.59% - 13.32%
General	U	II	2.5% at 67 (PEPRA)	9.71%	23.34%	33.05%	7.73% - 13.10%

Employees in each unit have agreed through their respective Memorandums of Understanding or Personnel and Salary Resolution to pay their full employee share of retirement costs, with those employee payments being phased in over three to four years. The retirement payment is deducted from the employee's compensation earnable and continues throughout the employee's entire term of employment with OCFA.

Employee contribution rates vary depending on the individual employee's hire date and unit, and are summarized below for the year ended June 30, 2016.

Employee Hire Date	Benefit Formula	Employee Contribution Rate
<b><i>Safety – Firefighter Unit</i></b>		
Prior to 1/1/2011	3.0% at 50	11.0% as of 11/14/2014*
1/1/2011 - 6/30/2012	3.0% at 50	11.0% as of 11/14/2014
On or After 7/1/2012 (with reciprocity)	3.0% at 55	
On or After 1/1/2013 (without reciprocity)	2.7% at 57 (PEPRA)	50% of Normal Cost
<b><i>Safety – Firefighter Management Unit</i></b>		
Prior to 1/1/2011	3.0% at 50	9.0% as of 2/7/2014**
1/1/2011 - 6/30/2012	3.0% at 50	9.0% as of 1/1/2011
On or After 7/1/2012 (with reciprocity)	3.0% at 55	9.0% as of 7/1/2012
On or After 1/1/2013 (without reciprocity)	2.7% at 57 (PEPRA)	50% of Normal Cost
<b><i>Safety – Executive Management</i></b>		
Prior to 7/1/2011	3.0% at 50	11.0% as of 3/6/2015**
On or After 7/1/2011 (with reciprocity)	3.0% at 55	13.5% as of 3/4/2016**
On or After 1/1/2013 (without reciprocity)	2.7% at 57 (PEPRA)	50% of Normal Cost
<b><i>General – General and Supervisory Management</i></b>		
Prior to 7/1/2011	2.7% at 55	9.0% as of 7/1/2014
On or After 7/1/2011 (with reciprocity)	2.0% at 55	11.0% as of 3/7/2015** 13.5% as of 3/6/2016**
On or After 1/1/2013 (without reciprocity)	2.5% at 67 (PEPRA)	50% of Normal Cost
<b><i>General – Administrative Management</i></b>		
Prior to 12/1/2012	2.7% at 55	9.0% as of 2/6/2015 12.25% as of 7/10/2015** 14.25% as of 1/8/2016**
On or After 12/1/2012 (with reciprocity)	2.0% at 55	9.0% as of 12/1/2012 12.25% as of 7/10/2015** 14.25% as of 1/8/2016**
On or After 1/1/2013 (without reciprocity)	2.5% at 67 (PEPRA)	50% of Normal Cost
<b><i>General – Executive Management</i></b>		
Prior to 12/1/2012	2.7% at 55	11.0% as of 3/6/2015**
On or After 12/1/2012 (with reciprocity)	2.0% at 55	13.5% as of 3/4/2016**
On or After 1/1/2013 (without reciprocity)	2.5% at 67 (PEPRA)	50% of Normal Cost

\* Consists of a 9.0% employee payroll deduction and a 2.0% Healthcare Converted Retirement Contribution credit for savings obtained as a result of modifications to the OCPFA Health Plan Agreement.

\*\* Capped at maximum employee contribution

For the year ended June 30, 2016, employer and employee contributions remitted to OCERS were as follows:

	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Total Contributions</u>
Contributions paid by OCFA	\$78,708,605	\$ 4,018,311	\$82,726,916
Contributions paid by employees	<u>-</u>	<u>12,867,971</u>	<u>12,867,971</u>
Contributions remitted to OCERS	<u>\$78,708,605</u>	<u>\$16,886,282</u>	<u>\$95,594,887</u>

**(b) Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions**

OCFA's net pension liability with OCERS is measured as the proportionate share of the net pension liability. The net pension liability of each member agency is measured as of December 31, 2015, and the total pension liability for each member agency used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014, rolled forward to December 31, 2015, using standard update procedures. OCFA's proportion of the net pension liability was based on a projection of OCFA's long-term share of contributions to the pension plan relative to the projected contributions of all participating agencies, actuarially determined. OCFA's proportionate share of the total OCERS net pension liability as of June 30, 2015 and 2016 was as follows:

<u>Member Type</u>	<u>OCFA's Proportionate Share of the Total OCERS Net Pension Liability</u>					
	<u>At June 30, 2015</u>		<u>Increase (Decrease)</u>		<u>At June 30, 2016</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Safety	\$404,329,372	8.0%	\$45,142,651	(0.1%)	\$449,472,023	7.9%
General	<u>62,638,951</u>	<u>1.2%</u>	<u>5,558,832</u>	<u>0.0%</u>	<u>68,197,783</u>	<u>1.2%</u>
Total	<u>\$466,968,323</u>	<u>9.2%</u>	<u>\$50,701,483</u>	<u>(0.1%)</u>	<u>\$517,669,806</u>	<u>9.1%</u>

For the year ended June 30 2016, OCFA recognized pension expense of \$94,784,899. At June 30, 2016, OCFA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience in the Total Pension Liability	\$ -	\$ (32,777,639)
Changes in assumptions	24,322,360	(3,041,794)
Net differences between projected and actual earnings on plan investments	83,874,144	-
	108,196,504	(35,819,433)
Employer contributions subsequent to measurement date	30,809,000	-
Total	\$139,005,504	\$(35,819,433)

Deferred outflows of resources related to contributions subsequent to the measurement date totaling \$30,809,000 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will also be recognized as an adjustment to pension expense as follows:

Year Ended June 30	Amount
2017	\$20,387,946
2018	20,387,946
2019	20,387,943
2020	14,824,361
2021	(3,389,107)
2022	(222,018)
Total	\$72,377,071

(c) Actuarial Assumptions

The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions:

	Safety	General
Valuation Date	December 31, 2014	
Measurement Date	December 31, 2015, rolled forward on an actuarial basis	
Actuarial Cost Method	Entry age normal	
Actuarial Assumptions:		
• Discount rate	7.25%	
• Inflation	3.00%	
• Investment rate of return	7.25%, net of pension plan investment expense, including inflation	
• Salary increases	“Across the board” real salary increases of 0.50% per year	

	Safety	General
• Mortality:		
○ Healthy	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020 with ages set back two years.	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020.
○ Disabled	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020.	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020 with ages set forward six years for males and set forward three years for females.
○ Beneficiaries	Beneficiaries are assumed to have the same mortality as a General Member of the opposite sex who is receiving a service (non-disability) retirement.	
○ Employee Contribution Rates	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020 with ages set back two years weighted 80% male and 20% female.	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020 weighted 40% male and 60% female.

The mortality tables shown above were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a review of the mortality experience by OCERS, as of December 31, 2015.

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.25% as of December 31, 2015, and December 31, 2014. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of both December 31, 2015, and December 31, 2014.

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

investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equity	14.90%	5.92%
Small/Mid Cap U.S. Equity	2.73%	6.49%
Developed International Equity	10.88%	6.90%
Emerging International Equity	6.49%	8.34%
Core Bonds	10.00%	0.73%
Global Bonds	2.00%	0.30%
Emerging Market Debt	3.00%	4.00%
Real Estate	10.00%	4.96%
Diversified Credit (U.S. Credit)	8.00%	4.97%
Diversified Credit (Non-U.S. Credit)	2.00%	6.76%
Hedge Funds	7.00%	4.13%
GTAA	7.00%	4.22%
Real Return	10.00%	5.86%
Private Equity	<u>6.00%</u>	9.60%
Total	<u>100.00%</u>	

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

The following presents OCFA's proportionate share of the net pension liability with OCERS, calculated using the discount rate of 7.25%, as well as what OCFA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Total proportionate share of net pension liability	<u>\$749,396,258</u>	<u>\$517,669,806</u>	<u>\$326,999,958</u>

*Pension Plan Fiduciary Net Position*

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

**(22) Retirement Plan for Part-Time Employees**

(a) General Information about the Plan

*Plan Description and Administration*

OCFA administers the Extra Help Retirement Plan (Plan), a single-employer defined benefit pension plan that provides retirement benefits for its less than half-time and extra help employees. The Plan

was established on January 1, 1997, and is accounted for in the Extra Help Retirement Plan fiduciary fund. The Board establishes and amends all Plan provisions, and has the authority to change contribution rates and investment types. A separate, audited pension plan report is not available.

*Benefits Provided*

The Plan provides retirement benefits in the form of a lifetime annuity. Retirement benefits for Plan members are calculated at the rate of 2% of career earnings during the first thirty years of credited service. Upon retirement, participants are eligible to receive their benefit either as a lump sum payment or as a monthly payment. If employment with OCFA is terminated prior to retirement and the value of the employee’s contributions with interest is \$3,500 or less, the employee may receive an immediate lump sum distribution in lieu of any future benefits payable under the Plan. If the value of the terminated employee’s contributions with interest exceeds \$3,500, the employee may elect to receive a lump sum distribution or leave the contributions on deposit until he or she reaches retirement age.

During the year ended June 30, 2016, lump sum distributions totaling \$10,642 were made to thirty-three participants. Currently, there are no participants collecting retirement benefits.

*Plan Membership*

As of June 30, 2016, Plan membership consisted of the following:

<u>Plan Members (or Beneficiaries)</u>	<u>Balance as of June 30, 2016</u>		
	<u>\$3,500 or Less</u>	<u>More than \$3,500</u>	<u>Total</u>
Inactive; currently receiving benefits	-	-	-
Inactive; entitled to but not yet receiving benefits	43	4	47
Active	<u>17</u>	-	<u>17</u>
Total plan members	<u>60</u>	<u>4</u>	<u>64</u>

*Contributions*

All eligible half-time and extra help employees hired on or after January 1, 1997, are required to contribute a percentage of compensation corresponding to an age-based table included in the Plan. Age is determined as attained age on every January 1. Employee contributions rates range from 2.5% to 7.5% based on age. After 30 years of credited service, OCFA is responsible for the employee’s Plan contributions.

Employee contributions are credited with 5% interest compounded semi-annually. Any interest earnings credited to the Plan in excess of actual investment earnings are reported as employer contributions.

During the year ended June 30, 2016, employee and employer contributions totaled \$8,923 and \$2,267, respectively.

(b) Investments

Method Used to Value Investments

Investments are reported at fair value.

Investment Policy

Contributions are deposited into the OCFA's Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is functionally equivalent to a non-SEC regulated government mutual fund invested in fixed income debt securities. LAIF is overseen by the Local Agency Investment Advisory Board which consists of five members, in accordance with State statute.

Concentrations

All Plan assets are invested in the Local Agency Investment Fund, which is reported at fair value of the pool shares.

(c) Net Pension Liability

Net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The Plan's net pension liability is measured as of June 30, 2016, using an actuarial valuation as of January 1, 2016, rolled forward to June 30, 2016 using standard update procedures. A summary of components of the Plan's net pension liability as of June 30, 2016, is shown below, followed by principal assumptions and methods used to determine the net pension liability.

Total pension liability	\$238,489
Plan fiduciary net position	<u>(74,798)</u>
Net pension liability	<u>\$163,691</u>
Plan fiduciary net position as a % of total pension liability	31.4%

Actuarial Assumptions

Actuarial calculations reflect a long-term perspective. Calculations are based on the benefits provided under the terms of the Plan in effect at the time of each valuation and on the pattern of sharing of costs between the OCFA and plan members to that point. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

The total pension liability in the January 1, 2016, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	January 1, 2016										
Measurement Date	June 30, 2016, rolled forward on an actuarial basis										
Actuarial Cost Method	Entry age normal										
Actuarial Assumptions:											
<ul style="list-style-type: none"> <li>• Discount rate</li> <li>• Inflation</li> <li>• Salary increases</li>   <li>• Investment rate of return</li> <li>• Mortality</li> </ul>	2.90%, net of pension investment expense, including inflation 2.75% 3.00%, including merit, seniority, and inflation Annual salary for the current year is assumed to be equal to the average annual salary over the last 3 years. 2.90% RP-2000 mortality table for combined healthy participants to 2016 for mortality according to Scale BB										
Experience study	Given the size of the plan, there was not enough data available to conduct a credible experience study. The assumptions are not anticipated to produce significant cumulative actuarial gains or losses over time. The liabilities and data are analyzed each year in order to identify any trends of experience deviating from the actuarial assumptions.										
Form of payment	Participants who have 5 years or less of credited service or have a contribution balance less than or equal to \$3,500 are assumed to take an immediate lump sum upon termination or retirement. Participants who have worked more than 5 years or have attained age 55 are assumed to commence a modified cash refund annuity starting at age 65.										
Retirement	100% retirement at age 65										
Termination	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Service</th> <th style="text-align: left;">Rate</th> </tr> </thead> <tbody> <tr> <td>0 years</td> <td>30%</td> </tr> <tr> <td>1-3 years</td> <td>50%</td> </tr> <tr> <td>4 years</td> <td>25%</td> </tr> <tr> <td>5+ years</td> <td>5%</td> </tr> </tbody> </table>	Service	Rate	0 years	30%	1-3 years	50%	4 years	25%	5+ years	5%
Service	Rate										
0 years	30%										
1-3 years	50%										
4 years	25%										
5+ years	5%										
Plan Assets	The employee contributions are deposited into the Authority's LAIF account. The LAIF account is managed by the State Treasurer's Office and is invested in fixed income securities. Quoted market value was used as the fair value of assets.										

Discount Rate

The discount rate used to measure the total pension liability was 2.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(d) Changes in the Net Pension Liability

Changes in the Plan's net pension liability for the year were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/ (Asset)
Balance at June 30, 2015	\$313,389	\$73,031	\$240,358
Changes in the year:			
Service cost	8,331	-	8,331
Interest	11,865	-	11,865
Difference between actual and expected experience	(131,777)	-	(131,777)
Changes of assumptions	47,323	-	47,323
Contributions – employer	-	2,267	(2,267)
Contributions – plan members	-	8,923	(8,923)
Net investment income	-	1,219	(1,219)
Benefit payments, including refunds of employee contributions	(10,642)	(10,642)	-
Net changes	( 74,900)	1,767	(76,667)
Balance at June 30, 2016	\$238,489	\$74,798	\$163,691

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

The following presents the net pension liability, calculated using the discount rate of 2.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.90%) or one percentage point higher (3.90%) than the current rate:

	1% Decrease (1.90%)	Current Discount Rate (2.90%)	1% Increase (3.90%)
Net pension liability	\$233,522	\$163,691	\$112,652

Pension Plan Fiduciary Net Position

As previously mentioned, the Plan does not issue a separate stand-alone financial report. More detailed information on the Plan's fiduciary net position is presented on pages 43 and 44 of this report.

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

For the year ended June 30 2016, OCFA recognized pension expense of \$(15,017). At June 30, 2016, OCFA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience in the Total Pension Liability	\$ -	\$(92,134)
Changes in assumptions	31,549	-
Net differences between projected and actual earnings on plan investments	<u>1,224</u>	<u>-</u>
	32,773	(92,134)
Employer contributions subsequent to measurement date	<u>2,267</u>	<u>-</u>
Total	<u>\$35,040</u>	<u>\$(92,134)</u>

Deferred outflows of resources related to contributions subsequent to the measurement date totaling \$2,267 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. All other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will also be recognized as an adjustment to pension expense as follows:

Year Ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Amount
2017	\$16,080	\$(48,209)	\$(32,129)
2018	16,081	(43,925)	(27,844)
2019	306	-	306
2020	<u>306</u>	<u>-</u>	<u>306</u>
Total	<u>\$32,773</u>	<u>\$(92,134)</u>	<u>\$(59,361)</u>

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

**(a) Plan Description**

OCFA provides a post-employment Retiree Medical Plan (Plan), a single-employer defined benefit plan, for its full-time employees hired prior to January 1, 2007. The Plan, which was established on January 1, 1997, and amended on September 28, 2006, provides a monthly grant toward the cost of retirees' health insurance coverage. The Board establishes and amends all Plan provisions through negotiations with labor bargaining units.

The Plan's assets are held in an irrevocable trust for the exclusive benefit of Plan participants and are administered by the Orange County Employees Retirement System (OCERS). Funds are held in a trust account established pursuant to Section 401(h) of the Internal Revenue Code and are held separate from the assets of the OCERS retirement system, except for investment purposes. A publicly available financial report can be obtained from OCERS at 2223 Wellington Avenue, Santa Ana, California 92701.

Prior to the amendment on September 28, 2006, all Plan activity was accounted for in OCFA's Retiree Medical Fund. Thereafter, plan assets were remitted to OCERS and are no longer reported in the OCFA's financial statements.

All retirees and full-time employees hired prior to January 1, 2007, are eligible to participate in the Plan. Following is a schedule of active Plan participants (excluding any terminated/declined participants) as of June 30 for the current and previous two fiscal years.

As of June 30	Active Employees	Current Retirees and Surviving Spouses	Current Deferred Retirees	Active Plan Participants
2014	697	574	3	1,274
2015	642	624	3	1,269
2016	602	654	3	1,259

**(b) Funding Policy**

Current, active employees are required to contribute 4% of their pay through payroll deductions to the OCFA. (Prior to September 28, 2006, the required contribution rate was 1% of pay.) OCFA may also periodically remit Plan contributions to the trust administered by OCERS in amounts authorized to be contributed by the Board of Directors.

**(c) Benefits**

Participating employees who are credited with at least one year of service are eligible to receive Plan benefits upon retirement. A participating employee who terminates employment with the OCFA for reasons other than retirement is eligible to begin receiving Plan benefits at age 55. Participants must be covered under a qualified health plan, Medicare, or a recognized health insurance plan.

The amount of the monthly grant is based on years of credited service and is applied as a credit towards the cost of the retiree's monthly medical insurance premium. For the year ended June 30, 2016, there were 654 eligible retirees and surviving spouses who received monthly benefits aggregating to an annual total of \$4,307,015. In addition, there were four deferred retirees who received benefits directly from the OCFA during Fiscal Year 2015/16 totaling \$6,790.

**(d) Annual OPEB Cost and Net OPEB Obligation/Asset**

OCFA's Annual OPEB Cost is equal to the annual required contribution to the Plan, plus an adjustment for the cumulative difference between the Annual OPEB Cost and the OCFA's actual contributions for the year. The cumulative difference is called the Net OPEB Obligation (NOPEBO) (or a Net OPEB Asset if annual required contributions are over-funded). For the year ended June 30, 2016, OCFA's annual OPEB cost was \$13,550,385, as determined by an actuarial valuation with a measurement date as of July 1, 2014, and was calculated as follows:

Annual Required Contribution (ARC)	\$15,161,649
Interest on the Net OPEB Obligation (NOPEBO)	2,877,656
Actuary's adjustment on the ARC	<u>(4,488,920)</u>
Annual OPEB Cost	<u>\$13,550,385</u>

During the year ended June 30, 2016, actual contributions totaled \$4,460,115 resulting in an increase to the NOPEBO of \$9,090,270 (the difference between the Annual OPEB Cost and actual contributions). The outstanding balance of the NOPEBO as of June 30, 2016, was \$66,643,396. Following is a schedule of employer contributions, as well as a calculation of OCFA's Net OPEB Asset (Obligation) for the current and previous two fiscal years.

FYE June 30	Annual OPEB Cost	Actual Contributions	% of Annual OPEB Cost Contributed	Net Increase to Net OPEB Obligation	Cumulative Net OPEB Obligation at June 30
2014	\$14,461,381	\$4,693,202	32.45%	\$9,768,179	\$48,085,317
2015	13,704,972	4,237,163	30.92%	9,467,809	57,553,126
2016	13,550,385	4,460,115	32.92%	9,090,270	66,643,396

The Annual OPEB Cost includes an implicit subsidy for safety members under the age of 65. Accordingly, the Actual Contributions also include implicit insurance for the current and previous two fiscal years:

	2016	2015	2014
Amounts irrevocably transferred to OCERS trust:			
Active employees	\$2,454,900	\$2,601,233	\$2,758,828
Retirees and other plan members	939,826	714,338	723,690
Subtotal	3,394,726	3,315,571	3,482,518
Implicit insurance premiums paid on behalf of retirees	1,058,599	916,573	1,205,520
Amounts paid directly to retirees	6,790	5,019	5,164
Total actual contributions	<u>\$4,460,115</u>	<u>\$4,237,163</u>	<u>\$4,693,202</u>

(e) Funded Status and Funding Progress

The following schedule of funding progress shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. A required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/c
As of	Actuarial	Entry Age	Unfunded	Funded	Covered	UAAL as
July 1	Value of	Actuarial	AAL	Ratio	Payroll	a % of
	Assets	Liability (AAL)	(UAAL)			Covered
						Payroll
2010	\$21,549,574	\$147,709,326	\$126,159,752	14.59%	\$81,391,495	155.00%
2012	28,910,090	156,623,184	127,713,094	18.46%	75,432,000	169.31%
2014	36,945,371	179,056,290	142,110,919	20.63%	66,021,000	215.25%

(f) Actuarial Methods and Assumptions

Actuarial calculations reflect a long-term perspective. Calculations are based on the benefits provided under the terms of the Plan in effect at the time of each valuation and on the pattern of

sharing of costs between the OCFA and plan members to that point. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The funded status of the Plan and the annual required contributions are subject to revision as actual results are compared with past expectations and new estimates are made about the future. The annual required contribution for the year ended June 30, 2016, was determined by an actuarial valuation of the Plan dated July 1, 2014. Unfunded liabilities are amortized over a closed period ending June 30, 2036. The principle assumptions and methods used to determine the annual required contribution were as follows:

Valuation date	July 1, 2014
Actuarial cost method	Entry age normal
Amortization method	30 years beginning July 1, 2006, closed, level dollar
Remaining amortization period	22 years as of July 1, 2014
Asset valuation method	Market value
Actuarial assumptions:	
• Asset rate of return	7.25%
• Discount rate	5.0%, blended using a short-term rate of 4.25% for portion of expected benefits not expected to be paid from contributions and return on assets
• Projected salary increases	N/A
• Wage inflation	3.25%
• Medical trend rates	5.00% - 7.75%
• Increase in retiree medical grant	5.0%
Plan membership:	
• Current retirees and surviving spouses	573
• Current active members	697
• Terminated participants entitled but not yet eligible	13
• Declined	14

**(24) Retiree Defined Contribution Healthcare Expense Reimbursement Plan**

On September 28, 2006, OCFA created the Orange County Fire Authority Retiree Defined Contribution Healthcare Expense Reimbursement Plan (Plan), an employer-sponsored defined contribution benefit plan. The Plan, which became effective January 1, 2007, provides for the reimbursement of medical, dental, and other healthcare expenses of retirees. The Board establishes and amends all Plan provisions in conjunction with its negotiated labor contracts and is subject to all applicable requirements of the Myers-Milias-Brown Act and any other applicable law. Plan assets are held in trust and administered by Select Account.

All active, full-time employees who became employed by the OCFA on or after January 1, 2007, are required to contribute 4% of their gross pay through payroll deductions to the OCFA. All contributions, investment income, realized and unrealized gains and losses are credited to individual recordkeeping accounts maintained in the name of each Plan participant. Account assets are invested as directed by the participant from among investment funds selected by the OCFA. Participants are eligible to receive Plan

benefits upon reaching retirement age, including those who terminate employment with the OCFA for reasons other than retirement. Required and actual employee contributions totaled \$1,957,913 for the year ended June 30, 2016.

**(25) Short-term Debt**

On July 1, 2015, OCFA issued \$36,260,000 of 2015-2016 Tax and Revenue Anticipation Notes (TRAN) at an interest rate of 2.00%, for the purpose of financing seasonal cash flow requirements for General Fund expenditures during the fiscal year ending June 30, 2016. The TRAN, plus accrued interest in the amount of \$723,186, was repaid on June 30, 2016. Short-term debt activity pertaining to the TRAN was as follows for the year ended June 30, 2016:

	Beginning Balance	Additions	Payments	Ending Balance
Principal	\$ -	\$36,260,000	\$(36,260,000)	\$ -
Accrued interest	-	<u>723,186</u>	<u>(723,186)</u>	-
Total	<u>\$ -</u>	<u>\$36,983,186</u>	<u>\$(36,983,186)</u>	<u>\$ -</u>

# Required Supplementary Information



## Firefighter Academy 42 Graduation - May 2016





## **Required Supplementary Information**

### **OCERS Retirement Plan**

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

### **Extra Help Retirement Plan**

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

### **Retiree Medical Plan**

OCFA provides a single-employer, defined benefit plan for OCFA's full-time employees hired prior to January 1, 2007, which provides a monthly grant toward the cost of retirees' health insurance coverage. Plan assets are held in an irrevocable trust for the exclusive benefit of Plan participants and are administered by the Orange County Employees Retirement System (OCERS).



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*Orange County Fire Authority Safety Message*

## **Smoke Alarms** **(Part 2 of 3)**

*(Continued from Page 46)*



*Almost two-thirds of all home fire deaths occur in homes with no working smoke alarm. Protect your family by installing smoke alarms, inspecting them regularly, and practicing home fire drills.*

### **Inspect**

- ✓ Test all smoke alarms once a month. Press the test button to be sure the alarm is working.
- ✓ Follow the manufacturer's instructions for cleaning to keep smoke alarms working well.

*(Continued on Page 107)*

**ORANGE COUNTY FIRE AUTHORITY**

**OCERS Retirement Plan  
A Cost-Sharing, Multiple-Employer Defined Benefit Pension Plan  
As of June 30, 2016  
Last Ten Fiscal Years (A)**

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

	<b>Fiscal Year Ended</b>		
	<b>June 30, 2014</b>	<b>June 30, 2015</b>	<b>June 30, 2016</b>
OCFA's proportion of the net pension liability	8.37%	9.19%	9.06%
OCFA's proportionate share of the net pension liability	\$ 442,651,348	\$ 466,968,323	\$ 517,669,806
OCFA's covered payroll	\$ 129,689,221	\$ 129,187,729	\$ 129,452,647
OCFA's proportionate share of the net pension liability as a percentage of covered payroll	341.32%	361.46%	399.89%
OCFA's proportionate share of plan fiduciary net position as a percentage of proportionate share of the total pension liability	69.66%	70.35%	68.90%
Plan's fiduciary net position	\$ 10,821,318,000	\$ 11,536,106,000	\$ 11,657,318,000
Plan's fiduciary net position as a percentage of the total pension liability	67.16%	69.42%	67.10%

**Notes to Schedule:**

(A) Fiscal year ended June 30, 2015 was the first year of implementation; therefore only three years of data are available for presentation. Other years will be added as they become available

**ORANGE COUNTY FIRE AUTHORITY**

**OCERS Retirement Plan  
 A Cost-Sharing, Multiple-Employer Defined Benefit Pension Plan  
 As of June 30, 2016  
 Last Ten Fiscal Years**

**Schedule of Contributions**

	<b>Fiscal Year Ended</b>			
	<b>June 30, 2007</b>	<b>June 30, 2008</b>	<b>June 30, 2009</b>	<b>June 30, 2010</b>
Required contributions (actuarially determined)	\$ 33,753,068	\$ 35,709,526	\$ 37,183,082	\$ 42,331,507
Actual contributions	33,753,068	35,709,526	37,183,082	42,331,507
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 95,823,423	\$ 100,313,038	\$ 104,571,731	\$ 106,718,627
Actual contributions as a percentage of covered payroll	35.22%	35.60%	35.56%	39.67%

**Notes to Schedule:**

Valuation dates (D)	12/31/2004	12/31/2005	12/31/2006	12/31/2007
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	Level % of Pay			
Assumed payroll growth	3.50%	3.50%	3.50%	3.50%
Remaining amortization period:				
Closed amortization of balance	30 years	29 years	28 years	27 years
As of	12/31/2004	12/31/2004	12/31/2004	12/31/2004
Asset valuation method	Market value	Market value	Market value	Market value
Investment rate of return	7.75%	7.75%	7.75%	7.75%
Inflation	3.50%	3.50%	3.50%	3.50%
Real salary increases	0.00%	0.00%	0.00%	0.00%
Projected salary increases:				
Safety	3.50%-9.50%	3.50%-9.50%	3.50%-9.50%	4.50%-13.50%
General	4.10%-10.50%	4.10%-10.50%	4.10%-10.50%	4.50%-11.50%
Cost of living adjustments	3.00%	3.00%	3.00%	3.00%
Retirement age	50-70 years	50-70 years	50-70 years	50-70 years
Mortality	(B)	(B)	(B)	(C)

(A) 1983 Group Annuity Table

(B) 1994 Group Annuity Mortality Table

(C) RP-2000 Combined Healthy Mortality Table

(D) Rates are effective 18 months after the valuation date for the fiscal year that begins July 1.

June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
\$ 45,543,856	\$ 55,756,764	\$ 61,206,670	\$ 57,795,043	\$ 66,186,858	\$ 67,315,414
45,543,856	55,756,764	61,206,670	63,030,796	87,563,156	82,726,916
\$ -	\$ -	\$ -	\$ 5,235,753	\$ 21,376,298	\$ 15,411,502
\$ 107,268,263	\$ 111,444,130	\$ 128,121,447	\$ 125,869,628	\$ 128,215,528	\$ 132,248,620
42.46%	50.03%	47.77%	50.08%	68.29%	62.55%

12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013
Entry Age					
Level % of Pay 3.50%	Level % of Pay 3.50%	Level % of Pay 3.50%	Level % of Pay 3.75%	Level % of Pay 3.75%	Level % of Pay 3.75%
26 years 12/31/2004	25 years 12/31/2004	24 years 12/31/2004	23 years 12/31/2004	22 years 12/31/2004	20 years 12/31/2012
Market value 7.75%	Market value 7.75%	Market value 7.75%	Market value 7.75%	Market value 7.25%	Market value 7.25%
3.50%	3.50%	3.50%	3.50%	3.25%	3.25%
0.00%	0.00%	0.00%	0.25%	0.50%	0.50%
4.50%-13.50%	4.50%-13.50%	4.50%-13.50%	4.75%-17.75%	4.75%-17.75%	4.75%-17.75%
4.50%-11.50%	4.50%-11.50%	4.50%-11.50%	4.75%-13.75%	4.75%-13.75%	4.75%-13.75%
3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
50-70 years (C)	50-70 years (C)	50-70 years (C)	50-75 years (C)	50-75 years (C)	49-75 years (C)

**ORANGE COUNTY FIRE AUTHORITY**

**Extra Help Retirement Plan  
 A Single-Employer Defined Benefit Pension Plan  
 As of June 30, 2016  
 For the Last Ten Fiscal Years (A)**

**Schedule of Changes in Net Pension Liability and Related Ratios**

	<b>Fiscal Year Ended</b>		
	<b>June 30, 2014</b>	<b>June 30, 2015</b>	<b>June 30, 2016</b>
<b>Total pension liability:</b>			
Service cost	\$ 8,030	\$ -	\$ 8,331
Interest	11,484	-	11,865
Differences between expected and actual experience	(3,269)	9,728	(131,777)
Changes of assumptions	-	-	47,323
Benefit payments, including refunds of member contributions	(8,676)	(6,459)	(10,642)
<b>Net change in total pension liability</b>	<b>7,569</b>	<b>3,269</b>	<b>(74,900)</b>
Total pension liability - beginning	302,551	310,120	313,389
<b>Total pension liability - ending (a)</b>	<b>310,120</b>	<b>313,389</b>	<b>238,489</b>
<b>Plan fiduciary net position:</b>			
Contributions - employer	2,117	2,481	2,267
Contributions - plan members	13,542	11,831	8,923
Net investment income	586	714	1,219
Benefit payments, including refunds of member contributions	(8,676)	(6,459)	(10,642)
<b>Net change in plan fiduciary net position</b>	<b>7,569</b>	<b>8,567</b>	<b>1,767</b>
Total pension net position - beginning	56,895	64,464	73,031
<b>Total pension net position - ending (b)</b>	<b>64,464</b>	<b>73,031</b>	<b>74,798</b>
<b>Net pension liability - ending (a - b)</b>	<b>\$ 245,656</b>	<b>\$ 240,358</b>	<b>\$ 163,691</b>
Plan fiduciary net position as a % of the total pension liability	20.79%	23.30%	31.36%
Covered payroll	\$ 205,340	\$ 205,340	\$ 108,526
Net pension liability as a % of covered payroll	119.63%	117.05%	150.83%
<b>Employer contributions:</b>			
Required and actual contributions	\$ 2,117	\$ 2,481	\$ 2,267
Actual contributions as a % of required contributions	100.00%	100.00%	100.00%

**Notes to Schedule:**

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

**ORANGE COUNTY FIRE AUTHORITY**  
**Extra Help Retirement Plan**  
**A Single-Employer Defined Benefit Pension Plan**  
**As of June 30, 2016**  
**Last Three Actuarial Valuations (A)**  
**Schedule of Funding Progress**

	<b>Actuarial Valuation Dated January 1, 2014</b>	<b>Actuarial Valuation Dated January 1, 2016</b>
Total pension liability	\$ 313,389	\$ 238,489
Total pension net position	64,464	74,798
Net pension liability (NPL)	\$ 248,925	\$ 163,691
Funded ratio	20.57%	31.36%
Covered payroll	\$ 205,340	\$ 108,526
NPL as a percentage of covered payroll	121.23%	150.83%

**Notes to Schedule:**

	<b>Actuarial Valuation Dated January 1, 2014</b>	<b>Actuarial Valuation Dated January 1, 2016</b>
Changes in size or composition of plan members:		
Inactive; currently receiving benefits	-	-
Inactive; entitled to but not yet receiving benefits	10	49
Active	53	19
Total plan members	63	68
Change in assumptions:		
Discount rate	3.75%	2.90%
Inflation	3.00%	2.75%

(A) GASB Statements No. 67 and No. 68 were implemented during Fiscal Year 2013/14 and Fiscal Year 2014/15, respectively. The actuarial valuation dated January 1, 2014, was the first actuarial valuation completed for the plan. Additional years will be added to this schedule as they become available in the future.

**ORANGE COUNTY FIRE AUTHORITY**  
**Extra Help Retirement Plan**  
**A Single-Employer Defined Benefit Pension Plan**  
**As of June 30, 2016**  
**For the Last Ten Fiscal Years (A)**  
**Schedule of Investment Returns**

	<b>Fiscal Year Ended</b>		
	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>
<b>Annual money-weighted rate of return, net of investment expense</b>	<b>0.97%</b>	<b>1.24%</b>	<b>1.66%</b>

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**Notes to Schedule:**

(A) GASB Statement No. 67, which requires ten years of history for this schedule, was implemented during Fiscal Year 2013/14. Additional years will be added as they become available in the future.

(B) OCFA also reports the OCERS Retirement Plan, a cost-sharing, multiple-employer defined benefit pension plan. OCERS issues a publicly available financial report that includes ten-year information regarding that Plan's money-weighted rate of return on pension plan investments. The separate OCERS report can be obtained from OCERS at 2223 Wellington Avenue, Santa Ana, California 92701.

**ORANGE COUNTY FIRE AUTHORITY**

**Retiree Medical Plan  
A Single-Employer Defined Benefit Plan  
As of June 30, 2016  
Last Three Actuarial Valuations  
Schedule of Funding Progress**

	Actuarial Valuation Dated		
	July 1, 2010	July 1, 2012	July 1, 2014
Entry age actuarial accrued liability (AAL)	\$147,709,326	\$156,623,184	\$179,056,290
Actuarial value of assets	21,549,574	28,910,090	36,945,371
Unfunded AAL (UAAL)	\$ 126,159,752	\$ 127,713,094	\$ 142,110,919
Funded ratio	14.59%	18.46%	20.63%
Covered payroll	\$ 81,391,495	\$ 75,432,000	\$ 66,021,000
UAAL as a percentage of covered payroll	155.00%	169.31%	215.25%

**Notes to Schedule:**

	Actuarial Valuation Dated		
	July 1, 2010	July 1, 2012	July 1, 2014
Changes in size or composition of plan members:			
Current retirees and surviving spouses	388	471	573
Current active members	896	804	697
Terminated participants entitled but not yet eligible	5	9	13
Declined	n/a	13	14
	1,289	1,297	1,297

**ORANGE COUNTY FIRE AUTHORITY**

**Retiree Medical Plan  
 A Single-Employer Defined Benefit Plan  
 As of June 30, 2016  
 Last Three Fiscal Years**

**Schedule of Contributions from the Employer and Other Contributing Entities**

	<b>Fiscal Year Ended</b>		
	<b>June 30, 2014</b>	<b>June 30, 2015</b>	<b>June 30, 2016</b>
Annual required contribution (ARC)	\$14,560,117	\$14,953,772	\$15,161,649
Interest on Net OPEB Obligation (NOPEBO)	2,135,737	2,404,266	2,877,656
Actuary's adjustment on the ARC	(2,234,473)	(3,653,066)	(4,488,920)
Annual OPEB cost	\$14,461,381	\$13,704,972	\$13,550,385
Actual contributions	4,693,202	4,237,163	4,460,115
Net increase to Net OPEB obligation	<u>\$ 9,768,179</u>	<u>\$ 9,467,809</u>	<u>\$ 9,090,270</u>
Actual contributions as a percentage of ARC	32.23%	28.34%	29.42%

**Notes to Schedule:**

Changes in assumptions: The discount rate changed per the table below.

	<b>Actuarial Valuation Dated</b>		
	<b>July 1, 2012</b>	<b>July 1, 2014</b>	<b>July 1, 2014</b>
Discount rate	5.50%	5.00%	5.00%

# Supplementary Schedules



# Waterworks Safety Event - May 2016





## Major Governmental Funds

### *Capital Projects Funds*

#### **Communications and Information Systems**

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

#### **Fire Apparatus**

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

#### **Fire Stations and Facilities**

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

**ORANGE COUNTY FIRE AUTHORITY**  
**Communications and Information Systems**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2016**  
**(With Comparative Data for Prior Year)**

	2016			Variance with Final Budget Positive (Negative)	2015
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>Budgetary fund balance, July 1</b>	<b>\$ 18,655,855</b>	<b>\$ 18,655,855</b>	<b>\$ 18,655,855</b>	<b>\$ -</b>	<b>\$ 18,051,752</b>
<b>Resources (inflows):</b>					
Use of money and property	169,956	91,196	111,865	20,669	57,488
Miscellaneous	-	312,605	312,605	-	253,528
Transfers in	2,127,821	78,187	78,187	-	3,000,906
<b>Total resources (inflows)</b>	<b>2,297,777</b>	<b>481,988</b>	<b>502,657</b>	<b>20,669</b>	<b>3,311,922</b>
<b>Amounts available for appropriations</b>	<b>20,953,632</b>	<b>19,137,843</b>	<b>19,158,512</b>	<b>20,669</b>	<b>21,363,674</b>
<b>Charges to appropriation (outflows):</b>					
Services and supplies	-	-	84,845	(84,845)	132,460
Capital outlay	6,625,685	1,794,533	71,395	1,723,138	1,441,647
Transfers out	-	-	-	-	1,133,712
<b>Total charges to appropriations</b>	<b>6,625,685</b>	<b>1,794,533</b>	<b>156,240</b>	<b>1,638,293</b>	<b>2,707,819</b>
<b>Budgetary fund balance, June 30</b>	<b>\$ 14,327,947</b>	<b>\$ 17,343,310</b>	<b>\$ 19,002,272</b>	<b>\$ 1,658,962</b>	<b>\$ 18,655,855</b>

**ORANGE COUNTY FIRE AUTHORITY**  
**Fire Apparatus**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2016**  
**(With Comparative Data for Prior Year)**

	2016			2015	
	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Actual Amounts
	Original	Final			
<b>Budgetary fund balance, July 1</b>	<b>\$ 25,440,432</b>	<b>\$ 25,440,432</b>	<b>\$ 25,440,432</b>	<b>\$ -</b>	<b>\$ 29,496,881</b>
<b>Resources (inflows):</b>					
Charges for services	1,428,656	1,428,656	1,421,540	(7,116)	1,381,161
Use of money and property	221,456	97,876	131,954	34,078	87,984
Miscellaneous	-	191,832	191,832	-	155,579
Developer contributions	1,576,744	1,576,744	-	(1,576,744)	527,289
<b>Total resources (inflows)</b>	<b>3,226,856</b>	<b>3,295,108</b>	<b>1,745,326</b>	<b>(1,549,782)</b>	<b>2,152,013</b>
<b>Amounts available for appropriations</b>	<b>28,667,288</b>	<b>28,735,540</b>	<b>27,185,758</b>	<b>(1,549,782)</b>	<b>31,648,894</b>
<b>Charges to appropriation (outflows):</b>					
Services and supplies	-	-	248	(248)	3,072
Capital outlay	15,510,454	17,042,593	3,201,526	13,841,067	3,673,667
Principal retirement	2,276,963	2,336,279	2,336,279	-	2,276,963
Interest and fiscal charges	254,760	195,444	195,444	-	254,760
<b>Total charges to appropriations</b>	<b>18,042,177</b>	<b>19,574,316</b>	<b>5,733,497</b>	<b>13,840,819</b>	<b>6,208,462</b>
<b>Budgetary fund balance, June 30</b>	<b>\$ 10,625,111</b>	<b>\$ 9,161,224</b>	<b>\$ 21,452,261</b>	<b>\$ 12,291,037</b>	<b>\$ 25,440,432</b>

**ORANGE COUNTY FIRE AUTHORITY**  
**Fire Stations and Facilities**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2016**  
**(With Comparative Data for Prior Year)**

	2016			Variance with Final Budget Positive (Negative)	2015
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>Budgetary fund balance, July 1</b>	<b>\$ 12,520,242</b>	<b>\$ 12,520,242</b>	<b>\$ 12,520,242</b>	<b>\$ -</b>	<b>\$ 15,409,887</b>
<b>Resources (inflows):</b>					
Use of money and property	220,188	65,619	74,414	8,795	44,075
Miscellaneous	-	185,165	185,165	-	150,172
Developer contributions	-	2,112,282	3,233,082	1,120,800	7,779,918
<b>Total resources (inflows)</b>	<b>220,188</b>	<b>2,363,066</b>	<b>3,492,661</b>	<b>1,129,595</b>	<b>7,974,165</b>
<b>Amounts available for appropriations</b>	<b>12,740,430</b>	<b>14,883,308</b>	<b>16,012,903</b>	<b>1,129,595</b>	<b>23,384,052</b>
<b>Charges to appropriation (outflows):</b>					
Services and supplies	854,248	906,077	53,433	852,644	37,696
Capital outlay	-	-	100,823	(100,823)	10,826,114
<b>Total charges to appropriations</b>	<b>854,248</b>	<b>906,077</b>	<b>154,256</b>	<b>751,821</b>	<b>10,863,810</b>
<b>Budgetary fund balance, June 30</b>	<b>\$ 11,886,182</b>	<b>\$ 13,977,231</b>	<b>\$ 15,858,647</b>	<b>\$ 1,881,416</b>	<b>\$ 12,520,242</b>



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*Orange County Fire Authority Safety Message*

## **Smoke Alarms**

### **(Part 3 of 3)**

*(Continued from Page 94)*



*Almost two-thirds of all home fire deaths occur in homes with no working smoke alarm. Protect your family by installing smoke alarms, inspecting them regularly, and practicing home fire drills.*

### **Protect**

- ✓ Draw a home escape plan that shows two ways out of every room and an outside meeting place.
- ✓ Teach children what the smoke alarm sounds like and what to do if they hear it.
- ✓ Practice home fire drills at least twice a year.

**ORANGE COUNTY FIRE AUTHORITY**  
**Components of General Fund**  
**Combining Balance Sheet**  
**June 30, 2016**  
 (With Comparative Data for Prior Year)

	<b>General Operating Fund</b>
<b>Assets:</b>	
Cash and investments	\$ 41,784,650
Receivables:	
Accounts, net	2,442,570
Accrued interest	84,882
Prepaid costs and other assets	36,753,344
Due from other governments, net	10,050,255
	<b>\$ 91,115,701</b>
<b>Liabilities:</b>	
Accounts payable	\$ 2,143,427
Accrued liabilities	14,824,059
Unearned revenue	33,116
Due to other governments	123,047
<b>Total liabilities</b>	<b>17,123,649</b>
<b>Deferred Inflows of Resources:</b>	
Unavailable revenue	-
<b>Total deferred inflows of resources</b>	-
<b>Fund balances:</b>	
Nonspendable - prepaid costs	36,743,933
Restricted for:	
Operations Department	13,867
Committed to - SFF cities enhancements	-
Assigned to:	
Capital improvement program	-
Workers' compensation	-
Executive Management	36,690
Operations Department	51,484
Community Risk Reduction Department	15,845
Business Services Department	162,699
Support Services Department	119,743
Organizational Planning Department	21,000
Facilities projects	69,987
Communications and IT projects	-
Unassigned	36,756,804
<b>Total fund balances</b>	<b>73,992,052</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 91,115,701</b>

General Fund CIP	Structural Fire Entitlement	Self Insurance	Eliminations	Total General Fund	
				2016	2015
\$ 4,903,086	\$ 608,903	\$ 74,053,775	\$ -	\$ 121,350,414	\$ 109,157,641
-	-	-	-	2,442,570	2,552,672
-	348	40,476	-	125,706	27,902
35,912	-	-	-	36,789,256	31,127,148
-	-	-	-	10,050,255	6,967,289
<b>\$ 4,938,998</b>	<b>\$ 609,251</b>	<b>\$ 74,094,251</b>	<b>\$ -</b>	<b>\$ 170,758,201</b>	<b>\$ 149,832,652</b>
\$ 177,863	\$ 24,787	\$ 374,197	\$ -	\$ 2,720,274	\$ 3,106,977
-	-	-	-	14,824,059	12,828,886
-	-	-	-	33,116	3,234,898
-	-	-	-	123,047	10,072,547
<b>177,863</b>	<b>24,787</b>	<b>374,197</b>	<b>-</b>	<b>17,700,496</b>	<b>29,243,308</b>
-	-	-	-	-	316,087
-	-	-	-	-	<b>316,087</b>
35,912	-	-	-	36,779,845	31,127,148
-	-	-	-	13,867	55,538
-	584,464	-	-	584,464	691,265
4,668,314	-	-	-	4,668,314	233,180
-	-	73,720,054	-	73,720,054	68,494,796
-	-	-	-	36,690	98,415
-	-	-	-	51,484	46,859
-	-	-	-	15,845	354
-	-	-	-	162,699	66,963
-	-	-	-	119,743	207,784
-	-	-	-	21,000	33,890
-	-	-	-	69,987	52,061
56,909	-	-	-	56,909	48,528
-	-	-	-	36,756,804	19,116,476
<b>4,761,135</b>	<b>584,464</b>	<b>73,720,054</b>	<b>-</b>	<b>153,057,705</b>	<b>120,273,257</b>
<b>\$ 4,938,998</b>	<b>\$ 609,251</b>	<b>\$ 74,094,251</b>	<b>\$ -</b>	<b>\$ 170,758,201</b>	<b>\$ 149,832,652</b>

**ORANGE COUNTY FIRE AUTHORITY**  
**Components of General Fund**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Year ended June 30, 2016**  
**(With Comparative Data for Prior Year)**

	<b>General Operating Fund</b>
<b>Revenues:</b>	
Taxes	\$ 219,840,417
Intergovernmental	25,978,081
Charges for services	102,408,896
Use of money and property	961,795
Miscellaneous	2,096,571
<b>Total revenues</b>	<b>351,285,760</b>
<b>Expenditures:</b>	
Current - public safety:	
Salaries and benefits	307,143,676
Services and supplies	27,411,361
Capital outlay	298,162
Debt service:	
Interest and fiscal charges	740,437
<b>Total expenditures</b>	<b>335,593,636</b>
Excess (deficiency) of revenues over (under) expenditures	15,692,124
<b>Other financing sources (uses):</b>	
Transfers in	-
Transfers out	(5,516,980)
Sale of capital and other assets	24,470
Insurance recoveries	121,288
<b>Total other financing sources (uses)</b>	<b>(5,371,222)</b>
Net change in fund balances	10,320,902
Fund balances, beginning of year, as restated	63,671,150
<b>Fund balances, end of year</b>	<b>\$ 73,992,052</b>

General Fund CIP	Structural Fire Entitlement	Self Insurance	Eliminations	Total General Fund	
				2016	2015
\$ -	\$ -	\$ -	\$ -	\$ 219,840,417	\$ 205,141,237
-	-	-	-	25,978,081	23,565,214
-	-	12,729,592	(12,729,592)	102,408,896	100,619,516
-	3,511	387,777	-	1,353,083	651,975
-	-	-	-	2,096,571	1,120,697
-	<b>3,511</b>	<b>13,117,369</b>	<b>(12,729,592)</b>	<b>351,677,048</b>	<b>331,098,639</b>
-	-	-	(12,729,592)	294,414,084	285,988,997
751,308	110,312	7,892,111	-	36,165,092	40,317,142
324,744	-	-	-	622,906	703,370
-	-	-	-	740,437	330,741
<b>1,076,052</b>	<b>110,312</b>	<b>7,892,111</b>	<b>(12,729,592)</b>	<b>331,942,519</b>	<b>327,340,250</b>
(1,076,052)	(106,801)	5,225,258	-	19,734,529	3,758,389
5,438,793	-	-	(5,438,793)	-	3,844,414
-	-	-	5,438,793	(78,187)	(3,000,906)
-	-	-	-	24,470	134,123
-	-	-	-	121,288	32,948
<b>5,438,793</b>	-	-	-	<b>67,571</b>	<b>1,010,579</b>
4,362,741	(106,801)	5,225,258	-	19,802,100	4,768,968
398,394	691,265	68,494,796	-	133,255,605	115,504,289
<b>\$ 4,761,135</b>	<b>\$ 584,464</b>	<b>\$ 73,720,054</b>	<b>\$ -</b>	<b>\$ 153,057,705</b>	<b>\$ 120,273,257</b>

**ORANGE COUNTY FIRE AUTHORITY**  
**Components of General Fund**  
**Combining Original Budget**  
**Year ended June 30, 2016**

	<b>General Operating Fund</b>	<b>General Fund CIP</b>	<b>Structural Fire Entitlement</b>
<b>Budgetary fund balance, July 1</b>	<b>\$ 63,671,150</b>	<b>\$ 398,394</b>	<b>\$ 691,265</b>
<b>Resources (inflows):</b>			
Taxes	214,445,545	-	-
Intergovernmental	14,942,177	-	-
Charges for services	101,969,304	-	-
Use of money and property	658,828	-	11,999
Miscellaneous	1,008,733	-	-
Transfers in	-	5,234,000	-
Sale of capital and other assets	50,000	-	-
<b>Total resources (inflows)</b>	<b>333,074,587</b>	<b>5,234,000</b>	<b>11,999</b>
<b>Amounts available for appropriations</b>	<b>396,745,737</b>	<b>5,632,394</b>	<b>703,264</b>
<b>Charges to appropriation (outflows):</b>			
Salaries and benefits	290,154,202	-	-
Services and supplies	35,053,663	1,242,528	-
Capital outlay	236,504	4,040,000	-
Interest and fiscal charges	318,050	-	-
Transfers out	7,361,821	-	-
<b>Total charges to appropriations</b>	<b>333,124,240</b>	<b>5,282,528</b>	<b>-</b>
<b>Budgetary fund balance, June 30</b>	<b>\$ 63,621,497</b>	<b>\$ 349,866</b>	<b>\$ 703,264</b>

Self Insurance	Eliminations	Total General Fund 2016
\$ 68,494,796	\$ -	\$ 133,255,605
-	-	214,445,545
-	-	14,942,177
12,729,592	(12,729,592)	101,969,304
887,704	-	1,558,531
-	-	1,008,733
-	(5,234,000)	-
-	-	50,000
<b>13,617,296</b>	<b>(17,963,592)</b>	<b>333,974,290</b>
<b>82,112,092</b>	<b>(17,963,592)</b>	<b>467,229,895</b>
-	(12,729,592)	277,424,610
7,702,911	-	43,999,102
-	-	4,276,504
-	-	318,050
-	(5,234,000)	2,127,821
<b>7,702,911</b>	<b>(17,963,592)</b>	<b>328,146,087</b>
<b>\$ 74,409,181</b>	<b>\$ -</b>	<b>\$ 139,083,808</b>

**ORANGE COUNTY FIRE AUTHORITY**  
**Components of General Fund**  
**Combining Final Budget**  
**Year ended June 30, 2016**

	<b>General Operating Fund</b>	<b>General Fund CIP</b>	<b>Structural Fire Entitlement</b>
<b>Budgetary fund balance, July 1</b>	<b>\$ 63,671,150</b>	<b>\$ 398,394</b>	<b>\$ 691,265</b>
<b>Resources (inflows):</b>			
Taxes	218,156,295	-	-
Intergovernmental	23,926,860	-	-
Charges for services	101,173,891	-	-
Use of money and property	689,516	-	2,921
Miscellaneous	2,203,027	-	-
Transfers in	-	5,438,793	-
Sale of capital and other assets	50,480	-	-
Insurance recoveries	79,433	-	-
<b>Total resources (inflows)</b>	<b>346,279,502</b>	<b>5,438,793</b>	<b>2,921</b>
<b>Amounts available for appropriations</b>	<b>409,950,652</b>	<b>5,837,187</b>	<b>694,186</b>
<b>Charges to appropriations (outflows):</b>			
Salaries and benefits	309,677,422	-	-
Services and supplies	30,433,960	1,423,143	85,524
Capital outlay	590,562	4,064,178	-
Interest and fiscal charges	754,436	-	-
Transfers out	5,516,980	-	-
<b>Total charges to appropriations</b>	<b>346,973,360</b>	<b>5,487,321</b>	<b>85,524</b>
<b>Budgetary fund balance, June 30</b>	<b>\$ 62,977,292</b>	<b>\$ 349,866</b>	<b>\$ 608,662</b>

<b>Self Insurance</b>	<b>Eliminations</b>	<b>Total General Fund 2016</b>
<b>\$ 68,494,796</b>	<b>\$ -</b>	<b>\$ 133,255,605</b>
-	-	218,156,295
-	-	23,926,860
12,729,592	(12,729,592)	101,173,891
315,984	-	1,008,421
-	-	2,203,027
-	(5,438,793)	-
-	-	50,480
-	-	79,433
<b>13,045,576</b>	<b>(18,168,385)</b>	<b>346,598,407</b>
<b>81,540,372</b>	<b>(18,168,385)</b>	<b>479,854,012</b>
-	(12,729,592)	296,947,830
7,702,911	-	39,645,538
-	-	4,654,740
-	-	754,436
-	(5,438,793)	78,187
<b>7,702,911</b>	<b>(18,168,385)</b>	<b>342,080,731</b>
<b>\$ 73,837,461</b>	<b>\$ -</b>	<b>\$ 137,773,281</b>



*Orange County Fire Authority Safety Message*

## **Vegetation Management**

**(Part 1 of 4)**



*Vegetation management is controlling plant material to prevent wildfire spread. It requires a constant commitment to follow the “four R’s” of vegetation management to reduce the threat of wildfire.*

### **Removal**

- ✓ Remove all dead and dying plants within 100 feet of your home.
- ✓ Identify and remove plants found on OCFA’s “Undesired Plant List.” These plants are considered to be undesirable and invasive due to their physical or chemical characteristics.

*(Continued on Page 118)*



**Statistical**



**Section**



## ORANGE COUNTY FIRE AUTHORITY

### Overview of the Statistical Section

The Statistical Section provides a context for understanding information in the financial statements, note disclosures and required supplementary information and how that information relates to the OCFA's overall financial health. The detailed schedules presented in the Statistical Section are grouped into five sections pertaining to financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information.

***Financial Trends Information*** – These schedules contain trend information to assist the reader in understanding how the OCFA's financial performance and well-being have changed over time.

***Revenue Capacity Information*** – These schedules contain information to assist the reader in assessing property taxes, the OCFA's most significant local revenue source.

***Debt Capacity Information*** – These schedules present information to assist the reader in assessing the affordability of the OCFA's current levels of outstanding debt and its ability to issue additional debt in the future.

***Demographic and Economic Information*** – These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the OCFA's financial activities take place.

***Operating Information*** – These schedules contain data to assist the reader in understanding how the information in the financial report relates to the services provided by and the activities performed by the OCFA.



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*Orange County Fire Authority Safety Message*

## **Vegetation Management**

### **(Part 2 of 4)**

*(Continued from Page 116)*



*Vegetation management is controlling plant material to prevent wildfire spread. It requires a constant commitment to follow the “four R’s” of vegetation management to reduce the threat of wildfire.*

### **Reduction**

- ✓ Prune and thin plants within 100 feet of your home and your neighbor’s home.
- ✓ Provide 4 feet vertical separation between shrub tops and lower tree branches to reduce “fuel ladders.”
- ✓ Use horizontal separation guidelines for plants over 2 feet in height.
- ✓ Keep all shrubs within 10 feet of your home trimmed to 2 feet or lower.
- ✓ Prune or remove plants near windows
- ✓ Remove all tree branches or plants within 10 feet of chimney outlets.
- ✓ Move wood piles at least 30 feet from your home or to the property line.
- ✓ Keep annual grasses and weeds cut to 4 inches or less.

*(Continued on Page 128)*

**ORANGE COUNTY FIRE AUTHORITY**

**Financial Trends Information**

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

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

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

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

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

	Fiscal Year ended June 30			
	2007	2008	2009	2010
Governmental activities:				
Net investment in capital assets	\$ 138,152,825	\$ 163,340,815	\$ 172,293,178	\$ 183,717,406
Restricted	15,179,905	11,331,122	7,394,371	1,623,121
Unrestricted	<u>93,182,195</u>	<u>120,539,628</u>	<u>129,119,689</u>	<u>115,965,726</u>
Total governmental activities net position	<u>\$ 246,514,925</u>	<u>\$ 295,211,565</u>	<u>\$ 308,807,238</u>	<u>\$ 301,306,253</u>
			(1)	

SOURCE: OCFA Comprehensive Annual Financial Reports

NOTES:

(1) Restricted net position as of June 30, 2009, pertained to requirements of the revenue bonds issued to construct the Regional Fire Operations and Training Center. Those revenue bonds were issued in Fiscal Year 2001/02 and repaid in full during Fiscal Year 2009/10.

(2) Restricted net position as of June 30, 2012, included a one-time, \$1.5 million unperformed purchase order for self-contained breathing apparatus that was funded by a federal grant.

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

2011	2012	2013	2014	2015	2016
\$ 186,297,543	\$ 183,584,385	\$ 181,363,364	\$ 180,917,654	\$ 190,800,116	\$ 187,910,677
1,627,233	3,252,969	1,690,858	1,076,322	588,770	547,099
<u>99,704,595</u>	<u>81,450,846</u>	<u>74,510,482</u>	<u>61,760,639</u>	<u>(360,513,259)</u>	<u>(349,121,694)</u>
<u>\$ 287,629,371</u>	<u>\$ 268,288,200</u> (2)	<u>\$ 257,564,704</u>	<u>\$ 243,754,615</u>	<u>\$ (169,124,373)</u> (3)	<u>\$ (160,663,918)</u>

**ORANGE COUNTY FIRE AUTHORITY**

**Changes in Net Position**

**Last Ten Fiscal Years**

(accrual basis of accounting)

Governmental Activities	Fiscal Year ended June 30			
	2007	2008	2009	2010
Expenses - public safety:				
Salaries and benefits	\$ 187,129,443	\$ 199,095,873	\$ 209,092,693	\$ 211,729,989
Services and supplies	27,139,113	31,669,603	31,425,592	24,318,065
Depreciation and amortization	7,000,915	7,399,902	7,923,947	8,432,793
Interest on long-term debt	1,871,983	1,410,673	1,718,137	855,577
Total program expenses	<u>223,141,454</u>	<u>239,576,051</u>	<u>250,160,369</u>	<u>245,336,424</u>
Program revenues - public safety:				
Charges for services	61,130,982	69,187,051	67,305,621	63,743,942
Operating grants and contributions	5,537,722	6,835,746	5,981,800	5,784,969
Capital grants and contributions	4,172,358	22,092,218	140,903	1,415,618
Total program revenues	<u>70,841,062</u>	<u>98,115,015</u>	<u>73,428,324</u>	<u>70,944,529</u>
Net program revenues (expenses)	<u>(152,300,392)</u>	<u>(141,461,036)</u>	<u>(176,732,045)</u>	<u>(174,391,895)</u>
General revenues:				
Property taxes	166,639,162	182,536,717	184,696,756	179,001,919
Investment income	7,912,428	6,295,464	3,704,964	1,006,128
Gain on disposal of capital assets	-	-	-	-
Miscellaneous	903,992	730,733	1,925,998	890,127
Total general revenues	<u>175,455,582</u>	<u>189,562,914</u>	<u>190,327,718</u>	<u>180,898,174</u>
Changes in net position	<u>\$ 23,155,190</u>	<u>\$ 48,101,878</u>	<u>\$ 13,595,673</u>	<u>\$ 6,506,279</u>

(1)

SOURCE: OCFA Comprehensive Annual Financial Reports

NOTES:

(1) During Fiscal Year 2007/08, three fire stations valued at \$17.9 million were contributed to OCFA by The Irvine Company and recognized as revenue (capital grants and contributions).

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

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

2011	2012	2013	2014	2015	2016
\$ 221,031,439	\$ 240,084,607	\$ 264,067,489	\$ 266,764,367	\$ 335,419,737	\$ 316,292,785
30,736,034	37,069,099	45,879,501	47,912,808	46,073,201	35,127,573
8,970,508	9,300,853	9,793,491	9,612,453	9,050,195	9,267,982
677,910	494,014	367,701	311,327	582,565	917,320
<u>261,415,891</u>	<u>286,948,573</u>	<u>320,108,182</u>	<u>324,600,955</u>	<u>391,125,698</u>	<u>361,605,660</u>
61,975,963	76,347,126	102,875,410	106,874,513	113,150,325	117,263,679
5,963,648	6,580,681	19,523,853	10,339,966	11,410,019	12,165,015
395,180	3,926,275	2,811,180	1,462,540	9,182,195	3,331,088
<u>68,334,791</u>	<u>86,854,082</u>	<u>125,210,443</u>	<u>118,677,019</u>	<u>133,742,539</u>	<u>132,759,782</u>
<u>(193,081,100)</u>	<u>(200,094,491)</u>	<u>(194,897,739)</u>	<u>(205,923,936)</u>	<u>(257,383,159)</u>	<u>(228,845,878)</u>
177,181,086	177,728,290	181,720,253	190,873,689	205,141,237	219,840,417
611,408	524,602	(136,493)	823,010	839,864	1,654,065
39,803	79,705	11,924	21,834	63,953	6,000
835,021	2,420,723	4,329,603	1,200,195	1,235,004	2,823,503
<u>178,667,318</u>	<u>180,753,320</u>	<u>185,925,287</u>	<u>192,918,728</u>	<u>207,280,058</u>	<u>224,323,985</u>
<u>\$ (14,413,782)</u>	<u>\$ (19,341,171)</u>	<u>\$ (8,972,452)</u>	<u>\$ (13,005,208)</u>	<u>\$ (50,103,101)</u>	<u>\$ (4,521,893)</u>
	(2)			(3)	

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

	Fiscal Year ended June 30			
	2007	2008	2009	2010
<b>General Fund:</b>				
Reserved	\$ 1,476,790	\$ 1,519,961	\$ 1,417,069	\$ -
Unreserved	54,391,252	60,436,769	67,926,629	-
Nonspendable	-	-	-	117,473
Restricted	-	-	-	111,305
Committed	-	-	-	861,116
Assigned	-	-	-	37,621,864
Unassigned	-	-	-	41,985,648
<b>Total General Fund</b>	<b>\$ 55,868,042</b>	<b>\$ 61,956,730</b>	<b>\$ 69,343,698</b>	<b>\$ 80,697,406</b>
<b>All other governmental funds:</b>				
Reserved	\$ 14,066,095	\$ 8,446,422	\$ 14,752,366	\$ -
Unreserved, reported in:				
Special revenue funds	46,998,762	62,633,870	75,515,265	-
Capital projects funds	5,602,562	16,718,235	13,344,809	-
Debt service funds	12,648,661	8,738,484	4,752,258	-
Nonspendable	-	-	-	567,349
Restricted	-	-	-	1,015,700
Assigned	-	-	-	87,476,588
<b>Total all other governmental funds</b>	<b>\$ 79,316,080</b>	<b>\$ 96,537,011</b>	<b>\$ 108,364,698</b>	<b>\$ 89,059,637</b>

(1)

SOURCE: OCFA Comprehensive Annual Financial Reports

**NOTES:**

(1) OCFA implemented GASB Statement No. 54 during the fiscal year ended June 30, 2011. This statement eliminated the previous fund balance categories (reserved and unreserved), and replaced them with five new categories (nonspendable, restricted, committed, assigned, unassigned). Fund balance amounts as of June 30, 2010, and thereafter reflect the new categories; however, all previous fiscal years are presented using the old categories.

2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
23,186,680	22,756,709	26,727,849	30,560,638	31,127,148	36,779,845
111,980	1,699,787	137,676	32,282	55,538	13,867
797,935	1,372,789	1,268,160	784,617	691,265	584,464
35,550,989	34,715,397	53,668,608	61,236,092	69,282,830	78,922,725
25,592,531	25,751,128	25,782,851	22,890,660	19,116,476	36,756,804
<u>\$ 85,240,115</u>	<u>\$ 86,295,810</u>	<u>\$ 107,585,144</u>	<u>\$ 115,504,289</u>	<u>\$ 120,273,257</u>	<u>\$ 153,057,705</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
478,449	405,815	352,318	284,349	32,946	-
1,515,253	1,553,182	1,553,182	1,044,040	533,232	533,232
78,023,210	74,037,637	67,317,090	64,340,833	56,050,351	55,779,948
<u>\$ 80,016,912</u>	<u>\$ 75,996,634</u>	<u>\$ 69,222,590</u>	<u>\$ 65,669,222</u>	<u>\$ 56,616,529</u>	<u>\$ 56,313,180</u>

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

	Fiscal Year ended June 30			
	2007	2008	2009	2010
<b>Revenues:</b>				
Taxes	\$ 166,639,162	\$ 182,536,717	\$ 184,696,756	\$ 179,001,919
Intergovernmental	15,643,174	24,168,953	18,898,459	14,202,209
Charges for services	53,191,997	53,510,278	54,125,964	55,325,007
Use of money and property	8,379,245	7,336,664	4,148,889	1,341,991
Miscellaneous	428,475	982,487	2,517,891	1,333,170
Developer contributions	1,096,262	1,744,392	-	551,365
<b>Total revenues</b>	<u>245,378,315</u>	<u>270,279,491</u>	<u>264,387,959</u>	<u>251,755,661</u>
<b>Expenditures:</b>				
Current - public safety:				
Salaries and benefits	186,074,623	195,481,030	203,790,256	206,942,045
Services and supplies	27,146,936	31,386,487	28,561,308	28,521,125
Capital outlay	9,714,765	13,323,621	32,624,294	9,647,853
Debt service:				
Principal retirement	5,186,766	4,867,453	5,933,911	13,370,586
Interest and fiscal charges	2,414,453	2,526,877	2,119,347	1,459,383
Issuance costs	-	-	-	-
<b>Total expenditures</b>	<u>230,537,543</u>	<u>247,585,468</u>	<u>273,029,116</u>	<u>259,940,992</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,840,772</u>	<u>22,694,023</u>	<u>(8,641,157)</u>	<u>(8,185,331)</u>
<b>Other financing sources (uses):</b>				
Transfers in	24,350,337	29,914,910	30,257,506	10,608,277
Transfers out	(24,350,337)	(29,914,910)	(30,257,506)	(10,608,277)
Issuance of long-term debt	-	-	21,515,238	-
Refinanced long-term debt	-	-	-	-
Sale of capital and other assets	55,946	93,807	93,480	162,533
Insurance recoveries	-	-	81,576	71,445
<b>Total other financing sources (uses)</b>	<u>55,946</u>	<u>93,807</u>	<u>21,690,294</u>	<u>233,978</u>
<b>Net change in fund balances</b>	<u>\$ 14,896,718</u>	<u>\$ 22,787,830</u>	<u>\$ 13,049,137</u>	<u>\$ (7,951,353)</u>
Debt service as a percentage of noncapital expenditures	3.4%	3.2%	3.3%	5.9%

SOURCE: OCFA Comprehensive Annual Financial Reports

2011	2012	2013	2014	2015	2016
\$ 177,181,086	\$ 177,728,290	\$ 181,720,253	\$ 190,873,689	\$ 205,141,237	\$ 219,840,417
11,080,619	12,894,882	28,883,649	19,111,811	23,565,214	25,978,081
56,582,867	65,556,905	95,904,052	97,705,183	102,000,677	103,830,436
822,002	660,621	(20,556)	932,284	841,522	1,671,316
1,320,856	2,753,421	5,111,908	1,677,853	1,679,976	2,786,173
43,200	10,140	538,260	1,271,400	8,307,207	3,233,082
<u>247,030,630</u>	<u>259,604,259</u>	<u>312,137,566</u>	<u>311,572,220</u>	<u>341,535,833</u>	<u>357,339,505</u>
211,801,889	228,452,010	255,301,913	257,134,030	285,988,997	294,414,084
28,207,018	30,737,551	32,613,137	40,187,878	40,490,370	36,303,618
9,899,979	932,034	5,420,102	7,681,418	16,644,798	3,996,650
1,911,912	2,139,694	2,162,809	2,219,152	2,276,963	2,336,279
890,067	635,351	484,851	421,845	585,501	935,881
-	286,599	-	-	-	-
<u>252,710,865</u>	<u>263,183,239</u>	<u>295,982,812</u>	<u>307,644,323</u>	<u>345,986,629</u>	<u>337,986,512</u>
<u>(5,680,235)</u>	<u>(3,578,980)</u>	<u>16,154,754</u>	<u>3,927,897</u>	<u>(4,450,796)</u>	<u>19,352,993</u>
4,137,811	-	381,222	5,370,375	6,845,320	78,187
(4,137,811)	-	(381,222)	(5,370,375)	(6,845,320)	(78,187)
-	16,756,078	-	-	-	-
-	(16,377,093)	-	-	-	-
434,914	146,317	58,051	77,077	134,123	24,470
8,405	89,095	53,529	360,803	32,948	121,288
<u>443,319</u>	<u>614,397</u>	<u>111,580</u>	<u>437,880</u>	<u>167,071</u>	<u>145,758</u>
<u>\$ (5,236,916)</u>	<u>\$ (2,964,583)</u>	<u>\$ 16,266,334</u>	<u>\$ 4,365,777</u>	<u>\$ (4,283,725)</u>	<u>\$ 19,498,751</u>
1.2%	1.1%	0.9%	0.9%	0.9%	1.0%



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*Orange County Fire Authority Safety Message*

## **Vegetation Management**

### **(Part 3 of 4)**

*(Continued from Page 118)*



*Vegetation management is controlling plant material to prevent wildfire spread. It requires a constant commitment to follow the “four R’s” of vegetation management to reduce the threat of wildfire.*

### **Replacement**

- ✓ Replace fire-prone plants with fire-resistant and drought tolerant plants. See the OCFA “Planting Guide” for recommendations.
- ✓ When putting in new plants, leave enough space for them to grow to mature size.

*(Continued on Page 138)*

**ORANGE COUNTY FIRE AUTHORITY**

**Revenue Capacity Information**

*Assessed Value and Estimated Actual Value of Taxable Property* – Presents information on the assessed property values of each city and the unincorporated area within the OCFA’s jurisdiction for each of the last ten fiscal years.

*Property Tax Rates of Direct and Overlapping Governments* – Presents the County of Orange’s direct property tax rate, as well as the rates of any overlapping governments that are applied to the same revenue base.

*Principal Property Tax Payers* – Presents information about the OCFA’s ten largest property tax payers for the current fiscal year, as compared to nine fiscal years ago.

*Property Tax Levies and Collections* – Presents information on the levy and subsequent collection of OCFA’s property taxes for each of the last ten fiscal years.

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

Jurisdiction	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10
Buena Park	\$ 6,750,905	\$ 7,351,653	\$ 7,611,793	\$ 7,438,787
Placentia	4,628,986	4,991,175	5,070,123	4,967,651
San Clemente	11,366,168	12,486,976	12,855,038	12,631,337
Santa Ana (4)	n/a	n/a	n/a	n/a
Seal Beach	3,585,301	3,875,902	4,256,884	4,241,221
Stanton	1,972,744	2,184,177	2,195,788	2,070,815
Tustin	8,170,655	9,070,627	9,958,561	9,501,069
Westminster	6,215,306	6,640,057	6,775,451	6,698,153
Total cash contract cities (3)	<u>42,690,065</u>	<u>46,600,567</u>	<u>48,723,638</u>	<u>47,549,033</u>
Aliso Viejo	6,968,167	7,499,861	7,792,144	7,553,177
Cypress	5,085,127	5,421,886	5,604,677	5,529,005
Dana Point	7,693,012	8,532,709	8,879,909	8,763,402
Irvine	39,280,256	44,382,983	47,257,608	47,212,001
Laguna Hills	5,313,973	5,736,525	5,692,646	5,589,417
Laguna Niguel	11,347,524	12,073,542	12,227,117	11,883,056
Laguna Woods	2,118,937	2,262,295	2,295,254	2,273,717
Lake Forest	10,165,487	10,896,488	11,189,197	10,915,562
La Palma	1,509,520	1,636,875	1,685,812	1,695,126
Los Alamitos	1,416,837	1,515,499	1,582,738	1,589,309
Mission Viejo	12,449,764	13,246,125	13,357,566	13,104,698
Rancho Santa Margarita	6,575,282	6,977,082	6,921,865	6,617,903
San Juan Capistrano	5,260,585	5,794,133	5,961,050	5,835,957
Villa Park	1,234,034	1,311,588	1,355,557	1,359,734
Yorba Linda	9,969,593	10,909,311	11,165,576	10,897,981
Unincorporated	19,843,722	21,846,485	22,212,379	21,447,511
Total SFF jurisdictions (2)	<u>146,231,820</u>	<u>160,043,387</u>	<u>165,181,095</u>	<u>162,267,556</u>
Percentage change from prior year	11.53%	9.44%	3.21%	-1.76%
Total assessed valuation	<u>\$ 188,921,885</u>	<u>\$ 206,643,954</u>	<u>\$ 213,904,733</u>	<u>\$ 209,816,589</u>
Total direct tax rate	0.11%	0.11%	0.11%	0.11%

SOURCE: County of Orange, Auditor-Controller, Assessed Valuations by Fiscal Year  
[http://acweb1.ocgov.com/ac/txfdr\\_Civica/av/default\\_egov.asp](http://acweb1.ocgov.com/ac/txfdr_Civica/av/default_egov.asp)

NOTES:

- (1) Assessed value is stated at taxable full cash value. These values may include an increased value over the base year for that portion of the city or district which lies within a redevelopment agency.
- (2) Assessed value for these cities is part of the Structural Fire Fund (SFF).
- (3) These cities pay for services on a cash contract basis. Assessed value is shown for comparison only.
- (4) Santa Ana joined OCFA on April 20, 2012.

FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16
\$ 7,478,553	\$ 7,484,717	7,602,927	7,886,342	8,313,496	8,769,022
4,969,023	5,007,558	5,080,849	5,203,417	5,519,085	5,878,473
12,431,717	12,356,019	12,506,118	12,824,727	13,666,851	14,447,434
n/a	20,100,864	20,339,779	21,119,683	22,075,383	23,013,226
4,282,032	4,434,345	4,480,557	4,580,472	4,891,060	5,081,691
2,042,112	2,063,293	2,073,752	2,144,270	2,297,508	2,433,266
9,419,294	9,378,899	9,502,173	9,732,381	10,292,805	11,004,027
6,779,972	6,935,762	7,023,383	7,176,141	7,628,669	8,279,644
<u>47,402,703</u>	<u>67,761,457</u>	<u>68,609,538</u>	<u>70,667,433</u>	<u>74,684,857</u>	<u>78,906,783</u>
7,459,562	7,511,408	7,605,524	7,877,812	8,440,740	8,765,964
5,514,794	5,560,190	5,666,354	5,854,809	6,104,218	6,463,650
8,687,748	8,735,352	8,844,364	9,126,750	9,787,132	10,513,667
46,538,576	47,136,231	48,646,093	51,002,248	55,693,885	60,912,694
5,460,470	5,463,649	5,513,066	5,643,545	5,961,947	6,256,109
11,892,951	11,991,939	12,116,601	12,402,919	13,270,851	14,015,647
2,214,363	2,186,990	2,193,624	2,237,288	2,424,736	2,620,217
10,744,518	10,721,083	10,885,724	11,238,775	11,920,081	12,672,969
1,698,469	1,698,169	1,718,007	1,744,907	1,829,353	1,904,950
1,616,120	1,603,255	1,638,193	1,674,933	1,778,110	1,887,771
13,157,979	13,226,115	13,320,574	13,639,460	14,533,544	15,262,434
6,605,397	6,623,819	6,679,191	6,759,144	7,231,597	7,572,862
5,817,501	5,799,444	5,833,269	6,039,344	6,443,224	6,828,239
1,353,409	1,372,687	1,398,666	1,466,599	1,527,255	1,596,806
10,936,312	11,262,427	11,484,958	11,857,840	12,668,130	13,488,124
21,485,307	21,509,471	21,332,072	21,915,863	23,573,390	24,999,336
<u>161,183,476</u>	<u>162,402,229</u>	<u>164,876,280</u>	<u>170,482,236</u>	<u>183,188,193</u>	<u>195,761,439</u>
-0.67%	0.76%	1.52%	3.40%	7.45%	6.86%
<u>\$ 208,586,179</u>	<u>\$ 230,163,686</u>	<u>\$ 233,485,818</u>	<u>\$ 241,149,669</u>	<u>\$ 257,873,050</u>	<u>\$ 274,668,222</u>
0.11%	0.11%	0.11%	0.11%	0.11%	0.11%

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

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

	County of Orange (B)			OCFA (B)
	Overlapping	Direct		Direct
	Basic Operating			Basic Operating
	Levy	Debt Service	Total	Levy
2007	1.00000	0.00000	1.00000	0.0011
2008	1.00000	0.00000	1.00000	0.0011
2009	1.00000	0.00000	1.00000	0.0011
2010	1.00000	0.00000	1.00000	0.0011
2011	1.00000	0.00000	1.00000	0.0011
2012	1.00000	0.00000	1.00000	0.0011
2013	1.00000	0.00000	1.00000	0.0011
2014	1.00000	0.00000	1.00000	0.0011
2015	1.00000	0.00000	1.00000	0.0011
2016	1.00000	0.00000	1.00000	0.0011
	(A)	(A)		(C)

**SOURCE:**

- (A) County of Orange, Auditor-Controller, Tax Rate Books by Fiscal Year  
[http://acweb1.ocgov.com/ac/txfdr\\_civica/tr/index\\_egov.asp](http://acweb1.ocgov.com/ac/txfdr_civica/tr/index_egov.asp)
- (B) Data for the entire County of Orange is not limited to the cities/unincorporated areas served by the Orange County Fire Authority. Data for OCFA is limited to its member cities that are part of the Structural Fire Fund (SFF).
- (C) Direct tax rate calculation per the "Assessed Value and Estimated Actual Value of Taxable Property" schedule included in this report.

**NOTE:** This schedule presents tax rates per \$100 of assessed/full cash value.

**ORANGE COUNTY FIRE AUTHORITY**  
**Principal Property Tax Payers**  
**Current and Nine Years Ago**  
(Dollars in Thousands)

Property Tax Payer	Fiscal Year 2006/2007 (A)			Fiscal Year 2015/16 (B)		
	Actual Taxes Levied	Rank	Percent of Total Taxes Levied	Actual Taxes Levied	Rank	Percent of Total Taxes Levied
The Irvine Company	\$ 50,787	1	1.09%	\$ 111,040	1	1.92%
Irvine Apartment Communities	\$ 19,409	3	0.42%			
Irvine Co. of W. VA.	\$ 5,382	9	0.12%			
Irvine Community Development	\$ 5,148	10	0.11%			
	<u>\$ 80,726</u>			<u>\$ 111,040</u>		
Walt Disney Parks & Resorts U.S.				\$ 48,011	2	0.83%
Walt Disney World Co.	\$ 30,388	2	0.65%			
Walt Disney World Company	\$ 7,547	6	0.16%			
	<u>\$ 37,935</u>			<u>\$ 48,011</u>		
Southern California Edison Company	\$ 18,548	4	0.40%	\$ 34,709	3	0.60%
Heritage Fields El Toro	\$ 8,424	5	0.18%	\$ 11,943	4	0.21%
Pacific Bell Telephone Company (AT&T)	\$ 6,464	8	0.14%	\$ 10,921	5	0.19%
United Laguna Hills Mutual	\$ 7,470	7	0.16%	\$ 8,735	6	0.15%
Southern California Gas Company				\$ 5,934	7	0.10%
Oxy USA, Inc.				\$ 5,575	8	0.10%
B. Braun Medical, Inc.				\$ 4,302	9	0.07%
Bella Terra Associates, LLC				\$ 3,999	10	0.07%

**SOURCES:**

(A) OCFA Comprehensive Annual Financial Report for Fiscal Year 2006/07

(B) County of Orange, Treasurer-Tax Collector, Tax Collector Top 20 Taxpayer List for Fiscal Year 2015/16 (<http://tcc.ocgov.com/rptstats/stats>). Taxpayers are grouped under a parent company, if identifiable.

**NOTE:**

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

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

Fiscal Year ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of		Collection of Prior Year		Collection of		Total Collection to Date	Collection of Property Tax Increment (2)		
		Levy	% of Levy	Levies	Teeter Plan	Delinquencies and Other	Penalties and Interest		Penalties	Interest	RDA
		Amount	% of Levy	Teeter Plan	Delinquencies and Other	Delinquency Penalties	Interest	Total Amounts Collected	% of Levy		
2006	\$ 154,294	\$ 149,252	96.7%	\$ 2,104	\$ 290	\$ 42	\$ 101	\$ 151,789	98.4%	\$ -	\$ -
2007	\$ 168,777	\$ 160,990	95.4%	\$ 4,023	\$ 506	\$ 74	\$ 974	\$ 166,567	98.7%	\$ -	\$ -
2008	\$ 182,400	\$ 174,208	95.5%	\$ 6,157	\$ 812	\$ 125	\$ 471	\$ 181,773	99.7%	\$ -	\$ -
2009	\$ 184,776	\$ 176,080	95.3%	\$ 5,985	\$ 878	\$ 157	\$ 226	\$ 183,326	99.2%	\$ -	\$ -
2010	\$ 179,914	\$ 158,509	88.1%	\$ 3,683	\$ 493	\$ 110	\$ 100	\$ 162,895	90.5% (1)	\$ -	\$ -
2011	\$ 178,812	\$ 172,543	96.5%	\$ 2,510	\$ 246	\$ 79	\$ 58	\$ 175,436	98.1%	\$ -	\$ -
2012	\$ 179,564	\$ 173,169	96.4%	\$ 2,324	\$ 262	\$ 79	\$ 46	\$ 175,880	97.9%	\$ 3,468	\$ -
2013	\$ 184,029	\$ 178,299	96.9%	\$ 1,674	\$ 157	\$ 30	\$ 37	\$ 180,197	97.9%	\$ 6,248	\$ 10,269
2014	\$ 192,876	\$ 187,828	97.4%	\$ 1,371	\$ 49	\$ 32	\$ 37	\$ 189,317	98.2%	\$ 6,958	\$ 208
2015	\$ 207,775	\$ 202,356	97.4%	\$ 1,336	\$ 50	\$ 32	\$ 38	\$ 203,812	98.1%	\$ 8,110	\$ 605
2016	\$ 224,452	\$ 216,219	96.3%	\$ 1,368	\$ 157	\$ 38	\$ 73	\$ 217,855	97.1%	\$ 9,180	\$ 639

SOURCE: County of Orange, Auditor-Controller, Tax Ledger Detail by Fiscal Year  
[http://tax.ocgov.com/acledger/choice\\_eGov.asp](http://tax.ocgov.com/acledger/choice_eGov.asp)

NOTES:

- (1) Due to a Proposition 1A borrowing by the State, the property tax apportionment in Fiscal Year 2009/10 was reduced by \$14,648,105. These funds were restored by a securitization mechanism and, had they been included in the tax ledger, collections would have been \$177,543,386 (96.2% of levy collected within the fiscal year and 98.7% of levy collected to date).
- (2) Upon dissolution of California redevelopment agencies during Fiscal Year 2011/12, property tax increment formerly remitted to OCFA by its member city redevelopment agencies was instead deposited into the newly formed Redevelopment Property Tax Trust Fund (RPTTF) from which the Auditor/Controller made disbursements on behalf of the successor agencies. There is no tax levy associated with these collections; thus, they have been excluded from the "% of levy collected" calculations.

**ORANGE COUNTY FIRE AUTHORITY**

**Debt Capacity Information**

***Ratios of Outstanding Debt by Type*** – Presents information on the OCFA’s total outstanding debt for each of the last ten fiscal years, including the ratio of outstanding debt to median family income and the calculation of outstanding debt per capita.

***Ratios of General Bonded Debt Outstanding*** – Presents information on net bonded debt that will be repaid by general OCFA resources for each of the last ten fiscal years, including the ratio of outstanding debt to total assessed property value and the calculation of net bonded debt per capita.

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

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

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

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

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

Fiscal Year ended June 30	Governmental Activities (A)			(B)	Debt as a	(C)	Debt per Capita
	Revenue Bonds	Capital Lease Purchase Agreements	Total Outstanding Debt	County of Orange Median Household Income	Percentage of Household Income	Population (OCFA Jurisdiction Only)	
2007	\$ 13,570	\$ 7,865	\$ 21,435	\$79	27132.9%	1,359	\$16
2008	\$ 10,365	\$ 6,203	\$ 16,568	\$84	19723.8%	1,376	\$12
2009	\$ 7,040	\$ 25,109	\$ 32,149	\$86	37382.6%	1,387	\$23
2010	\$ -	\$ 18,778	\$ 18,778	\$87	21583.9%	1,403	\$13
2011	\$ -	\$ 16,866	\$ 16,866	\$84	20078.6%	1,355	\$12
2012	\$ -	\$ 15,106	\$ 15,106	\$85	17771.8%	1,694	\$9 (1)
2013	\$ -	\$ 12,943	\$ 12,943	\$84	15408.3%	1,712	\$8
2014	\$ -	\$ 10,724	\$ 10,724	\$85	12616.5%	1,734	\$6
2015	\$ -	\$ 8,447	\$ 8,447	\$86	9822.1%	1,755	\$5
2016	\$ -	\$ 6,110	\$ 6,110	\$85	7188.2%	1,784	\$3

**SOURCES:**

- (A) Details regarding OCFA's outstanding debt can be found in the notes to the financial statements.
- (B) U.S. Department of Housing and Urban Development, Median Family Income Documentation System by Fiscal Year (estimate) <http://www.huduser.org/portal/datasets/il.html>
- (C) California Department of Finance, Population and Housing Estimates as of January 1 <http://www.dof.ca.gov/forecasgin/demographics/estimates>

**NOTE:**

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

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

Fiscal Year ended June 30	(A) Population (OCFA Jurisdiction Only)	(B) Assessed Value	(C) Gross Bonded Debt	(D) Amounts Available in Debt Service Fund		Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2007	1,359	\$ 188,921,885	\$ 13,570	\$ 2,806	\$ 10,764	0.01%	\$ 8
2008	1,376	\$ 206,643,954	\$ 10,365	\$ 2,806	\$ 7,559	0.00%	\$ 5
2009	1,387	\$ 213,904,733	\$ 7,040	\$ 2,806	\$ 4,234	0.00%	\$ 3
2010	1,403	\$ 209,816,589	\$ -	\$ -	\$ -	0.00%	\$ - (1)
2011	1,355	\$ 208,586,179	\$ -	\$ -	\$ -	0.00%	\$ -
2012	1,694	\$ 230,163,686	\$ -	\$ -	\$ -	0.00%	\$ -
2013	1,712	\$ 233,485,818	\$ -	\$ -	\$ -	0.00%	\$ -
2014	1,734	\$ 241,149,669	\$ -	\$ -	\$ -	0.00%	\$ -
2015	1,755	\$ 257,873,050	\$ -	\$ -	\$ -	0.00%	\$ -
2016	1,784	\$ 274,668,222	\$ -	\$ -	\$ -	0.00%	\$ -

**SOURCES:**

- (A) California Department of Finance, Population and Housing Estimates as of January 1  
<http://www.dof.ca.gov/forecasting/demographics/estimates>
- (B) County of Orange, Auditor-Controller, Assessed Valuations by Fiscal Year  
[http://acweb1.ocgov.com/ac/txfdr\\_Civica/av/default\\_egov.asp](http://acweb1.ocgov.com/ac/txfdr_Civica/av/default_egov.asp)
- (C) Orange County Fire Authority, Finance Division, Accounting Section
- (D) Minimum reserve requirement per bond documents

**NOTE:**

- (1) OCFA's revenue bonds were repaid during Fiscal Year 2009/10.



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*Orange County Fire Authority Safety Message*

## **Vegetation Safety** **(Part 4 of 4)**

*(Continued from Page 128)*



*Vegetation management is controlling plant material to prevent wildfire spread. It requires a constant commitment to follow the “four R’s” of vegetation management to reduce the threat of wildfire.*

### **Resistant**

- ✓ Use fire-resistant plants whenever possible.
- ✓ Keep in mind that even plants listed on the “Planting Guide” must be maintained using spacing guidelines for both vertical and horizontal separation. Plant separation is an important part of reducing wildfire threat.

**ORANGE COUNTY FIRE AUTHORITY**

**Demographic and Economic Information**

*Demographic and Economic Indicators* – Presents information regarding population, personal income, per capita income and the unemployment rate for the County of Orange for each of the last ten fiscal years.

*Population and Housing Statistics* – Presents information on population and housing units of each city and the unincorporated area within the OCFA’s jurisdiction for the current fiscal year, as compared to nine fiscal years ago.

*Principal Employers* – Presents information about the ten largest employers within the OCFA’s jurisdiction for the current fiscal year, as compared to nine fiscal years ago.

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

Calendar Year	(A) (Orange County)	(B) Total Personal Income	Per Capita Income	(C) Unemployment Rate
2007	3,078	\$ 153,446,600	\$ 49,853	4.8
2008	3,104	\$ 155,068,400	\$ 49,958	7.0
2009	3,135	\$ 145,247,400	\$ 46,331	10.9
2010	3,166	\$ 147,195,100	\$ 46,492	11.8
2011	3,030	\$ 154,486,000	\$ 50,985	11.4
2012	3,056	\$ 164,971,000	\$ 53,983	10.2
2013	3,082	\$ 165,858,000	\$ 53,815	9.0
2014	3,114	\$ 173,306,000	\$ 55,654	7.6
2015	3,147	\$ 181,496,000	\$ 57,673	6.2
2016	3,183	\$ 188,384,000	\$ 59,184	4.9

**SOURCES:**

- (A) California Department of Finance  
 Population and Housing Estimates Table E-5, As of January 1  
<http://www.dof.ca.gov/forecasting/demographics/estimates>
  
- (B) Chapman University Economic & Business Review  
 Annual History and Forecasts  
 Years 2011-2015 updated as of June 30, 2016.  
 Most recent year is an estimate.
  
- (C) Bureau of Labor Statistics ([www.bls.gov/lau](http://www.bls.gov/lau)), Local Area Unemployment Statistics, Los Angeles-Long Beach-Anaheim, CA Metropolitan Statistical Area (The 2007-2015 figures reflect revised inputs, reestimation, and new statewide control. The 2016 figure is a six-month average for a partial year January - June.)

**NOTE:**

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

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

Jurisdiction	Population			Housing Units		
	2007	2016	% Change	2007	2016	% Change
Aliso Viejo	44,830	50,509	12.7%	17,980	19,354	7.6%
Buena Park	81,775	83,347	1.9%	24,209	24,725	2.1%
Cypress	48,881	49,743	1.8%	16,540	16,194	-2.1%
Dana Point	36,639	33,415	-8.8%	15,940	16,016	0.5%
Irvine	199,400	258,386	29.6%	74,936	95,216	27.1%
Laguna Hills	33,117	30,681	-7.4%	11,153	10,996	-1.4%
Laguna Niguel	66,058	66,142	0.1%	24,831	25,458	2.5%
Laguna Woods	18,272	16,213	-11.3%	13,629	13,079	-4.0%
Lake Forest	77,603	83,910	8.1%	26,384	28,443	7.8%
La Palma	16,028	16,057	0.2%	5,131	5,234	2.0%
Los Alamitos	12,048	11,738	-2.6%	4,409	4,388	-0.5%
Mission Viejo	99,292	96,701	-2.6%	34,277	34,876	1.7%
Placentia	51,070	52,263	2.3%	16,436	17,155	4.4%
Rancho Santa Margarita	49,306	48,516	-1.6%	16,793	17,309	3.1%
San Clemente	66,833	66,245	-0.9%	26,955	26,143	-3.0%
San Juan Capistrano	36,153	36,085	-0.2%	11,780	12,262	4.1%
Santa Ana (A)	350,367	342,930	-2.1%	75,337	77,610	3.0%
Seal Beach	25,752	25,078	-2.6%	14,538	14,534	0.0%
Stanton	38,662	39,751	2.8%	11,087	11,355	2.4%
Tustin	71,931	82,717	15.0%	25,477	27,697	8.7%
Villa Park	6,202	5,948	-4.1%	2,021	2,024	0.1%
Westminster	92,104	94,073	2.1%	27,398	27,791	1.4%
Yorba Linda	67,192	67,637	0.7%	21,783	23,049	5.8%
Unincorporated	119,447	125,420	5.0%	38,887	40,583	4.4%
Total OCFA, adjusted (A)	1,708,962	1,783,505	4.4%	557,911	591,491	6.0%
Total non-OCFA	1,368,694	1,399,506	2.3%	467,391	484,214	3.6%
Total Orange County	3,077,656	3,183,011	3.4%	1,025,302	1,075,705	4.9%
Total OCFA, adjusted	1,708,962			557,911		
Less: Santa Ana	(350,367)			(75,337)		
Total OCFA, actual	1,358,595	1,783,505	31.3%	482,574	591,491	22.6%

SOURCE: California Department of Finance, Population and Housing Estimates Table E-5  
As of January 1, 2007 and 2016 (<http://www.dof.ca.gov/forecasting/demographics/estimates>)

NOTE:

(A) Before Santa Ana became an OCFA member city in April 2012, the city's data was included in the "non-OCFA" total. However, Santa Ana's 2007 data has been identified separately for comparison purposes.

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

Employer	Fiscal Year 2006/07			Fiscal Year 2015/16		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Walt Disney Co.	21,000	1	1.37%	27,000	1	1.69%
University of California, Irvine	16,229	3	1.06%	22,385	2	1.40%
County of Orange	17,785	2	1.16%	18,135	3	1.13%
St. Joseph Health System	9,385	5	0.61%	12,227	4	0.76%
Kaiser Permanente				7,000	5	0.44%
Boeing Co.	12,042	4	0.79%	6,890	6	0.43%
Walmart				6,000	7	0.38%
Memorial Care Health System				5,650	8	0.35%
Bank of America				5,500	9	0.34%
Target Corporation				5,400	10	0.34%
Yum! Brands Inc.	6,600	6	0.43%			
Ameriquest Capital Corporation	6,300	7	0.41%			
California State University, Fullerton	5,256	8	0.34%			
PacifiCare Health System	5,074	9	0.33%			
Home Depot, Incorporated	5,000	10	0.33%			

**SOURCE:**

County of Orange Comprehensive Annual Financial Report for Fiscal Year 2014/15

For years ended June 30, 2015 and 2006

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

<http://acdcweb01.ocgov.com/acInternet/Reports/CAFRReports.aspx>

**NOTE:**

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

## ORANGE COUNTY FIRE AUTHORITY

### Operating Information

***Authorized Positions by Function/Fund/Department*** – Presents the number of funded and authorized positions by function/fund/department for each of the last ten fiscal years.

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

***Frozen Positions by Department*** – Presents the number of frozen positions by department as of June 30 for each of the last ten fiscal years.

***Jurisdiction Information*** – Presents information on the OCFA's member agencies, square mile area served, population served, and number of fire stations for each of the last ten fiscal years.

***Incidents by Type*** – Presents the number of OCFA major incidents by category for each of the last ten fiscal years.

***Incidents by Member Agency*** – Presents the number of OCFA major incidents by member agency for each of the last ten fiscal years.

***Incidents by Major Category Definitions*** – Provides OCFA's definitions for categories of major incidents.

***Capital Equipment by Category*** – Presents the historical cost and quantity of capital equipment by category for each of the last nine fiscal years.

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

***Map of Division/Battalion Boundaries and Station Locations*** – This Orange county map identifies the areas included within OCFA's jurisdiction, the boundaries of its divisions/battalions, and the locations of all OCFA fire stations.

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

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

**ORANGE COUNTY FIRE AUTHORITY**  
**Authorized Positions by Function/Fund/Department**  
**Last Ten Fiscal Years**

Public Safety	As of June 30									
Fund/Department	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Funded positions:										
Executive Management	44	45	45	45	35	33	33	40	36	37
									<b>(E,F)</b>	
Operations	877	892	902	878	881	1,001	994	968	966	984
						<b>(B)</b>		<b>(D)</b>	<b>(F)</b>	
Community Risk Reduction	74	76	72	65	67	76	76	96	98	98
								<b>(D)</b>		
Business Services	77	77	77	73	48	47	47	48	53	53
					<b>(A)</b>				<b>(E)</b>	
Support Services	35	35	35	34	55	88	88	88	86	97
					<b>(A)</b>	<b>(B)</b>			<b>(F)</b>	
Organizational Planning	-	-	-	-	-	-	-	-	5	5
									<b>(F)</b>	
General Operating Fund	1,107	1,125	1,131	1,095	1,086	1,245	1,238	1,240	1,244	1,274
Facilities Replacement	1	1	1	1	-	-	-	-	-	-
RFOTC	-	-	-	-	-	-	-	-	-	-
Structural Fire Entitlement	2	-	-	-	-	-	-	-	-	-
<b>Total funded positions</b>	<b>1,110</b>	<b>1,126</b>	<b>1,132</b>	<b>1,096</b>	<b>1,086</b>	<b>1,245</b>	<b>1,238</b>	<b>1,240</b>	<b>1,244</b>	<b>1,274</b>
						<b>(C)</b>				
Unfunded positions:										
Limited term and/or grant-funded positions	-	-	-	-	-	1	3	3	3	3
Frozen positions	1	1	50	86	95	93	102	100	97	86
<b>Total unfunded positions</b>	<b>1</b>	<b>1</b>	<b>50</b>	<b>86</b>	<b>95</b>	<b>94</b>	<b>105</b>	<b>103</b>	<b>100</b>	<b>89</b>
<b>Total authorized positions</b>	<b>1,111</b>	<b>1,127</b>	<b>1,182</b>	<b>1,182</b>	<b>1,181</b>	<b>1,339</b>	<b>1,343</b>	<b>1,343</b>	<b>1,344</b>	<b>1,363</b>

SOURCE: Orange County Fire Authority, Treasury & Financial Planning Division, Budget Section

NOTE:

- (A) During Fiscal Year 2010/11, Information Technology (23 positions) was transferred from Business Services to Support Services.
- (B) During Fiscal Year 2011/12, the Emergency Command Center (32 positions) was transferred from Operations to Support Services.
- (C) The net increase of 159 total funded employees during Fiscal Year 2011/12 included 163 authorized/funded positions for employees transitioning from the City of Santa Ana (151 Operations; 9 Community Risk Reduction; 3 Support Services).
- (D) During Fiscal Year 2013/14, Crews & Equipment (26 positions) was transferred from Operations to Community Risk Reduction.
- (E) During Fiscal Year 2014/15, the Clerk of the Authority (5 positions) was transferred from Executive Management to Business Services.
- (F) During Fiscal Year 2014/15, the Organizational Planning Department was created by transferring positions from Executive Management (Human Resources - 1 position); Operations (Emergency Planning and Coordination - 1 position); and Support Services (Strategic Services - 3 positions).

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

Unit	As of June 30										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Firefighter	778	792	808	863	863	863	1,010	1,011	1,011	1,011	1,023
Fire Management	40	41	41	41	41	41	45	45	45	45	45
General	192	198	197	197	197	196	203	205	205	205	213
Supervisory Management	27	27	28	28	28	28	28	28	27	27	27
Supported Employment	4	4	4	4	4	4	4	4	4	4	4
Administrative Management	43	42	42	42	42	42	42	43	44	44	43
Executive Management	7	7	7	7	7	7	7	7	7	8	8
<b>Total authorized positions</b>	<b>1,091</b>	<b>1,111</b>	<b>1,127</b>	<b>1,182</b>	<b>1,182</b>	<b>1,181</b>	<b>1,339</b>	<b>1,343</b>	<b>1,343</b>	<b>1,344</b>	<b>1,363</b>
Increase (decrease) from prior fiscal year	1	20	16	55	-	(1)	158	4	-	1	19

(A)

SOURCE: OCFA Treasury & Financial Planning Division, Budget Section

(A) The net increase of total authorized positions during Fiscal Year 2011/12 included 163 authorized positions for employees transitioning from the City of Santa Ana (147 Firefighter Unit, 4 Fire Management Unit, 11 General Unit, and 1 Supervisory Management Unit).

**ORANGE COUNTY FIRE AUTHORITY**  
**Frozen Positions by Department**  
**Last Ten Fiscal Years**

Department	As of June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Suppression:										
Operations:										
Firefighter	-	-	15	15	18	18	18	18	18	18
Fire Apparatus Engineer	-	-	3	13	18	18	24	24	24	21
Fire Captain	-	-	3	16	24	24	27	27	27	24
Battalion Chief (Staff)	-	-	-	2	2	2	2	2	2	2
Fire Pilot	-	-	-	-	-	-	-	1	1	1
Hand Crew Firefighter	-	-	22	22	-	-	-	-	-	-
Heavy Fire										
Equipment Operator	-	-	-	-	1	1	1	1	1	1
<b>Subtotal Suppression</b>	<b>-</b>	<b>-</b>	<b>43</b>	<b>68</b>	<b>63</b>	<b>63</b>	<b>72</b>	<b>73</b>	<b>73</b>	<b>67</b>
Non-Suppression:										
Executive Management:										
Executive Management	-	-	-	-	1	-	-	-	-	-
Human Resources	-	-	-	-	4	4	4	4	3	2
Corporate										
Communications/CAPA	-	-	-	-	1	-	-	-	-	-
<b>Subtotal Executive Management</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>2</b>
Operations	-	-	-	-	-	1	2	1	1	1
Community Risk Reduction	1	1	6	12	16	15	15	14	12	9
Business Services	-	-	1	5	6	6	5	4	4	4
Support Services	-	-	-	1	4	4	4	4	4	3
Organizational Planning	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Non-Suppression</b>	<b>1</b>	<b>1</b>	<b>7</b>	<b>18</b>	<b>32</b>	<b>30</b>	<b>30</b>	<b>27</b>	<b>24</b>	<b>19</b>
<b>Total frozen positions</b>	<b>1</b>	<b>1</b>	<b>50</b>	<b>86</b>	<b>95</b>	<b>93</b>	<b>102</b>	<b>100</b>	<b>97</b>	<b>86</b>

SOURCE: Orange County Fire Authority, Treasury & Financial Planning Division, Budget Section

**ORANGE COUNTY FIRE AUTHORITY**  
**Jurisdiction Information**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	(A)	(B)	(C)	(A)	New and Closed Station(s)	
	Number of Member Agencies	Square Mile Area Served	Population Served	Number of Stations	+/-	Description
2007	23	551	1,358,595	60	(1)	Closed Station 52 (Crews & Equipment)
2008	23	550	1,375,509	61	1	New Station 27 (Irvine/Portola Springs)
2009	23	550	1,387,171	62	1	New Station 20 (Irvine/Great Park)
2010	23	550	1,403,072	62	-	
2011	23	548	1,355,090	61	(1)	Closed Station 3 (County/Sunset Beach)
2012	24	576	1,694,010	71	10	New Stations 70 through 79 (Santa Ana)
2013	24	571	1,712,234	71	-	
2014	24	571	1,733,563	71	-	
2015	24	571	1,755,436	71	-	
2016	24	576	1,783,505	72	1	New Station 56 (County/Rancho Mission Viejo)

**SOURCES:**

- (A) Orange County Fire Authority, Clerk of the Authority
- (B) Orange County Fire Authority, Geographic Information Systems
- (C) California Department of Finance, Population and Housing Estimates as of January 1  
<http://www.dof.ca.gov/forecasting/demographics/estimates>

**NOTE:** The City of Santa Ana became an OCFA member city in Fiscal Year 2011/12.

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

Fiscal Year ended June 30 (1)	Fire/ Explosion	Ruptures	Rescue/ EMS	Hazmat	Service Call	Good Intent	False Alarm	Natural Disaster	Other	Total
2007	2,155	179	55,863	1,465	5,475	10,636	4,734	5	209	80,721
2008	1,946	178	57,871	1,353	5,257	10,933	4,835	10	547	82,930
2009	1,795	169	58,358	1,080	5,508	10,839	4,503	3	294	82,549
2010	1,464	164	59,408	1,049	5,703	10,979	4,300	25	349	83,441
2011	1,541	158	61,870	1,011	6,157	12,897	4,293	51	249	88,227 (2)
2012	1,635	157	66,383	965	6,457	12,802	4,065	4	192	92,660 (3)
2013	2,004	219	80,167	1,100	7,753	14,786	5,710	1	149	111,889 (3)
2014	1,936	220	83,762	1,254	6,978	12,411	6,238	6	220	113,025
2015	1,898	229	94,740	1,220	6,996	12,046	6,515	5	345	123,994
2016	2,338	197	102,994	1,314	7,921	13,261	6,575	6	9	134,615

**SOURCE:**

Orange County Fire Authority, Organizational Planning Department, Strategic Services

**NOTES:**

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

(2) Beginning in Fiscal Year 2010/11, totals were revised to include incidents outside of OCFA jurisdiction that involved OCFA units and personnel (Auto/Mutual Aid Given).

(3) The City of Santa Ana joined the OCFA effective April 20, 2012. Fiscal Year 2011/12 data includes the portion of the fiscal year during which the city was a member of OCFA. Fiscal Year 2012/13 data includes the first full year of Santa Ana activity.

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

Member Agency	Fiscal Year ended June 30 (1)									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Aliso Viejo	1,939	2,060	1,998	2,005	2,094	2,071	2,226	2,194	2,420	2,511
Buena Park	5,431	5,528	5,668	5,676	5,652	5,836	5,849	6,057	6,569	7,016
Cypress	2,518	2,552	2,504	2,600	2,490	2,556	2,699	2,633	2,833	3,013
Dana Point	2,660	2,700	2,650	2,787	2,870	2,772	2,950	2,925	3,297	3,291
Irvine	11,216	11,632	11,385	11,981	12,214	11,969	12,485	12,896	13,875	14,688
La Palma	798	760	760	754	778	750	808	925	1,036	1,059
Laguna Hills	2,494	2,434	2,421	2,558	2,614	2,542	2,579	2,584	2,675	2,887
Laguna Niguel	3,017	3,101	3,079	3,094	3,255	3,358	3,476	3,685	3,584	3,861
Laguna Woods	4,275	4,349	4,350	4,399	4,560	4,717	4,748	4,306	4,847	5,319
Lake Forest	4,289	4,170	4,272	4,320	4,334	4,230	4,459	4,297	4,651	4,995
Los Alamitos	1,033	1,032	1,083	1,080	1,055	1,101	1,199	1,123	1,254	1,380
Mission Viejo	5,794	6,139	6,424	6,363	6,379	6,355	6,760	6,791	7,072	7,508
Placentia	2,678	2,829	2,699	2,696	2,837	2,714	2,846	2,806	2,981	3,132
Rancho Santa Margarita	1,879	2,002	1,965	2,009	2,015	2,105	1,983	2,111	2,254	2,415
San Clemente	3,684	3,863	3,678	3,961	3,813	3,999	4,187	4,334	4,668	5,080
San Juan Capistrano	2,554	2,569	2,526	2,429	2,580	2,617	2,701	2,934	3,164	3,629
Santa Ana (3)	n/a	n/a	n/a	n/a	n/a	3,654	18,915	19,303	21,465	23,455
Seal Beach	3,283	3,453	3,388	3,503	3,375	3,617	3,571	3,343	3,783	4,882
Stanton	2,343	2,438	2,420	2,401	2,597	2,660	2,878	2,879	3,113	3,413
Tustin	3,845	3,865	3,761	3,744	4,055	4,196	4,582	4,614	5,205	5,406
Villa Park	319	324	329	336	388	363	392	338	378	452
Westminster	5,684	5,795	5,835	5,724	5,882	6,012	6,486	6,201	6,880	7,442
Yorba Linda	2,991	3,100	3,134	2,937	2,928	3,125	3,277	3,185	3,547	3,716
Unincorporated	5,997	6,235	6,220	6,084	6,087	5,991	6,312	6,073	6,496	6,719
	<u>80,721</u>	<u>82,930</u>	<u>82,549</u>	<u>83,441</u>	<u>84,852</u>	<u>89,310</u>	<u>108,368</u>	<u>108,537</u>	<u>118,047</u>	<u>127,269</u>
Auto/Mutual Aid Given (2)	n/a	n/a	n/a	n/a	3,375	3,350	3,521	4,488	5,947	7,346
<b>Total</b>	<u>80,721</u>	<u>82,930</u>	<u>82,549</u>	<u>83,441</u>	<u>88,227</u>	<u>92,660</u>	<u>111,889</u>	<u>113,025</u>	<u>123,994</u>	<u>134,615</u>

SOURCE: Orange County Fire Authority, Organizational Planning Department, Strategic Services

NOTES:

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

(2) Beginning in Fiscal Year 2010/11, methodology was revised to include incidents outside of OCFA jurisdiction that involved OCFA units and personnel (Auto/Mutual Aid Given).

(3) The City of Santa Ana joined the OCFA effective April 20, 2012. Fiscal Year 2011/12 data is reported only for the portion of the fiscal year during which the city was a member of OCFA. Fiscal Year 2012/13 data includes the first full year of Santa Ana activity.

## ORANGE COUNTY FIRE AUTHORITY Incidents by Major Category Definitions

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

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

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

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

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

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

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

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

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

SOURCE: Orange County Fire Authority, Organizational Planning Department, Strategic Services



*Orange County Fire Authority Safety Message*

**Barbeque Safety**  
**(Part 1 of 2)**



*There's nothing like an outdoor barbeque. But a barbeque too close to anything that can burn is a fire hazard. Follow these simple steps and stay safe this grilling season.*

**Grilling Safety**

- ✓ Propane and charcoal BBQ grills should only be used outdoors.
- ✓ The grill should be placed well away from the home, deck railings, tables, overhanging branches, and where people gather.
- ✓ Keep children and pets at least three feet away from the grill area.
- ✓ Keep your grill clean by removing grease or fat buildup from the grills and in trays below the grill.
- ✓ Never leave a heated grill, lighter, or matches unattended.

*(Continued on Page 160)*

**ORANGE COUNTY FIRE AUTHORITY**  
**Capital Equipment by Category**  
**Last Nine Fiscal Years**

Category	June 30, 2008		June 30, 2009	
	Historical Cost	Quantity	Historical Cost	Quantity
Air fill station	\$ 53,179	2	\$ 53,179	2
Aboveground storage tank	678,014	8	678,014	8
Audio visual equipment	784,559	25	784,559	25
Boat	36,504	4	36,504	4
Camera, thermal imaging	1,205,722	89	1,205,722	89
Camera, other	47,387	4	47,387	4
Communications equipment	1,456,590	37	1,465,264	38
Computer	85,459	5	91,328	6
Defibrillator	1,324,920	74	1,341,790	75
Exercise equipment	34,177	5	44,260	6
Fleet equipment	162,771	16	162,771	16
Forklift	102,994	3	102,994	3
Generator	564,051	25	553,049	24
GPS equipment (AVL regional interoperability projects)	1,391,000	2	1,391,000	2
Hazmat equipment	248,782	20	248,782	20
Helicopters and improvements:				
Helicopter	7,294,218	2	28,854,977	4
Helicopter, rotor blades	-	-	151,573	2
Helicopter, fast fin kits	-	-	-	-
Helicopter equipment	421,615	16	670,576	37
Hydraulic tool	97,746	18	97,746	18
Kitchen equipment	33,403	4	33,403	4
Laptop	53,782	9	53,782	9
Manikin	73,144	12	73,144	12
Miscellaneous equipment	385,042	27	447,889	29
Mobile radio project (FY 2003/04 - FY 2004/05)	2,424,594	1	2,424,594	1
Mobile radio	110,199	17	116,008	18
Network equipment	976,386	29	976,386	29
Office equipment	500,659	7	635,138	8
Portable building	179,863	9	219,564	12
Portable radio	-	-	25,640	5
Printer	99,499	9	99,499	9
Projector	34,565	5	34,565	5
Router	25,980	2	37,405	4
Scanner	-	-	-	-
Search equipment	192,378	13	192,377	13
Server	1,224,377	72	1,090,643	80
Software	6,636,035	47	6,709,908	52
Switch	232,515	11	232,515	11
Tablet	-	-	-	-
Tent	122,237	12	122,237	12
Trailer	419,725	16	433,283	17
Workstation	1,634,122	24	1,641,243	25
	<u>\$ 31,348,193</u>	<u>681</u>	<u>\$ 53,580,698</u>	<u>738</u>

NOTE: Previous CAFR's presented quantities of select front-line equipment. Beginning in FY 2010/11, historical cost and quantities of all capital equipment are presented. Data is available in this format beginning in Fiscal Year 2007/08.

June 30, 2010		June 30, 2011		June 30, 2012	
Historical Cost	Quantity	Historical Cost	Quantity	Historical Cost	Quantity
\$ 53,179	2	\$ 53,179	2	\$ 53,179	2
678,014	8	678,014	8	678,014	8
768,132	23	754,726	23	716,800	18
23,412	2	23,412	2	31,515	4
1,205,722	89	1,223,802	91	1,251,757	104
41,577	3	41,577	3	11,171	1
1,465,264	38	1,488,213	41	1,512,740	42
82,126	5	82,126	5	82,126	5
1,149,858	90	1,149,858	90	1,528,398	105
35,622	5	35,622	5	35,622	5
162,771	16	170,441	16	172,042	16
102,994	3	88,098	2	93,177	3
553,049	24	510,078	23	504,562	22
1,391,000	2	1,391,000	2	1,391,000	2
248,782	20	248,782	20	337,453	24
28,854,977	4	28,854,977	4	28,854,977	4
319,149	4	319,149	4	319,149	4
-	-	-	-	-	-
747,865	40	770,085	42	778,885	42
97,746	18	195,119	31	368,216	55
33,403	4	33,403	4	33,403	4
62,732	10	56,632	9	44,108	7
73,144	12	67,452	11	67,452	11
495,934	31	559,561	35	597,167	40
2,424,594	1	2,424,594	1	2,424,594	1
116,008	18	116,008	18	107,671	17
967,465	28	967,465	28	804,981	27
648,440	8	648,440	8	648,440	8
226,348	13	226,348	13	226,348	13
25,640	5	25,640	5	25,640	5
77,218	7	77,218	7	72,039	7
25,838	4	25,838	4	10,372	2
37,405	4	37,405	4	37,405	4
-	-	-	-	-	-
211,366	15	204,105	14	163,944	11
1,148,057	88	1,049,533	82	1,027,950	81
7,068,488	55	7,068,488	55	7,074,050	55
264,893	14	282,393	16	282,393	16
-	-	-	-	-	-
122,237	12	122,237	12	122,237	12
423,376	16	423,376	16	437,742	16
1,641,243	25	1,641,243	25	1,641,243	25
<u>\$ 54,075,068</u>	<u>766</u>	<u>\$ 54,135,637</u>	<u>781</u>	<u>\$ 54,569,962</u>	<u>828</u>

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

(Continued on next page)

**ORANGE COUNTY FIRE AUTHORITY  
Capital Equipment by Category  
(Continued)**

Category	June 30, 2013		June 30, 2014	
	Historical Cost	Quantity	Historical Cost	Quantity
Air fill station	\$ 53,179	2	53,179	2
Aboveground storage tank	678,014	8	678,014	8
Audio visual equipment	716,800	18	716,800	18
Boat	31,515	4	31,515	4
Camera, thermal imaging	1,117,422	97	1,214,725	113
Camera, other	11,171	1	11,171	1
Communications equipment	1,533,009	44	1,458,744	39
Computer	82,126	5	82,126	5
Defibrillator	1,528,398	105	1,526,069	105
Exercise equipment	35,622	5	35,622	5
Fleet equipment	172,042	16	172,042	16
Forklift	93,177	3	93,177	3
Generator	504,562	22	504,562	22
GPS equipment (AVL regional interoperability projects)	1,391,000	2	1,391,000	2
Hazmat equipment	336,275	23	432,282	23
Helicopters and improvements:				
Helicopter	28,854,977	4	28,854,977	4
Helicopter, rotor blades	319,149	4	319,149	4
Helicopter, fast fin kits	-	-	148,104	2
Helicopter equipment	787,062	43	780,245	42
Hydraulic tool	377,287	56	401,133	60
Kitchen equipment	33,403	4	33,403	4
Laptop	29,058	5	29,058	5
Manikin	67,452	11	67,452	11
Miscellaneous equipment	643,040	46	660,496	49
Mobile radio project (FY 2003/04 - FY 2004/05)	2,424,594	1	2,424,594	1
Mobile radio	107,671	17	107,671	17
Network equipment	952,374	30	1,321,172	31
Office equipment	638,472	7	632,865	6
Portable building	236,843	14	274,656	14
Portable radio	79,452	15	79,452	15
Printer	72,039	6	72,039	6
Projector	10,372	2	10,372	2
Router	37,405	4	37,405	4
Scanner	-	-	-	-
Search equipment	163,944	11	196,302	13
Server	1,022,818	81	997,288	79
Software	7,117,506	56	7,117,506	56
Switch	282,393	16	312,760	17
Tablet	-	-	-	-
Tent	122,237	12	122,237	12
Trailer	527,629	18	512,761	18
Workstation	1,641,243	25	1,641,243	25
	<u>\$ 54,832,732</u>	<u>843</u>	<u>\$ 55,555,368</u>	<u>863</u>

June 30, 2015		June 30, 2016	
Historical Cost	Quantity	Historical Cost	Quantity
\$ 53,179	2	53,179	2
678,014	8	678,014	8
734,581	20	734,581	20
31,515	4	31,515	4
1,167,318	107	1,115,772	102
33,713	4	44,264	5
1,458,744	39	1,458,744	39
90,386	6	90,386	6
1,526,069	105	1,526,069	105
35,622	5	35,622	5
189,888	17	252,867	24
93,177	3	93,177	3
504,562	22	504,562	22
1,391,000	2	1,391,000	2
479,786	26	479,786	26
28,854,977	4	28,854,977	4
319,149	4	319,149	4
148,104	2	148,104	2
942,245	43	942,245	43
468,400	67	490,913	69
33,403	4	33,403	4
29,058	5	23,832	4
67,452	11	67,452	11
702,500	52	735,503	55
2,424,594	1	2,424,594	1
82,659	14	153,768	28
1,288,223	29	1,294,452	30
632,865	6	632,865	6
352,872	17	352,872	17
143,605	27	138,477	26
72,039	6	72,039	6
10,372	2	10,372	2
37,405	4	72,745	8
5,489	1	5,489	1
210,657	14	236,657	16
1,000,858	69	1,211,242	72
9,176,979	50	10,502,153	53
312,760	17	349,909	20
5,455	1	24,882	4
122,237	12	122,237	12
523,455	18	523,455	18
1,641,243	25	1,641,243	25
<u>\$ 58,076,609</u>	<u>875</u>	<u>\$ 59,874,567</u>	<u>914</u>

**ORANGE COUNTY FIRE AUTHORITY**  
**Capital Vehicles by Category**  
**Last Nine Fiscal Years**

Category	June 30, 2008		June 30, 2009	
	Historical Cost	Quantity	Historical Cost	Quantity
Air Utility	\$ 629,011	3	\$ 629,011	3
Ambulance	464,082	5	464,082	5
Battalion Chief Vehicle	1,203,251	25	1,300,458	26
Brush Chipper	34,289	2	34,289	2
Crew Cab	176,403	4	176,403	4
Crew-Carrying Vehicle	297,336	4	297,336	4
Dump Truck	66,366	1	66,366	1
Fire Command	402,755	2	402,755	2
Fire Dozer	445,205	4	723,403	4
Foam Tender	152,245	1	152,245	1
Fuel Tender	226,392	2	226,392	2
Hazmat Unit	674,962	2	674,962	2
Heavy Rescue Unit	-	-	649,343	1
Hose Tender	103,189	1	103,189	1
Lift Truck	-	-	-	-
Loader	-	-	-	-
Paramedic Van	1,449,569	22	1,449,569	22
Parade Engine	35,000	2	35,000	2
Patrol	1,539,901	19	1,539,901	19
Patrol, Compressed Air Foam System (CAFS)	-	-	488,603	7
Pickup Truck	1,352,388	42	1,562,434	41
Road Grader	102,396	1	102,396	1
Sedan	123,991	7	123,991	7
Squad	578,998	7	578,998	7
Stakeside	34,289	1	34,289	1
Sport Utility Vehicle (SUV)	2,849,285	104	2,809,830	103
Telesquirt	2,617,035	8	2,617,035	8
Transport Tractor	399,409	5	506,673	5
Truck, 90', 100' and 110' Tractor Drawn Aerials	1,737,166	3	4,428,314	5
Truck, 75' Quint	2,717,185	6	2,717,185	6
Truck, 90' Quint	4,827,476	10	4,429,851	9
Truck, 100' Quint	-	-	-	-
Truck, Other	427,613	5	427,613	5
Truck, Compressed Air Foam System (CAFS)	-	-	-	-
Type 1 Engine	22,538,064	87	21,865,361	82
Type 1 Wildland Urban Interface Engine	-	-	-	-
Type 2 Engine	1,862,087	13	1,752,417	12
Type 3 Engine	914,455	8	4,673,626	18
Utility	176,422	5	176,422	5
Van	681,041	29	648,591	27
Water Tender	753,535	5	753,535	5
	<u>\$ 52,592,791</u>	<u>445</u>	<u>\$ 59,621,868</u>	<u>455</u>

NOTE: Previous CAFR's presented quantities of select front-line vehicles. Beginning in FY 2010/11, historical cost and quantities of all capital vehicles are presented. Data is available in this format beginning in Fiscal Year 2007/08. More years will be added as they become available.

June 30, 2010		June 30, 2011		June 30, 2012	
Historical Cost	Quantity	Historical Cost	Quantity	Historical Cost	Quantity
\$ 629,011	3	\$ 629,011	3	\$ 820,733	4
935,731	8	776,283	6	776,283	6
1,300,458	26	1,488,518	28	1,518,914	29
34,289	2	34,289	2	34,289	2
139,057	3	139,057	3	69,009	2
297,336	4	297,336	4	452,373	4
66,366	1	66,366	1	66,366	1
402,755	2	402,755	2	402,755	2
723,403	4	723,403	4	723,403	4
152,245	1	152,245	1	152,245	1
226,392	2	226,392	2	376,164	3
674,962	2	674,962	2	1,077,646	3
658,107	1	658,107	1	658,107	1
103,189	1	103,189	1	103,189	1
71,780	1	71,780	1	71,780	1
-	-	-	-	-	-
1,393,496	21	1,860,604	22	1,860,604	22
35,000	2	35,000	2	-	-
1,539,901	19	1,539,901	19	1,539,901	19
858,456	12	858,456	12	858,456	12
1,590,978	41	1,590,978	41	1,796,208	49
102,396	1	102,396	1	102,396	1
83,753	4	61,256	3	61,256	3
578,998	7	578,998	7	578,998	7
34,289	1	34,289	1	34,289	1
2,866,442	107	2,820,880	104	2,658,508	98
2,358,138	7	2,099,242	6	2,344,077	7
506,673	5	506,673	5	506,673	5
4,428,314	5	4,428,314	5	4,943,110	8
2,717,185	6	3,536,736	7	3,124,257	6
4,429,851	9	4,429,851	9	3,562,035	7
-	-	-	-	2,354,146	2
427,613	5	427,613	5	427,538	5
-	-	-	-	21,649	1
26,065,677	91	25,031,630	84	26,638,285	90
1,702,359	4	2,127,949	5	2,127,949	5
1,020,651	7	305,219	2	152,610	1
4,105,746	13	4,105,746	13	4,105,746	13
161,801	4	161,801	4	145,169	3
639,778	25	623,608	24	623,608	24
753,535	5	753,535	5	753,535	5
<u>\$ 64,816,111</u>	<u>462</u>	<u>\$ 64,464,368</u>	<u>447</u>	<u>\$ 68,624,259</u>	<u>458</u>

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

(Continued on next page)

**ORANGE COUNTY FIRE AUTHORITY**  
**Capital Vehicles by Category**  
 (Continued)

Category	June 30, 2013		June 30, 2014	
	Historical Cost	Quantity	Historical Cost	Quantity
Air Utility	\$ 820,733	4	\$ 820,733	4
Ambulance	776,283	6	674,739	5
Battalion Chief Vehicle	1,518,914	29	1,518,914	29
Brush Chipper	34,289	2	34,289	2
Crew Cab	69,009	2	-	-
Crew-Carrying Vehicle	452,373	4	452,373	4
Dump Truck	66,366	1	66,366	1
Fire Command	402,755	2	820,829	4
Fire Dozer	723,403	4	723,403	4
Foam Tender	152,245	1	152,245	1
Fuel Tender	376,164	3	376,164	3
Hazmat Unit	1,077,646	3	1,077,646	3
Heavy Rescue Unit	658,107	1	658,107	1
Hose Tender	103,189	1	103,189	1
Lift Truck	71,780	1	71,780	1
Loader	-	-	-	-
Paramedic Van	1,860,604	22	1,860,604	22
Parade Engine	-	-	-	-
Patrol	1,539,901	19	1,539,901	19
Patrol, Compressed Air Foam System (CAFS)	858,456	12	858,456	12
Pickup Truck	1,943,905	51	2,081,006	53
Road Grader	102,396	1	102,396	1
Sedan	61,256	3	44,994	2
Squad	578,998	7	578,998	7
Stakeside	34,289	1	34,289	1
Sport Utility Vehicle (SUV)	2,637,875	97	2,560,913	94
Telesquirt	1,995,305	6	1,736,407	5
Transport Tractor	506,673	5	506,673	5
Truck, 90', 100' and 110' Tractor Drawn Aerials	4,938,110	7	4,938,110	7
Truck, 75' Quint	3,124,257	6	3,124,257	6
Truck, 90' Quint	3,562,035	7	3,562,035	7
Truck, 100' Quint	2,354,146	2	2,354,146	2
Truck, Other	427,538	5	592,188	7
Truck, Compressed Air Foam System (CAFS)	44,058	2	44,058	2
Type 1 Engine	26,638,285	90	28,363,285	92
Type 1 Wildland Urban Interface Engine	3,451,627	8	3,451,627	8
Type 2 Engine	152,610	1	152,610	1
Type 3 Engine	3,871,874	11	4,653,221	13
Utility	145,169	3	145,169	3
Van	623,608	24	623,608	24
Water Tender	753,535	5	753,535	5
	<u>\$ 69,509,766</u>	<u>459</u>	<u>\$ 72,213,263</u>	<u>461</u>

June 30, 2015		June 30, 2016	
Historical Cost	Quantity	Historical Cost	Quantity
\$ 820,733	4	820,733	4
573,194	4	573,194	4
1,518,914	29	2,098,087	42
34,289	2	103,545	3
-	-	-	-
452,373	4	452,373	4
66,366	1	66,366	1
674,655	3	674,655	3
550,978	2	550,978	2
152,245	1	152,245	1
376,164	3	376,164	3
1,077,646	3	1,077,646	3
658,107	1	679,608	1
103,189	1	103,189	1
71,780	1	71,780	1
81,996	1	81,996	1
1,860,604	22	1,860,604	22
-	-	-	-
1,539,901	19	1,539,901	19
858,456	12	858,456	12
2,081,006	53	2,327,501	63
102,396	1	102,396	1
44,994	2	-	-
578,998	7	578,998	7
34,289	1	34,289	1
2,505,906	92	2,621,995	93
1,736,407	5	1,736,407	5
506,673	5	506,673	5
4,938,110	7	4,948,930	8
3,124,257	6	3,124,257	6
3,062,553	6	3,062,553	6
2,354,146	2	2,354,146	2
768,076	11	768,076	11
44,058	2	44,058	2
28,442,065	90	30,580,415	94
3,451,627	8	3,451,627	8
152,610	1	152,610	1
4,653,221	13	4,653,221	13
145,169	3	145,169	3
451,395	19	451,395	19
753,535	5	753,535	5
<u>\$ 71,403,081</u>	<u>452</u>	<u>\$ 74,539,771</u>	<u>480</u>



## *Orange County Fire Authority Safety Message*

### **Barbeque Safety (Part 2 of 2)**

*(Continued from Page 151)*



*There's nothing like an outdoor barbeque. But a barbeque too close to anything that can burn is a fire hazard. Follow these simple steps and stay safe this grilling season.*

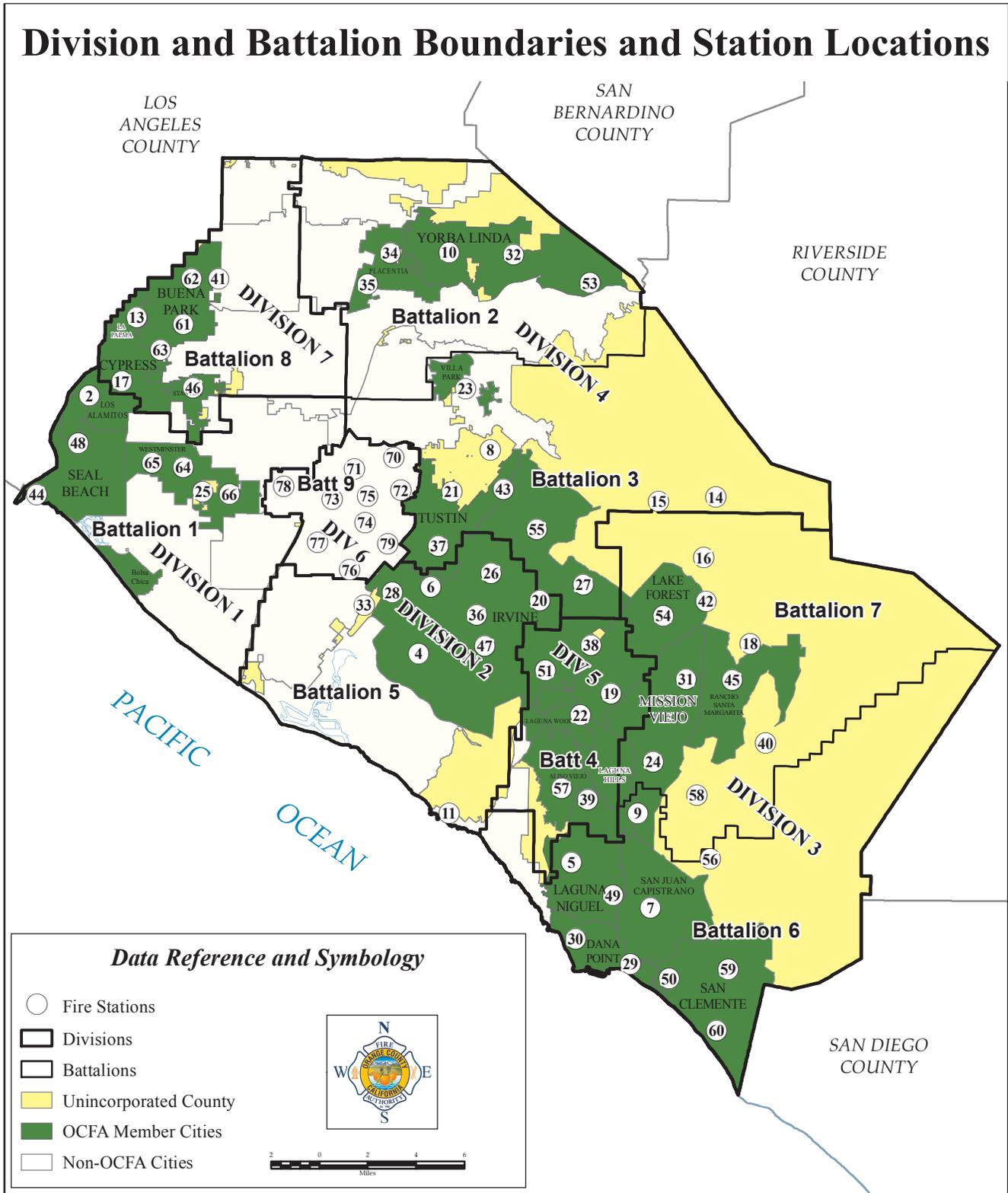
#### **Charcoal Grills**

- ✓ If you use a starter fluid, use only charcoal starter fluid. Never add charcoal fluid or any other flammable liquids to the fire.
- ✓ When you are finished grilling, let the coals completely cool (for about 48 hours) before disposing in a metal container.

#### **Propane Grills**

- ✓ Check the gas tank hose for leaks before using for the first time each year.
- ✓ If your grill has a gas leak and the leak stops, get the grill serviced by a professional before using it again. If the leak does not stop, call the fire department.
- ✓ If the flame goes out, turn the grill and gas off and wait at least 15 minutes before re-lighting it.

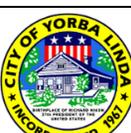
ORANGE COUNTY FIRE AUTHORITY



SOURCE: Information Technology Division, Geographic Information Systems

**ORANGE COUNTY FIRE AUTHORITY  
 List of Stations by Member Agency**

	<p><b>City of Aliso Viejo</b>                  #57, 57 Journey, 92656</p>		<p><b>City of La Palma</b>                  #13, 7822 Walker St. 90623</p>
	<p><b>City of Buena Park</b>                  #61, 8081 Western Ave. 90620                  #62, 7780 Artesia Blvd. 90621                  #63, 9120 Holder St. 90620</p>	  	<p><b>Cities of Laguna Hills / Laguna Woods</b>                  #22, 24001 Paseo de Valencia,                  Laguna Hills 92653</p>
	<p><b>City of Cypress</b>                  #17, 4991 Cerritos Ave. 90630</p>		
	<p><b>City of Dana Point</b>                  #29, 26111 Victoria Blvd. 92624                  #30, 23831 Stonehill Dr. 92629</p>		<p><b>City of Laguna Niguel</b>                  #5, 23600 Pacific Island Dr. 92677                  #39, 24241 Avila Rd. 92677                  #49, 31461 St. of the Golden Lantern 92677</p>
	<p><b>City of Irvine</b>                  #4, 2 California Ave. 92612                  #6, 3180 Barranca Pkwy. 92606                  #20, 6933 Trabuco Rd., 92618                  #26, 4691 Walnut Ave. 92604                  #27, 12400 Portola Springs 92618                  #28, 17862 Gillette Ave. 92614                  #36, 301 E. Yale Loop 92604                  #38, 26 Parker 92618                  #47, 47 Fossil 92603                  #51, 18 Cushing 92618                  #55, 4955 Portola Pkwy. 92620</p>		<p><b>City of Lake Forest</b>                  #19, 23022 El Toro Rd. 92630                  #42, 19150 Ridgeline Rd., 92679                  #54, 19811 Pauling Ave., 92610</p>
			<p><b>City of Los Alamitos</b>                  #2, 3642 Green Ave. 90720</p>
			<p><b>City of Mission Viejo</b>                  #9, #9 Shops at Mission Viejo 92691                  #24, 25862 Marguerite Pkwy. 92692                  #31, 22426 Olympiad Rd. 92692</p>

	<p><b>City of Placentia</b> #34, 1530 N. Valencia 92870 #35, 110 S. Bradford 92870</p>		<p><b>City of Tustin</b> #37, 15011 Kensington Park Dr. 92780 #43, 11490 Pioneer Way 92782</p>
	<p><b>City of Rancho Santa Margarita</b> #45, 30131 Aventura 92688</p>		<p><b>City of Villa Park</b> #23, 5020 Santiago Canyon Rd. 92869</p>
	<p><b>City of San Clemente</b> #50, 670 Camino de Los Mares 92672 #59, 48 Avenida La Pata 92673 #60, 100 Avenida Victoria 92672</p>		<p><b>City of Westminster</b> #64, 7351 Westminster Blvd. 92683 #65, 6061 Hefley St. 92683 #66, 15061 Moran St. 92683</p>
	<p><b>City of San Juan Capistrano</b> #7, 31865 Del Obispo 92675</p>		<p><b>City of Yorba Linda</b> #10, 18422 E. Lemon Dr. 92886 #32, 20990 Yorba Linda Blvd. 92887 #53, 25415 La Palma Ave. 92887</p>
	<p><b>City of Santa Ana</b> #70, 2301 Old Grand 92701 #71, 1029 West 17th St. 92706 #72, 1688 East 4th St. 92701 #73, 419 Franklin 92703 #74, 1427 South Broadway 92707 #75, 120 West Walnut 92701 #76, 950 West MacArthur 92707 #77, 2317 South Greenville 92704 #78, 501 North Newhope 92703 #79, 1320 East Warner 92705</p>		<p><b>County of Orange, Unincorporated</b> #8, 10631 Skyline Dr., Santa Ana 92705 #11, 259 Emerald Bay, Laguna Beach 92651 #14, P.O. Box 12, Silverado 92676 #15, 27172 Silverado Canyon Rd., Silverado 92676 #16, 28891 Modjeska Canyon Rd., Silverado 92676 #18, 30942 Trabuco Canyon Rd., Trabuco Canyon 92679 #21, 1241 Irvine Blvd., Tustin 92780 #25, 8171 Bolsa Ave., Midway City 92655 #40, 25082 Vista del Verde, Coto de Caza 92679 #56, 56 Sendero Way, Rancho Mission Viejo 92694 #58, 58 Station Way, Ladera Ranch 92694</p>
	<p><b>City of Seal Beach</b> #44, 718 Central Ave. 90740 #48, 3131 N. Gate Rd. 90740</p>		
	<p><b>City of Stanton</b> #46, 7871 Pacific St. 90680</p>		<p><b>Specialty Stations</b>  <b>Airport Rescue &amp; Firefighting</b> #33, 374 Paularino, Costa Mesa 92626  <b>Helicopter Operations</b> #41, 3900 W. Artesia Ave., Fullerton 92633</p>

**ORANGE COUNTY FIRE AUTHORITY**  
**Description of the Organization, Programs and Service Delivery**  
**June 30, 2016**

**EXECUTIVE MANAGEMENT**

Orange County Fire Authority (OCFA) is managed by an appointed Fire Chief and five Assistant Chiefs. Service activities are organized into five departments – Operations, Community Risk Reduction, Business Services, Support Services, and Organizational Planning.

Executive Management is responsible for planning, organizing, evaluating fire and emergency services, and providing direction to all departments within the organization. Executive Management also ensures that the types and levels of services provided are consistent with Board policy and the adopted budget. The following divisions report directly to the Fire Chief and are not included in one of the five departments:

**Communications and Public Affairs** facilitates many of the traditional organizational communications functions that include public information and media relations, public education and community outreach, legislative affairs, and multi-media services.

The **Human Resources Division** provides programs and services designed to support the OCFA and its employees in the achievement of its mission and objectives.

- Employee Benefits is responsible for the administration of employee benefit programs, including health, accidental death and dismemberment, dental, vision, life, disability and optional benefit plans. This section is also responsible for administrative duties and services to employees covering most areas of the Human Resources Division.
- Employee Relations oversees classification and compensation studies, recruitment and selection, labor negotiations, and Memorandum of Understanding (MOU) administration.
- Risk Management administers OCFA's general liability insurance, workers' compensation self-insurance program, and occupational safety and health programs.

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

**OPERATIONS DEPARTMENT**

The Operations Department is responsible for providing command and control direction regarding daily operations and all fire suppression activities, including resource utilization, deployment and staffing during major emergencies and disaster or extreme weather staffing conditions. Also included are other fire services such as community volunteer services, emergency medical services, training and safety, and air operations.

**Operations Training and Safety** (Training) – Training delivers and facilitates all operations personnel training

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

**Divisions I through VII** – There are seven operational divisions, each under the command of a Division Chief, encompassing geographical areas throughout the OCFA’s jurisdiction. Divisions are divided into field battalions, which are under the command of Battalion Chiefs. Within these field battalions are 72 fire stations that provide for regional emergency response to all structure fires, medical aids, rescues, hazardous materials incidents and wildland fires. Battalion Chiefs also oversee various support activities and specialty resources, which are described in more detail below.

<b>Division I</b>	<ul style="list-style-type: none"> <li>• <b>Battalion 1</b> primarily serves the cities of Los Alamitos, Seal Beach, and Westminster, as well as the unincorporated communities of Midway City and Rossmoor.</li> <li>• Division I also assists with the provision of emergency services to Seal Beach Naval Weapons Station and the Joint Forces Training Base in Los Alamitos.</li> </ul>
<b>Division II</b>	<ul style="list-style-type: none"> <li>• <b>Battalion 5</b> primarily serves the city of Irvine and the unincorporated community of Emerald Bay.</li> <li>• Division II provides emergency services to the University of California, Irvine (UCI), John Wayne Airport (JWA), and the Orange County Great Park. The division also provides administration, oversight, and training for the Airport Rescue Fire Fighting (ARFF) services and the Fire Exploring Program.</li> </ul>
<b>Division III</b>	<ul style="list-style-type: none"> <li>• <b>Battalion 6</b> primarily serves the cities of Dana Point, San Clemente, and San Juan Capistrano, as well as other unincorporated areas of southern Orange County.</li> <li>• <b>Battalion 7</b> primarily serves the cities of Mission Viejo and Rancho Santa Margarita, as well as the unincorporated communities of Coto de Caza, Trabuco Canyon, Modjeska Canyon, Ladera Ranch, and other unincorporated areas of southern Orange County.</li> <li>• Division III oversees specialized emergency response capabilities and equipment for the <b>Urban Search and Rescue</b> task force, which includes the Swift Water Rescue program and the Mass Casualty Unit.</li> </ul>

Division IV	<ul style="list-style-type: none"> <li>• <b>Battalion 2</b> primarily serves the cities of Placentia and Yorba Linda, as well as the unincorporated communities of Tonner Canyon, Carbon Canyon, and Chino Hills State Park.</li> <li>• <b>Battalion 3</b> primarily serves the cities Tustin and Villa Park; a portion of northern Irvine; and the unincorporated communities of Cowan Heights, Lemon Heights, Orange Park Acres, Irvine Lake, and Silverado Canyon.</li> <li>• <b>Community Volunteer Services (CVS)</b> is responsible for the coordination of Reserve Firefighters (RFF) who provide emergency medical aid, fire suppression and support services responding out of three stand-alone fire stations, five combination fire stations (both RFF and career personnel assigned), one RFF Fire Crew location, and one RFF Helicopter Crew location. CVS also administers and coordinates the OCFA Chaplain Program.</li> <li>• <b>Emergency Medical Services (EMS)</b> manages the delivery of medical services by OCFA’s emergency medical technicians (EMT) and paramedics. This includes the implementation of the continuing quality improvement program; continuing education for both career and reserve personnel; ongoing review of patient care; supply and equipment evaluation and purchasing; monitoring and tracking of paramedic licensure and EMT certifications; ambulance contract administration oversight; and paramedic recruitment, selection, evaluation, and accreditation. In addition, EMS serves as a liaison to county and state regulatory agencies, hospitals, ambulance providers, and other EMS groups.             <ul style="list-style-type: none"> <li>○ The <b>Wellness and Fitness (WEFIT)</b> program reports to EMS. Responsibilities include scheduling wellness exams; coordinating peer fitness trainers; providing employee health education and fitness programs; and providing physical training for academy recruits.</li> </ul> </li> </ul>
Division V	<ul style="list-style-type: none"> <li>• <b>Battalion 4</b> primarily serves the cities of Aliso Viejo, Laguna Hills, Laguna Niguel, Laguna Woods, and Lake Forest, as well as portions of Irvine.</li> <li>• Division V is also responsible for the ongoing oversight and management of the Staffing Program, which ensures correct, 24/7 staffing levels at all stations; the Staffing Committee; and the employee transfer process within the Operations Department.</li> </ul>
Division VI	<ul style="list-style-type: none"> <li>• <b>Battalion 9</b> primarily serves the city of Santa Ana.</li> <li>• The division also provides administration, oversight, and training for the Hazardous Materials Response Team (HMRT) and the Fire and Law Enforcement Joint Hazard Assessment Team (JHAT).</li> </ul>
Division VII	<ul style="list-style-type: none"> <li>• <b>Battalion 8</b> primarily serves the cities of Buena Park, Cypress, La Palma, and Stanton.</li> <li>• <b>Air Operations</b> is responsible for coordination of the OCFA’s helicopters. OCFA currently maintains firefighting helicopters used for emergency responses throughout the year for wildland and wildland urban interface fires and special rescues such as swift and still water rescues, medical rescue support and disaster mitigation.</li> <li>• Division VII also provides oversight for the OCFA Equipment Committee.</li> </ul>

## COMMUNITY RISK REDUCTION DEPARTMENT

The Community Risk Reduction Department contributes to community safety and prosperity through the systematic mitigation of risk. Staff work with the development community and partner agencies to help build safe communities; with community stakeholders and residents to maintain and enhance safety at the neighborhood level; and with other agencies and stakeholders to evaluate losses and improve mitigation through engineering, education and enforcement.

**Investigation Services** – The Investigation Services Division is responsible for investigating or reviewing fires to determine definitive causes for use in developing intervention strategies. After the initial origin and cause investigation is complete, follow-up investigations on criminal fires are conducted in cooperation with local, state and federal law enforcement agencies. Criminal cases are filed with the District Attorney’s Office, while juvenile-related fires may be handled through the Fire F.R.I.E.N.D.S. diversion program. The follow-up of non-criminal fire is conducted with the cooperation of local building officials and technical experts, with the intended result to reduce the reoccurrence of fires by accurately determining the root cause of all fires.

**Planning and Development** – The Planning and Development Division ensures that new developments meet state and local fire and life safety requirements.

- **Plan Review** serves as the entry point into OCFA’s planning and development process. Front counter and plan review staff work closely with the development community, as well as partner agency planning and building staff, to facilitate development and construction consistent with accepted safety practices and adopted standards. Responsibilities including reviewing conceptual community design proposals and building fire protection systems, as well as specific hazardous processes to ensure that appropriate design features have been integrated into each project. Staff also facilitate the adoption and implementation of the latest fire code every three years, and develop local amendments to address risks unique to Orange County.
- **New Construction Inspections** is the second major component of OCFA’s planning and development process. Staff assume responsibility for each project once actual construction commences, and work with contractors to ensure that projects are constructed in a manner consistent with adopted fire and life safety standards.
- Planning and Development also administers the **Smoke Alarm Program**, an educational vehicle to deliver the message that working smoke alarms save lives. The program incorporates the United States Fire Administration’s campaign line of “*Install, Inspect, Protect*” as the precursor to the overall educational message, and uses it to explain the process of installing, inspecting, and protecting your home.

**Pre-Fire Management** – The Pre-Fire Management Division focuses on the systematic reduction and mitigation of risk in the community.

- The **Community Wildfire Mitigation** program coordinates all efforts within OCFA specific to wildland fire prevention. The focus is to eliminate the loss of life; reduce the risk of wildfire to the communities and the environment; and reduce loss of property from wildfire.

- The **Fuel Modification** program complements both the Plan Review and New Construction Inspection programs for projects located in areas where vegetation poses a hazard to buildings and occupants. Staff assesses hazards and works with developers to apply special vegetation treatments and building construction features designed to reduce wildfire risk.
- **Crews and Equipment** is responsible for coordinating firefighting hand crews and heavy fire equipment. In addition to training and emergency response, responsibilities include preventative mitigation projects such as fire road and fuel break construction maintenance and projects at OCFA facilities.

**Prevention Field Services** – Prevention Field Services works with business and building owners and managers to ensure they understand the need and process for maintaining facilities and fire/life safety systems that are safe for occupants. The program consists of annual maintenance inspections based on the occupancy classifications and associated risks. Additionally, program staff issue permits for hazardous processes and special activities.

## **BUSINESS SERVICES DEPARTMENT**

The Business Services Department provides public records oversight; all financial functions; purchasing, receiving, shipping, warehousing and mail operations; and treasury and financial planning services.

**Clerk of the Authority** – The Clerk of the Authority (COA) facilitates the Board’s policy-making process; records and validates the proceedings of the Board and Committees; and provides timely and thorough access to public records. The COA ensures the legislative process is open and public by publishing and posting notices as required by law. It administers the activities pertaining to Board legislation, processes Board/Committee-approved agenda items, manages public records requests, and researches and disseminates information concerning Board/Committee actions to both OCFA staff and the public. The COA is the Fair Practice Commission’s filing official for the OCFA. The office is responsible for processing all subpoenas for business records and witnesses.

**Finance Division** – The Finance Division provides all financial functions, as well as treasury support services. The Finance Division oversees the accounting, reporting, planning and auditing of all OCFA financial records. It is also responsible for developing policies and procedures designed to protect and safeguard OCFA’s financial assets. Specific functions and responsibilities include accounts receivable; general accounting (including financial reporting and the monitoring and inventorying of OCFA’s fixed and controlled assets); cost accounting (including grants and incident restitutions); accounts payable (including procurement cards and travel-related disbursements); payroll; and timekeeping.

**Purchasing and Materiel Management** – The Purchasing Division administers the centralized procurement of all supplies, services, equipment, and construction services through competitive solicitations. Through centralized procurement, OCFA achieves standardized bidding and evaluation procedures; economies of scale on agency purchases; and an open, fair and competitive procurement process. The Purchasing Division is also responsible for developing and administering procurement policies and procedures and the procurement card program.

- The Materiel Management (Service Center) section provides shipping, receiving, and warehousing services for the OCFA; performs mail processing and delivery services; certifies and maintains breathing apparatus;

provides repair and fabrication services on equipment, woodworking, safety garments, and tools; manages the acquisition and distribution of bulk supplies and equipment; provides logistical support for both minor and major emergencies; and administers surplus disposition.

**Treasury and Financial Planning** – The Treasury and Financial Planning Division is responsible for providing cash management, budget development, and administrative support to the OCFA. Treasury services include monitoring cash balances, managing the investment portfolio in compliance with OCFA’s investment policy, issuing and administering long and short-term debt, providing oversight for the deferred compensation program, and providing analytical support for the Employee Benefits section. Financial planning services include preparation of the budget, monthly analysis and reporting of revenue and expenditure activities, annual reviews of OCFA’s financial health, financial forecasting, and special financial studies. Additional responsibilities include maintenance of lease-purchase agreements and various administrative support functions.

### **SUPPORT SERVICES DEPARTMENT**

The Support Services Department provides support to all departments of the OCFA. Responsibilities include emergency command; preventative maintenance, repair, acquisition, outfitting and disposal of vehicles and apparatus; system development, acquisition, installation and repair of communication and information systems hardware and software; and facility design, construction, repair and maintenance.

**Emergency Command Center** – The Emergency Command Center (ECC) is responsible for the dispatching function, which includes receiving emergency calls via 911, radio and other telecommunication links; assigning and controlling appropriate emergency response resources; managing unassigned resources to ensure adequate coverage; and providing a communication link for ambulances, law enforcement and other response agencies to fire emergencies. The ECC continues to maintain the Fire Station Order File, an essential component for Computer Aided Dispatch (CAD) operations.

**Fleet Services** – The Fleet Services Division provides a full line of services to meet the needs of all vehicle and fire apparatus operated by the OCFA. Fleet Services is responsible for all scheduled preventative maintenance; major repairs on all vehicles and fire apparatus in the fleet; twenty-four hour field repair service and tire repair; renovations and upgrades needed to meet changing equipment outfitting needs; recommending apparatus rotations in the attempt to meet mileage and life goals; and testing/certifying specialty equipment. It also develops vehicle/apparatus specifications and oversees the procurement, safety, manufacturing, and quality assurance of all vehicles/apparatus. Fleet Services is responsible for all bulk fuel ordering and administration of the Voyager fuel card accounts.

**Information Technology Division** – The Information Technology Division is responsible for the development, operation, maintenance and security of OCFA’s computers, network and overall technical infrastructure; the development and support of information systems applications and databases; maintenance of centralized enterprise Geographic Information System (GIS) and mapping capabilities; and the acquisition and maintenance of emergency communications equipment. Activities include development and monitoring of IT standards and guidelines; internal and external network development and coordination; and evaluation, selection and deployment for all computers, printers and automation software and hardware purchases, upgrades and replacements. Additional activities include the analysis, design, programming, implementation, maintenance

and security for existing and future computer systems; oversight or the installation of radios and Mobile Data Computers (MDC's) in emergency apparatus; and oversight for fire station alarm systems.

**Property Management** – The Property Management Division builds, manages and maintains the real property and durable infrastructure of the OCFA. Construction management responsibilities include design, planning and construction of stations built by OCFA, and planning assistance and construction consultation for developer and city built fire stations. Facilities management oversees preventative maintenance, repairs, alterations and improvements of the Regional Fire Operations and Training Center (RFOTC) and fire stations. Property Management also oversees utility usage, energy conservation and regulatory compliance.

## ORGANIZATIONAL PLANNING DEPARTMENT

The Organizational Planning Department oversees emergency management planning, performance improvement, and organization-wide strategic and advanced planning.

**Emergency Planning and Coordination (EPAC)** coordinates OCFA's emergency planning with federal, state and local jurisdictions and agencies; manages the Department Operations Center (DOC) during major emergencies; serves as the OCFA liaison to any agency requiring information on emergency response or planning; and represents the OCFA on working task forces such as the State and Federal Terrorism Task Force, Orange County Intelligence Assessment Center, Nuclear Power Authority, and Marine Disaster. This section coordinates all United States Forest Service (USFS), California Department of Forestry (CDF) and Fire Protection (CALFIRE) contract issues, contract counties review and automatic aid issues. EPAC also maintains and updates all city and county emergency plans, the Multi-Agency Mutual Aid Plan, California Emergency Management Agency (CALEMA) Mutual Aid Plan, Orange County Fire Service Operations Area Annex and Mutual Aid Plan, and the OCFA Supplement Response Guidebook.

**Organizational Training & Development** facilitates progress and processes that foster learning and development opportunities.

**Strategic Services** provides strategic and advanced planning functions for OCFA. Areas of responsibility include analyzing and monitoring impacts of development, annexation and incorporations; initiating agreements with developers for acquisition of new facilities; and researching demographic issues in order to determine appropriate service levels and benchmarks. Strategic Services also coordinates the OCFA Strategic Plan; responds to requests for parcel information, station location, Insurance Services Office (ISO) ratings and demographic information; and prepares proposals for fire services, accreditation and special reports as required.