



ORANGE COUNTY FIRE AUTHORITY AGENDA

Budget and Finance Committee Meeting

Wednesday, November 13, 2019

12:00 Noon

Orange County Fire Authority Regional Fire Operations and Training Center

1 Fire Authority Road

Room AE117

Irvine, California 92602

Shelley Hasselbrink, Chair

Don Sedgwick, Vice Chair

Sergio Farias Gene Hernandez Joe Muller Ed Sachs Tri Ta

Jennifer Cervantez - Ex Officio

This Agenda contains a brief general description of each item to be considered. Except as otherwise provided by law, no action or discussion shall be taken on any item not appearing on the following Agenda. Unless legally privileged, all supporting documents, including staff reports, and any writings or documents provided to a majority of the Budget and Finance Committee after the posting of this agenda are available for review at the Orange County Fire Authority Regional Fire Operations & Training Center, 1 Fire Authority Road, Irvine, CA 92602 or you may contact Sherry A.F. Wentz, Clerk of the Authority, at (714) 573-6040 Monday through Thursday, and every other Friday from 8 a.m. to 5 p.m. and available online at <http://www.ocfa.org>

If you wish to speak before the Budget and Finance Committee, please complete a Speaker Form identifying which item(s) you wish to address. Please return the completed form to the Clerk of the Authority. Speaker Forms are available on the counter noted in the meeting room.



In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, you should contact the Clerk of the Authority at (714) 573-6040. Notification 48 hours prior to the meeting will enable the Authority to make reasonable arrangements to assure accessibility to the meeting.

CALL TO ORDER

PLEDGE OF ALLEGIANCE by Director Hernandez

ROLL CALL

PUBLIC COMMENTS

Any member of the public may address the Committee on items within the Committee's subject matter jurisdiction but which are not listed on this agenda during PUBLIC COMMENTS. However, no action may be taken on matters that are not part of the posted agenda. We request comments made on the agenda be made at the time the item is considered and that comments be limited to three minutes per person. Please address your comments to the Committee as a whole, and do not engage in dialogue with individual Committee Members, Authority staff, or members of the audience.

2. MINUTES

A. Minutes for the October 9, 2019, Budget and Finance Committee Meeting

Submitted by: Sherry Wentz, Clerk of the Authority

Recommended Action:

Approve as submitted.

3. CONSENT CALENDAR

A. Annual Statement of Investment Policy and Investment Authorization

Submitted by: Robert Cortez, Assistant Chief/Business Services Department

Recommended Actions:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of November 21, 2019, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Review and approve the submitted Investment Policy of the Orange County Fire Authority, to be effective January 1, 2020.
2. Pursuant to Government Code Sections 53601 and 53607, renew delegation of investment authority to the Treasurer for a one-year period, to be effective January 1, 2020.

B. First Quarter Financial Newsletter

Submitted by: Robert Cortez, Assistant Chief/Business Services Department

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of November 21, 2019, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

C. Acceptance of Funds from the 2018 Homeland Security Grant Program for an Administrative Fire Captain Assigned to the Orange County Intelligence Assessment Center

Submitted by: Shane Sherwood, Division Chief/Division 7

Recommended Actions:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting on November 21, 2019, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Approve and authorize the Fire Chief to execute any necessary agreement(s) to accept and administer the FY 2018 Homeland Security Grant Program.
2. Approve a budget adjustment to the FY 2019/20 General Fund (121) budget to increase revenues and expenditures by \$180,000.

4. DISCUSSION CALENDAR

A. Monthly Investment Reports

Submitted by: Tricia Jakubiak, Treasurer

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of November 21, 2019, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

B. Audited Financial Reports for the Fiscal Year Ended June 30, 2019

Submitted by: Robert Cortez, Assistant Chief/Business Services Department

Recommended Actions:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of November 21, 2019, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Receive and approve the reports.
2. Review the calculations used to determine the fund balance amounts assigned to the capital improvement program and workers' compensation and confirm the calculations' consistency with the OCFA's Assigned Fund Balance Policy.

C. 2019 Long Term Liability Study & Accelerated Pension Payment Plan

Submitted by: Robert Cortez, Assistant Chief/Business Services Department

Recommended Actions:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of November 21, 2019, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Direct staff to continue the Accelerated Pension Payment Plan as indicated in the Updated Snowball Strategy.
2. Direct staff to adjust the FY 2019/20 General Fund budget to increase expenditures by \$5,037,714, the amount identified as the unencumbered fund balance identified in the FY 2018/19 financial audit, for the purpose of making a payment towards OCFA's unfunded pension liability.

D. Amendment to the Board Rules of Procedure for All Monthly Board Committee Meetings to Go Dark in August

Submitted by: Robert Cortez, Assistant Chief/Business Services Department

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of November 21, 2019, with the Budget and Finance Committee's recommendation that the Board adopt the proposed Resolution entitled A RESOLUTION OF THE ORANGE COUNTY FIRE AUTHORITY BOARD OF DIRECTORS AMENDING THE BOARD RULES OF PROCEDURE TO HAVE ALL MONTHLY BOARD COMMITTEE MEETINGS TO GO DARK IN AUGUST.

REPORTS

No items.

COMMITTEE MEMBER COMMENTS

ADJOURNMENT – The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, January 8, 2020, at 12:00 noon.

AFFIDAVIT OF POSTING

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted in the lobby and front gate public display case of the Orange County Fire Authority, Regional Training and Operations Center, 1 Fire Authority Road, Irvine, CA, not less than 72 hours prior to the meeting. Dated this 7th day of November 2019.

Sherry A.F. Wentz, CMC
Clerk of the Authority

UPCOMING MEETINGS:

Executive Committee Meeting Thursday, November 21*, 2019, 5:30 p.m.

Board of Directors Meeting Thursday, November 21*, 2019, 6:00 p.m.

All meetings go dark in December.

*Meeting date moved one week early, due to the Thanksgiving holiday.

MINUTES ORANGE COUNTY FIRE AUTHORITY

Budget and Finance Committee Regular Meeting

Wednesday, October 9, 2019

12:00 Noon

Regional Fire Operations and Training Center

Room AE117

1 Fire Authority Road

Irvine, CA 92602

CALL TO ORDER

A regular meeting of the Orange County Fire Authority Budget and Finance Committee was called to order on October 9, 2019, at 12:02 p.m. by Chair Hasselbrink.

PLEDGE OF ALLEGIANCE

Director Ta led the assembly in the Pledge of Allegiance to our Flag.

ROLL CALL

Present: Shelley Hasselbrink, Los Alamitos
Don Sedgwick, Laguna Hills
Joseph Muller, Dana Point
Tri Ta, Westminster
Gene Hernandez, Yorba Linda

Absent: Ed Sachs, Mission Viejo
Sergio Farias, San Juan Capistrano

Also present were:

Deputy Chief Lori Zeller	Assistant Chief Robert Cortez
Assistant Chief Jim Ruane	Assistant Chief Mark Sanchez
Assistant Chief Nina Collins	Assistant Chief Lori Smith
Communications Director Colleen Windsor	Clerk of the Authority Sherry Wentz

PUBLIC COMMENTS (F: 12.02B3)

Chair Hasselbrink opened the Public Comments portion of the meeting. Chair Hasselbrink closed the Public Comments portion of the meeting without any comments from the general public.

1. PRESENTATIONS

No items.

2. MINUTES

A. Minutes for the September 11, 2019, Budget and Finance Committee Regular Meeting (F: 12.02B2)

On motion of Director Hernandez and second by Vice Chair Sedgwick, the Budget and Finance Committee voted unanimously to approve the Minutes of the September 11, 2019, regular meeting as submitted. Director Ta was recorded as an abstention, due to his absence from the September 11, 2019, meeting.

3. CONSENT CALENDAR

A. 2018 Urban Areas Security Initiative Grant Program Agreement to Transfer Property or Funds (F: 16.02H2)

On motion of Director Ta and second by Director Hernandez, the Budget and Finance Committee voted unanimously by those present to direct staff to place the item on the agenda for the Board of Directors meeting of October 24, 2019, with Budget and Finance Committee's recommendations that the Board of Directors:

1. Accept the 2018 Urban Area Security Initiative Sub-Recipient Transfer Agreement.
2. Approve and authorize the Fire Chief to execute the necessary agreement(s).

B. Acceptance of FY 2016 Program to Prepare Communities for Complex Coordinated Terrorist Attacks (F: 16.02B8)

On motion of Director Ta and second by Director Hernandez, the Budget and Finance Committee voted unanimously by those present to direct staff to place the item on the Board of Directors meeting of October 24, 2019, with Budget and Finance Committee's recommendations that the Board of Directors:

1. Accept the FY 2016 United States Department of Homeland Security/Federal Emergency Management Agency Grant to Prepare Communities for Complex Coordinated Terrorist Attacks Program.
2. Approve a Budget Adjustment in Fund 121 to increase revenue and expenditures by \$35,189 for the grant program award.
3. Approve and authorize the Fire Chief to execute the necessary agreement(s).

C. 2018 Assistance to Firefighters Grant Program Acceptance of Funds (F: 16.02B5)

On motion of Director Ta and second by Director Hernandez, the Budget and Finance Committee voted unanimously by those present to direct staff to place the item on the Board of Directors meeting of October 24, 2019, with Budget and Finance Committee's recommendations that the Board of Directors:

1. Amend the Master Position Control List to add one limited-term Battalion Chief to serve as Grant Program Manager among other related duties.

2. Approve a Budget Adjustment in the General Fund (121) increasing revenues by \$1,323,986 and expenditures by \$1,522,584 for the Fire Ground Survival training.
3. Approve and authorize the Board Chair and/or Fire Chief and/or their designee to execute all documents necessary to effectuate the grant award.

4. DISCUSSION CALENDAR

A. Monthly Investment Reports (F: 11.10D2)

Treasurer Tricia Jakubiak provided an overview of the Monthly Investment Reports.

On motion of Director Ta and second by Director Hernandez, the Budget and Finance Committee voted unanimously by those present to direct staff to place the item on agenda for the Executive Committee meeting of October 24, 2019, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

B. Citygate Service Level Assessment Update and Adjustment to Purchase Orders (F: 17.16)

Assistant Chief Robert Cortez provided an overview for the Citygate Service Level Assessment Update and Adjustment to Purchase Order.

On motion of Director Hernandez and second by Vice Chair Sedgwick, the Budget and Finance Committee voted unanimously by those present to direct staff to place the item on the agenda for the Executive Committee meeting of October 24, 2019, with the Budget and Finance Committee's recommendation that the Executive Committee:

1. Receive and file the Service Level Assessments update for the period covering June through August 2019.
2. Approve and authorize the Purchasing Manager to reallocate funding from the Purchase Orders issued for the Executive Leadership Team and Fleet Services into the Field Deployment Service with the total contract amount remaining unchanged (\$700,725).

REPORTS (F: 12.02B6)

No items.

COMMITTEE MEMBER COMMENTS (F: 12.02B4)

There were no Committee Member comments.

ADJOURNMENT (F: 11.18)

Chair Hasselbrink adjourned the meeting at 12:25 p.m. The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, November 13, 2019, at 12:00 noon.

Sherry A.F. Wentz, CMC
Clerk of the Authority



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
November 13, 2019

Agenda Item No. 3A
Consent Calendar

Annual Statement of Investment Policy and Investment Authorization

Contact(s) for Further Information

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Treasury & Financial Planning

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Summary

This annual agenda item is submitted to the Committee in compliance with the Orange County Fire Authority's (OCFA's) Investment Policy that requires the Statement of Investment Policy to be reviewed and approved annually by the Budget and Finance Committee and the Board of Directors. This item is also being submitted in compliance with Government Code provisions which require the Board of Directors to review and renew the annual delegation of investment authority to the Treasurer for a one-year period.

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of November 21, 2019, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Review and approve the submitted Investment Policy of the Orange County Fire Authority, to be effective January 1, 2020.
2. Pursuant to Government Code Sections 53601 and 53607, renew delegation of investment authority to the Treasurer for a one-year period, to be effective January 1, 2020.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

The Statement of Investment Policy is reviewed annually and revised by the Treasurer, if needed. The proposed Policy is then submitted to the Budget and Finance Committee and Board of Directors for approval every November to become effective on January 1 for the calendar year.

During the past year, there were no significant legislative amendments to the California Government Code regarding investments. The Proposed Investment Policy for 2020; however, includes the following recommended changes for Sections 2 and 10 of the Policy to reflect the establishment of the Public Agency Retirement Services (PARS) 115 Trust as required under the Irvine Settlement Agreement and approved by the OCFA Board of Directors on May 23, 2019:

Recommended Changes to the Policy

2 Scope:

2.4 Additional trust funds may be set up to help reduce OCFA's unfunded pension liability. These funds may be held separately from the OCFA portfolio and invested according to guidelines provided by OCFA.

10 Authorized and Suitable Investments:

10.12 Additional trust funds may be set up to help reduce OCFA's unfunded pension liability. These funds may be held separately from the OCFA portfolio and invested according to guidelines provided by OCFA.

The Proposed Investment Policy is attached for review and approval, to be effective January 1, 2020.

Attachment(s)

Proposed Investment Policy



ORANGE COUNTY FIRE AUTHORITY

INVESTMENT POLICY

Calendar Year 2020



INVESTMENT POLICY

History of OCFA's Investment Policy & Cash Management Program

Following the formation of the Orange County Fire Authority (the Authority) in March 1995, OCFA funds were initially invested in the Orange County Investment Pool (OCIP) and the Local Agency Investment Fund (LAIF). At that time, investment options were limited since the Authority was using County services for treasury, banking, and accounting systems pending implementation of its own systems. During this transitional stage, OCFA staff worked to establish independent banking, custodian, and broker/dealer agreements, installed a portfolio management system, and implemented the Banner Financial System. Staff also researched and drafted a comprehensive Investment Policy. On January 1, 1997, the OCFA Board of Directors adopted the Investment Policy and appointed a Treasurer. Immediately thereafter, OCFA assumed in-house responsibility for Treasury services and implemented its own Cash Management & Investment Services Program.

As the Cash Management program evolved, all remaining funds in the OCIP were gradually withdrawn. The Treasurer invested these funds in individual securities and scheduled maturities to correspond with cash flow needs. Investments included Treasury and Federal Agency securities, prime quality commercial paper, money market mutual funds (U.S. Treasury Obligations), and LAIF.

Since inception in 1997, the Treasurer has continued to refine the Investment Policy on an annual basis to meet the changing needs of the Authority. The Policy has also been formally recognized by the Association of Public Treasurer's of the United States and Canada (APTA US&C). Certification is awarded when an investment policy meets the professional standards set forth by MTA US&C. Agencies may submit for re-certification after significant changes are made to the Policy.

During the past year, there were no significant legislative amendments to the California Government Code regarding investments. Sections 2 and 10 of the Investment Policy were amended to reflect the establishment of the Public Agency Retirement Services (PARS) 115 Trust as required under the Irvine Settlement Agreement and approved by the OCFA's Board of Directors on May 23, 2019.



INVESTMENT POLICY

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INVESTMENT POLICY

ORANGE COUNTY FIRE AUTHORITY

1. **Policy:** The Orange County Fire Authority shall invest public funds in such a manner as to comply with state and local laws; ensure prudent money management; provide for daily cash flow requirements; and meet the objectives, in priority order, of safety, liquidity, and return on investment.
2. **Scope:** This Investment Policy applies to all financial assets of the Orange County Fire Authority which are available for investment by the Authority's Treasurer; except that funds in the Authority's deferred compensation plan, defined contribution plan, and security deposits held in escrow in lieu of retention are excluded from this investment policy. The funds governed by this policy may be referred to herein as the OCFA portfolio.
 - 2.1. The Authority's funds are accounted for in the Comprehensive Annual Financial Report (CAFR) and include the funds listed below and any new fund created by the Board of Directors unless specifically exempted.
 - Fund 121 General Fund
 - Fund 122 Facilities Maintenance and Improvements
 - Fund 123 Capital Projects
 - Fund 124 Communications and Information Systems Replacement
 - Fund 133 Vehicle Replacement
 - Fund 171 Structural Fire Fund Entitlement
 - Fund 190 Self-Insurance Fund
 - Fund 422 Extra-Help Retirement Trust
 - 2.2. Bond fund investments will be held separately and made in accordance with the bond debenture requirements.
 - 2.3. Retiree Medical Trust Funds may be held separately from the OCFA portfolio and invested in accordance with California Government Code Section 53620 to 53622 and/or Section 31694.3.
 - 2.3.2.4. Additional trust funds may be set up to help reduce OCFA's unfunded pension liability.

These funds may be held separately from the OCFA portfolio and invested according to guidelines provided by OCFA.

3. **Prudence:** The standard of prudence to be used shall be the “prudent investor” standard (in Probate Code Sections 16040-16042 and 16045-16054 cited as Uniform Prudent Investor Act) and shall be applied in the context of managing the overall portfolio, not to a single item within a diversified portfolio. Investments shall be made with judgment and care (under circumstances then prevailing) which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.
4. **Objectives:** The primary objectives of investment activities, in order of priority, shall be:
 - 4.1. *Safety:* Safety of principal is the prime objective of the investment program. The investment program shall be designed and implemented to ensure preservation of capital in the overall portfolio. Invested funds shall be **diversified** to minimize the risk of loss resulting from over concentration of assets in a specific maturity, specific issuer, or specific class of securities.
 - 4.2. *Liquidity:* The investment portfolio shall be structured in a manner which strives to time the maturity of securities with cash requirements. Additionally, since not all possible cash demands can be anticipated, the portfolio should consist of securities with an active secondary or resale market.
 - 4.3. *Return on investment:* The Authority shall attempt to obtain a reasonable return provided that the requirements of safety and liquidity are first met.
5. **Authorization and Delegation of Authority:** Under California Government Code Section 53601, the legislative body of a local agency (i.e., the Authority’s Board of Directors) is authorized to invest surplus moneys as specified in that code section. In accordance with California Government Code Section 53607, this authority is delegated to the Treasurer of the Authority for a one-year period. Subject to review, the Board of Directors may renew the delegation of authority under this code section each year. The Treasurer will be responsible for all investment transactions and shall establish a system of controls to regulate the activities of officials involved in any aspect of the investment program.
 - 5.1. *Investment Procedures:* The Treasurer shall establish written procedures for the operation of the investment program consistent with this Investment Policy. The procedures should include reference to: safekeeping, repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. The procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction, except as provided under the terms of this policy and the procedures established by the Treasurer.
 - 5.2. *Delegation in Treasurer’s Absence:* In the Treasurer’s absence, the Treasurer delegates investment authority in the following order to (1) the Assistant Chief, Business

Services and (2) the Deputy Chief, Administration and Support Bureau or Fire Chief's designee.

6. **Duties and Responsibilities:**

- 6.1. *Treasurer:* Charged with responsibility for all public funds and securities belonging to or under the control of the Authority, and for the deposit and investment of those funds in accordance with the principles of sound treasury management and in accordance with the applicable laws, ordinances and policies adopted by the Authority.
- 6.2. *Auditor:* Charged with recording investment activity in the accounting records and with verifying the Treasurer's records with broker confirmations, bank statements and safekeeping records.
- 6.3. *Assistant Chief, Business Services:* Charged with responsibility (in the absence of the Treasurer) for all public funds and securities belonging to or under the control of the Authority and for their deposit. Duties related to investment activities shall be performed by staff other than those responsible for the accounting of those investments.
- 6.4. *Deputy Chief or Fire Chief's designee:* Charged with responsibility (in the absence of the Treasurer and Assistant Chief, Business Services) for all public funds and securities belonging to or under the control of the Authority and for their deposit. Duties related to investment activities shall be performed by staff other than those responsible for the accounting of those investments.
- 6.5. *Fire Chief:* Charged with responsibility for implementation of and conformance to the policies and procedures approved by the Board of Directors for the investment of the Authority's funds.
- 6.6. *Budget and Finance Committee:* Charged with responsibility for investment oversight. The Committee shall review the monthly investment reports and significant investment activity being undertaken. The Committee's recommendations shall be reported in a monthly investment report to the Executive Committee.
- 6.7. *Executive Committee:* Charged with responsibility to receive, review and approve the monthly investment report, following review by the Budget and Finance Committee.
- 6.8. *Board of Directors:* May delegate to the Treasurer for a one-year period the authority to invest the Fire Authority's funds. Subject to review, the Board may renew the delegation of this authority each year. The Board shall also annually consider and approve a written Statement of Investment Policy at a public meeting. Any change to the Investment Policy at any time shall also be considered by the Board at a public meeting.

7. **Ethics and Conflicts of Interest:** All officers, employees, and participants in the Authority's

investment process shall:

- 7.1. Act responsibly as custodians of the public trust.
 - 7.2. Avoid any transaction that might impair the public confidence in the Authority's ability to serve the citizens of our area of responsibility.
 - 7.3. Refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.
 - 7.4. Abide by the Authority's adopted Conflict of Interest Code, which by reference is incorporated into this Investment Policy.
 - 7.5. The Treasurer, the Assistant Chief, Business Services, the Deputy Chief or Fire Chief's designee and the Fire Chief shall be prohibited from doing personal investment transactions with any broker or securities dealer with whom OCFA does business, with the exception of the OCFA's primary bank for banking services. Employees shall subordinate their personal investment transactions to those of OCFA, particularly with regard to the time of purchases and sales.
8. **Authorized Financial Dealers and Institutions:** To promote the optimum yield on the investment of Authority funds, investment procedures shall be designed to encourage competitive bidding on transactions from approved financial institutions or broker/dealers.
- 8.1. On a triennial basis, the Treasurer shall recommend a list of at least three financial institutions and broker/dealers who are authorized to provide investment services. The list shall be approved by the Budget and Finance Committee and the Executive Committee. All financial institutions and broker/dealers who wish to be considered for the list must meet the following minimum requirements:
 - 8.1.1 Must certify that they have read and agree to comply with the investment policies of the Authority.
 - 8.1.2 Must be a primary or regional dealer that qualifies under the Securities and Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule).
 - 8.1.3 Must have a branch office in California.
 - 8.1.4 Must be experienced in institutional trading practices and familiar with the California Government Code as related to investments for local governmental agencies.
 - 8.1.5 Must have been in business for at least three years.
 - 8.1.6 Must provide current audited financial statements.

- 8.1.7 Must provide proof of Financial Industry Regulatory Authority (FINRA) certification.
- 8.1.8 Other criteria as may be established in the *Investment Procedures Manual* of the Authority.
- 8.2. All financial institutions in which the Authority's public funds are deposited will supply the Treasurer with the following:
 - 8.2.1 Current audited financial statements.
 - 8.2.2 Depository contracts.
 - 8.2.3 A copy of the latest FDIC call report.
 - 8.2.4 Proof that the institution is state or federally chartered.

9. **Authorized Investment Advisors and Investment Managers:**

Authorized Investment Advisors

Although the Authority does not currently use an investment advisor, these policies and procedures shall be applicable if an investment advisor is utilized in the future to provide advice and guidance for the investment of OCFA portfolio funds. Under Government Code, the Authority is authorized to engage specially trained and experienced firms for economic advice and services. The Board of Directors must approve, in advance, all contracts with an investment advisor, after review by the Authority's Counsel. The investment advisor may only provide advice and may not effectuate trades; he/she may not make investment decisions. The Treasurer shall provide the investment manager with a copy of the Authority's Investment Policy.

Authorized Investment Managers

The provisions above for authorized investment advisors also apply to authorized investment managers. In addition, an investment manager may effectuate trades upon specific authorization for each transaction; however, he/she may not make investment decisions. All investment decisions must be made and approved by the Treasurer in advance, before the investment manager is authorized to execute a transaction. The Treasurer shall provide the investment manager with a copy of the Authority's Investment Policy. Upon execution of any trade, the Authority must receive confirmation directly from the broker/dealer and the custodian, not from the investment manager. Investments recommended by the investment manager should be safe kept by the Authority's regular custodian, and not with the investment manager.

10. **Authorized and Suitable Investments:** The Authority is empowered by statute (California Government Code Section 53600 et seq., 53620 et seq., and Section 5922[d]) to invest in the

following types of securities (see Section 15 of this Policy for maximum percentage limits imposed under Authority Policy):

- 10.1. U.S Treasury or Federal Agency securities.
- 10.2. Collateralized or insured passbook savings accounts and demand deposits.
- 10.3. Collateralized or insured certificates of deposit (or time deposits) placed with commercial banks (maximum term five years).
- 10.4. Bankers acceptances (issued by one of the 10 largest domestic banks or 20 largest international banks based on assets) with maturities not to exceed 180 days. State statute restricts bankers' acceptances to no more than 40% of the agency's surplus funds and no more than 30% in any one commercial bank. Authority policy is more restrictive, with a maximum 25% limit (see Section 15.1.4). Bankers' acceptances are to be purchased only from institutions that are well capitalized as the term is defined in the glossary.
- 10.5. Money market mutual funds whose portfolio consists solely of short-term treasury securities (i.e., one year or less remaining until maturity, at purchase). Mutual funds must be AAA rated by at least 2 of the 3 largest rating agencies.
- 10.6. Repurchase agreements whose underlying collateral consists of U.S. Treasury obligations or U.S. government agency obligations and the collateralization level must be in accordance with Government Code section 53601(i)(2), effective January 1, 1996 (maximum maturity of 14 days). A Public Securities Association (PSA) Master Repurchase Agreement is required between the Authority and the bank or broker/dealer for all repurchase agreements transacted. Direct investment in reverse repurchase agreements is prohibited.
- 10.7. Local Agency Investment Fund (State of California Pool).
- 10.8. Commercial paper in compliance with the following requirements:
 - 10.8.1 Must be rated highest-quality by at least two of the following three nationally recognized rating agencies. Highest-quality ratings are defined as (1) Moody's Investor Services rating of P1; (2) Standard & Poor's rating of A1/A1+; (3) Fitch rating of F1/F1+.
 - 10.8.2 Investments will not be made with commercial paper issuers placed on negative credit watch by any one of the above rating agencies.
 - 10.8.3 Commercial paper issuers must be domestic corporations having assets in excess of \$500,000,000 and having an AA or better rating on its long term debentures as provided by Moody's, Standard & Poor's, or Fitch.

- 10.8.4 Purchases of eligible commercial paper may not: (a) exceed 270 days to maturity; or (b) exceed 15% of the cost value of the portfolio. Although Government Code allows a maximum investment in commercial paper of 25%, Authority Policy maintains a 15% maximum, which is more restrictive.
- 10.8.5 The Treasurer shall conduct research on commercial paper issuers prior to investing OCFA funds with those issuers. The Treasurer will avoid investing in issuers with current events that involve negative financial implications that could lead to a downgrade to their credit rating. Sources of research will include, at a minimum, WSJ.com, Bloomberg.com, Marketwatch.com, and CNNMoney.com.
- 10.9. Negotiable certificates of deposit, issued by national or state-chartered banks or state or federal savings institutions, commercial bank, savings bank (savings and loan association), or credit union that uses a private sector entity that assists in the placement of certificates of deposit under specified conditions. Government Code limits negotiable certificates of deposit to 30% of the portfolio. Authority Policy, which is more restrictive, limits investment in these securities to 25% (see Section 15.1.5).
- 10.10. Proceeds of bonds or other indebtedness and any moneys set aside and pledged to secure payment of the bonds may be invested in accordance with the resolution, indenture, or other statutory provisions governing the issuance of those bonds or indebtedness.
- 10.11. Retiree Medical Funds may be held in a separate trust fund and invested as permitted under California Government Code Section 53620 to 53622 and/or Section 31694.3 for the purpose of paying health insurance benefits to retirees.
- ~~10.11.~~10.12. Additional trust funds may be set up to help reduce OCFA's unfunded pension liability. These funds may be held separately from the OCFA portfolio and invested according to guidelines provided by OCFA.
11. **Unallowable Investments / Restrictions:** The Authority shall **not** invest OCFA portfolio funds in the following instruments:
- 11.1. Derivatives, except for indirect investment through the State's Local Agency Fund.
- 11.2. Reverse repurchase agreements, although indirect investment through a pool is allowable up to a maximum of ten percent (10%) of the pool's portfolio.
- 11.3. Financial futures or financial options.
- 11.4. Common stocks or corporate bonds.

12. **Investment Pools:** Governmental sponsored pools and/or mutual funds should be carefully reviewed prior to investing and should be monitored on an ongoing basis. Requisite information on the pool includes the following:
 - 12.1. A statement of investment policy and objectives.
 - 12.2. A list of allowable investments.
 - 12.3. Disclosure regarding settlement and safeguarding of investments.
 - 12.4. Description of securities pricing (fair value) and whether GASB 31 compliant.
 - 12.5. An explanation of interest calculations and distributions, plus fee disclosures.
 - 12.6. Deposit and withdrawal restrictions.
 - 12.7. Disclosure of audit findings and reports.
13. **Collateralization:** Collateral must always be held by an independent third party with whom the Authority has a current custodial agreement.
 - 13.1. State law regarding collateralization of deposits of public funds requires that securities be held by an agent (i.e., a trust company) of the bank, which may include the bank's trust department only if acceptable to both the bank and the Treasurer, pursuant to California Government Code Sections 53656 and 53658. Under the provisions of California Government Code Section 53652, banks are required to secure the deposits of public funds, including certificates of deposits, by: a) pledging government securities with a value of 110% of the principal and accrued interest; b) pledging first trust deed mortgage notes having a value of 150% of the total agency deposit; or c) a letter of credit drawn on the Federal Home Loan Bank at 105% of the total agency deposit. Deposits must be secured at all times with eligible securities pursuant to Section 53651. A copy of the Call Report of Local Agency's Deposits and Securities must be supplied to the Authority and retained to document compliance with the collateral requirements.
 - 13.2. Collateralization of repurchase agreements must be at least 102% of the market value of principal and accrued interest. Collateral must consist of U.S. Treasury obligations or U.S. Agency obligations. Other specific requirements on repurchase agreements must be addressed in a master repurchase agreement between the Authority and the bank or broker/dealer.
 - 13.3. The Treasurer, at his/her discretion, may waive the collateral requirements for deposits up to \$250,000 which are fully insured by the Federal Deposit Insurance Corporation. The right of collateral substitution is granted.
14. **Safekeeping and Custody:** All security transactions shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party qualified custodian and

evidenced by safekeeping receipts. The trust department of the Authority's bank may act as third party custodian, provided that the custodian agreement is separate and apart from the banking agreement.

15. **Diversification**: The Authority shall maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity, issuer, or security type.

15.1. *Restrictions on Securities*: At no time shall the Authority's portfolio be invested in a single security type or in a single financial institution or pool in excess of 15% of the total investment portfolio, with the following exceptions:

- | | | |
|--------|------------------------------|--|
| 15.1.1 | Treasury securities | 100% |
| 15.1.2 | Local Agency Investment Fund | 75% <i>(Excludes moneys deposited in LAIF bond funds.)</i> |
| 15.1.3 | Federal Agency securities | 75% |
| 15.1.4 | Bankers' Acceptances | 25% |
| 15.1.5 | Negotiable CD's | 25% |

15.2. *Exception for Automatic Overnight Sweep*: There shall be no restriction on the amount that is automatically swept from the Authority's bank into the Highmark Money Market Mutual Fund of U.S. Treasury Obligations *on an overnight basis*, in order to accommodate immediate investment of large inflows of property taxes or other receipts, pending diversified investment into other securities by the Treasurer.

15.3. *Maturity Diversification*: Every effort will be made to match investment maturities to cash flow needs. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing the market risk. Maximum maturities shall be as follows:

- | | |
|--------|---|
| 15.3.1 | At least 50% of the portfolio is limited to a period of one year or less. |
| 15.3.2 | 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. |

16. **Internal Control**:

16.1. Internal policies and procedures shall be developed to assure that appropriate controls are in place to document and confirm all transactions. A separate *Investment Procedures Manual* shall be established to assist Treasury staff with daily operations and shall be reviewed at least annually by the Treasurer.

16.2. An independent analysis by an external auditor shall be conducted annually to review

internal control, account activity and compliance with policies and procedures.

- 16.3. To provide further protection of the Authority funds, written instructions require the Authority's bank to obtain verification of all wire transfers from two of the three following officers:
 - 16.3.1 Treasurer.
 - 16.3.2 Assistant Chief, Business Services.
 - 16.3.3 Deputy Chief, or Fire Chief's designee.
17. **Performance Standards:** The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with investment risk constraints and cash flow needs.
 - 17.1. *Investment Strategy:* The Authority's basic investment strategy is to buy and hold investments until maturity. However, the Treasurer may sell a security due to adverse changes in credit or market risk or due to unexpected cash flow needs.
 - 17.2. *Market Yield (Benchmark):* The basis used by the Treasurer to determine whether market yields are being achieved shall be the rates of return from the following combination of indices: Local Agency Investment Fund (LAIF) and 3-month, 6-month and 1-year Treasury Bills (constant maturity).
 - 17.3. *Review:* The investment policy shall be reviewed at least annually by the Budget and Finance Committee and approved by the Board of Directors to ensure its consistency with the overall objectives of safety (including diversification), liquidity and return, as well as its relevance to current law and financial/economics trends. The Authority's philosophy prohibits speculation (i.e., purchasing securities with the intent to profit from anticipated changes in future market conditions). Leveraging or borrowing money for the purpose of investing is specifically prohibited.
18. **Reporting:**
 - 18.1. *Monthly Reports:* In compliance with Government Code Sections 53607 and 53646, the Treasurer shall file a monthly investment report with the Clerk of the Board, who will submit copies to the Board of Directors, the Executive Committee, the Budget and Finance Committee, the Fire Chief, the Deputy Chief, Administration and Support Bureau, the Assistant Chief, Business Services, the Auditor, and the Authority's outside auditor (as required). The investment report will be agendaized for the monthly meetings of the Budget and Finance Committee and the Executive Committee, and any Board member may request inclusion of the report on the Board's agenda at any time. This report shall certify that the Treasurer has complied with the Authority's *Investment Procedures Manual* and will include an *Executive Summary*, which provides a condensed summary of the most important information in the report, plus a

detailed report covering the following elements:

- 18.1.1 Type of investments and percent that each type represents in the portfolio.
 - 18.1.2 Issuer.
 - 18.1.3 Purchase date.
 - 18.1.4 Date of maturity.
 - 18.1.5 Amount of deposit.
 - 18.1.6 Face value of the securities.
 - 18.1.7 Current market value of securities.
 - 18.1.8 Portfolio yield and comparison to benchmark.
 - 18.1.9 Interest earnings.
 - 18.1.10 Percentage of portfolio maturing within one year, 1-3 years, 3-5 years and over 5 years.
 - 18.1.11 Statement relating the report to the Investment Policy.
 - 18.1.12 Statement on availability of funds to meet its obligations for the next 30 days and the next 6 months.
 - 18.1.13 Description of funds, investments, or programs managed by contracted parties.
 - 18.1.14 Statement of compliance of the portfolio with the investment policy or manner in which the portfolio is out of compliance.
 - 18.1.15 GASB 31 effects on financial statements.
 - 18.1.16 Comments on the fixed income markets and economic conditions.
 - 18.1.17 Potential changes in future portfolio structure (if any), including risk factors.
 - 18.1.18 Any other information required by the Board.
- 18.2. *Annual Reports:* The Treasurer shall submit an annual report to the Budget and Finance Committee and the Executive Committee, following the close of the fiscal year which shall certify that the Treasurer has complied with the Authority's investment procedures and detail the following:

- 18.2.1 Analysis of the composition of the investment fund.
- 18.2.2 Discussion of investment risk in the portfolio.
- 18.2.3 GASB 31 impacts.
- 18.2.4 A review of trends regarding the size of the investment fund.
- 18.2.5 Portfolio performance and comparison to benchmark.
- 18.2.6 Investment income.
- 18.2.7 A statement of anticipated investment fund activity in the next fiscal year.

18.3 **Investment Policy Adoption:** The Treasurer shall annually render to the Fire Chief, the Budget and Finance Committee, and the Board of Directors a Statement of Investment Policy.

Glossary

Active Deposits. Funds which are immediately required for disbursement.

Active investment management. An investment strategy that involves the active trading of securities in an attempt to earn above-average returns on a portfolio. Active investment management requires frequent monitoring of financial markets.

Agency. A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of federal agency is the Government National Mortgage Association (GNMA). An example of an FSA is the Federal National Mortgage Association (FNMA).

Arbitrage. Generally, transactions by which securities are bought and sold in different markets at the same time for the sake of the profit arising from a difference in prices in the two markets.

Bankers' Acceptances (BA's). Time drafts or bills of exchange that are accepted payment by banks engaged in the financing of international trade. BA's finance the importation, exportation, shipment or storage of foreign and domestic goods. BA's are usually backed by documentation such as invoices, bills of lading, or warehouse receipts. Upon acceptance by a bank, a BA becomes an irrevocable and unconditional obligation of the accepting bank, while it is also an obligation of the drawer as well as any endorser thereof.

Basis point. By common agreement, .01% of yield on a fixed income security (1/100 of 1%).

Bond Equivalent Yield (BEY). An annual yield, expressed as a percentage, describing the return provided to bond holders. A bond equivalent yield is double the simple interest, semiannual yield. Since Treasury and agency notes and bonds pay interest semiannually, the bond equivalent yield is a way to compare yields from discount securities, such as Treasury bills and bankers' acceptances with yields available from coupon securities. From that usage, this yield measure is also known as the coupon yield equivalent. For securities that pay daily, monthly or quarterly interest, the bond equivalent yield understates the benefits obtained from the compounding of those investments.

Book-entry clearance. A system for the transfer of ownership of securities through entries on the records of a centralized agency. The centralized agency holds securities on behalf of their owners; when the securities are sold, ownership is transferred by bookkeeping entry from the seller to the purchaser. In the case of U.S government securities, securities certificates are not issued, and ownership of the securities is evidenced in computer records maintained by the Federal Reserve System. For other types of securities, book entry clearance is made available through linked or interfaced systems maintained by four securities depositories, which hold securities and act on behalf of their participants.

Book-entry security. A security which is not available to purchasers in physical form. Such a security may be held either as a computer entry on the records of a central holder (as is the case with U.S. certain government securities) or in the form of a single, global certificate.

Book value. The value at which a security is carried on the inventory lists or other financial records of an investor. This value may be the original cost of acquisition of the security, or original cost adjusted by the amortization of a premium or accretion of a discount. The book value may differ significantly from the security's current value in the market.

Broker. A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides; he does not position or take ownership of the security.

Certificate of Deposit (CD). A deposit of funds, in a bank or savings and loan association, for a specified term that earns interest at a specified rate or rate formula.

Collateralization. Process by which a borrower pledges securities, property or other deposits for the purpose of securing the repayment of a loan and/or security.

Commercial Paper. Unsecured short-term promissory notes issued by corporations, with maturities ranging from 2 to 270 days. May be sold on a discount basis or may bear interest. Firms with lower ratings or without well known names usually back their commercial paper with guarantees or bank letters of credit.

Coupon rate. Interest rate, expressed as a percentage of par or face value, that issuer promises to pay over lifetime of debt security.

Credit Risk. The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

Current Yield (Current Return). A measure of the simple interest annual yield for interest-bearing investments with maturities of one year or more. To calculate the current yield, the annual coupon interest income is divided by the amount paid to acquire the investment. It is important to note that the current yield is only accurate for investments purchased at par. The current yield calculation includes just one income cash flow - the annual interest income. It ignores the profit or loss resulting from discounts and premiums.

Custody. The service of an organization, usually a financial institution, of holding (and reporting) a customer's securities for safekeeping. The financial institution is known as the **custodian**.

Dealer. An individual or firm who, as a matter of regular business, purchases or sells securities for his account and risk.

Delivery versus payment (DVP). A settlement procedure where payment for a securities purchase is made simultaneously with the transfer of the purchased securities. The same procedure applies for a securities sale; the securities are transferred as payment is made.

Derivative instrument. A security that derives its value from an underlying asset, group of assets, reference rate, or an index value. Some derivative instruments can be highly volatile and result in a loss of principal in changing interest rate environments.

Discount. The amount by which a bond sells under its par (face) value.

Discount securities. Securities that do not pay periodic interest. Investors earn the difference between the discount issue price and the full face value paid at maturity. Treasury bills, bankers' acceptances and most commercial paper are issued at a discount.

Diversification. Dividing investment funds among a variety of securities, offering independent returns, to reduce risk inherent in particular securities.

Effective Annual Yield. A seldom used expression to refer to the yield on an investment expressed on a compound interest basis.

Fed Wire. Computerized network linking the Fed with its district banks, member banks, and primary dealers in government securities.

Federal Agency Securities. A variety of securities issued by several Federally sponsored agencies. Some are issued on a discount basis and some are issued with coupons. Several have the full faith and credit guarantee of the U.S. government, although others do not.

Federal Deposit Insurance Corporation (FDIC). A federal agency that insures bank deposits, currently up to \$250,000 per deposit.

Federal funds (Fed Funds). Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

Fed Funds Rate - Interest rate charged by one institution lending federal funds to another.

Floater. A floating rate security with an interest rate that resets at specified intervals according to an underlying index, such as LIBOR (the London Interbank Offered Rate), and is based on a predetermined formula. The value of a floater will fluctuate as interest rates change and therefore can be very volatile.

Inactive deposits. Funds not immediately needed for disbursement.

Interest rate risk. The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value.

Inverse floater. A security that reacts inversely to the direction of interest rates. These securities can be very volatile and can lose value in a rising interest-rate environment.

Leverage. An attempt to increase the rate of return on an investment by buying securities on margin or using borrowed funds for investment purposes. This practice can be risky if interest rates rise or if investment yields are lower than expected.

Liquidity. The quality of an asset that permits it to be converted quickly into cash without a significant loss of value.

Local Agency Investment Fund (LAIF). A special fund in the State Treasury which local agencies may use to deposit funds for investment and for reinvestment. There is no minimum investment period and the minimum transaction is \$5,000, in multiples of \$1,000 above that, with a maximum of \$50 million for any agency (*excluding bond funds, which have no maximum*). It offers high liquidity because deposits can be converted to cash in 24 hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly via a check, warrant, or direct deposit to the agency's State Pooled Fund account. The State keeps an amount for reasonable costs of making the investments, not to exceed 1/4 of a percent of the earnings.

Marketability. The measure of ease with which a security can be sold in the secondary market.

Mark-to-Market. The practice of valuing a security of portfolio according to its market value, rather than its cost or book value.

Market Rate of Return. The average yield of the 3-month U.S. Treasury Bill or other index that closely matches the average maturity of the portfolio.

Market Value. The price at which the security is trading and could presumably be purchased or sold.

Maturity Date. The specified day on which the issuer of a debt security is obligated to repay the principal amount, or face value of, a security.

Money Market Mutual Fund. Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos and federal funds).

Mutual Fund. An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines.

Negotiable. Salable.

Par. Face value or principal value of a bond, typically \$1,000 per bond.

Passive investment management. An investment strategy where securities are bought with the

intention of holding them to maturity or investments in benchmark products designed to yield a market rate of return.

Principal. The face amount or par value of a debt instrument.

Primary Dealer. A small group of large banks and brokers that have pledged to make a market for any Treasury securities at any time. They are required to report their inventory positions and volume of activities to the Federal Reserve. Because of this, they are given the right to deal directly with the Federal Reserve in their daily operations.

Prudent Investor Standard. A standard of conduct where a person acts with care, skill, prudence, and diligence when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing funds. The test of whether the standard is being met is if a prudent person acting in a similar situation would engage in similar conduct to ensure that investments safeguard principal and maintain liquidity.

Rate of return. The amount of income received from an investment, expressed as a percentage. A *market rate of return* is the yield that an investor can expect to receive in the current interest-rate environment utilizing a buy-and-hold to maturity investment strategy.

Public Securities Association. The bond market trade association, which publishes a Master Repurchase Agreement that is widely accepted as the industry standard.

Rating. Judgment of creditworthiness of an issuer made by an accepted rating service.

Repurchase Agreement (Repo). A form of secured, short-term borrowing in which a security is sold with a simultaneous agreement to buy it back from the purchaser at a future date. A *master repurchase agreement* is a written contract governing all future transactions between the parties and seeks to establish each party's rights in the transaction.

Reverse Repurchase Agreement. A form of secured, short-term investment in which a security is purchased with a simultaneous agreement to sell it back to the seller at a future date.

Safekeeping. A procedure where securities are held by a third party acting as custodian for a fee.

Secondary Market. Markets for the purchase and sale of any previously issued financial instrument. The first sale of a financial instrument by the original issuer is said to be done a primary market. All subsequent trades are said to be secondary market.

Securities Investors Protection Corporation (SIPC). A private corporation providing insurance to brokerage firms to cover customer accounts up to \$500,000 in securities which includes a \$250,000 for cash.

Swap. The trading of one asset, or cash flows, for another. Sometimes used in active portfolio management to increase investment returns by "swapping" one type of security for another. Also used to manage risk; for example, swapping fixed interest rate payments for floating rate payments.

Total return. Interest income paid on the invested principal, plus interest income earned from the successive reinvestment of that interest income, plus projected capital gains (or minus losses) on the investment. Differs from yield to maturity because (1) it can include gains or losses from sales prior to maturity, and (2) it permits the assumption of a reinvestment rate different from the yield earned on the underlying principal.

Treasury Bills. Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

Treasury Notes. Intermediate U.S. government debt securities with maturities of one to 10 years.

Treasury Bonds. Long-term U.S. government debt securities with maturities of ten years or longer.

Uniform Net Capital Rule. Securities and Exchange Commission 15C3-1 outlining capital requirements for brokers.

Weighted Average Maturity (WAM). The average maturity of all the securities that comprise a portfolio.

Yield. Loosely refers to the annual return on an investment expressed as a percentage on an annual basis. For interest-bearing securities, the yield is a function of the rate, the purchase price, the income that can be earned from the reinvestment of income received prior to maturity, call or sale and the time from purchase to maturity, call or sale. Different formulas or methods are used to calculate yield. See Yield to Maturity and Total Return Analysis.

Yield-to-maturity. The rate of return yielded by a debt security held to maturity when both the interest payments and the investor's potential capital gain or loss are included in the calculation of the return.



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
November 13, 2019

Agenda Item No. 3B
Consent Calendar

First Quarter Financial Newsletter

Contact(s) for Further Information

Robert Cortez, Assistant Chief Business Services Department	robertcortez@ocfa.org	714.573.6012
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Deborah Gunderson, Budget Manager	deborahgunderson@ocfa.org	714.573.6302

Summary

This routine agenda item is submitted to provide information regarding revenues and expenditures in the General Fund and the Capital Improvement Program Funds through the first quarter of FY 2019/20.

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of November 21, 2019, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

The Quarterly Financial Newsletter provides information about the General Fund's top five revenue sources as well as expenditures by department and by type. Revenues and expenditures for the Capital Improvement Program (CIP) funds are also included. Revenues and expenditures for the General and CIP Funds through the first quarter are within budgetary estimates, except where noted in the attached newsletter.

Attachment(s)

First Quarter Financial Newsletter – July 2019 to September 2019

1st Quarter July to September 2019

Financial Newsletter



Summary

The Quarterly Financial Newsletter provides summary level information regarding the General Fund (GF) operating budget and Capital Improvement Program (CIP) budget to highlight revenue and expenditure trends and other areas to note.

With the 1st Quarter (i.e. 25%) of the fiscal year completed, General Fund actual revenues are on target with budget estimates and expenditures are slightly higher than anticipated. As of the end of the quarter, OCFA received 11.7% of budgeted revenues and expended 19.5% of appropriations.

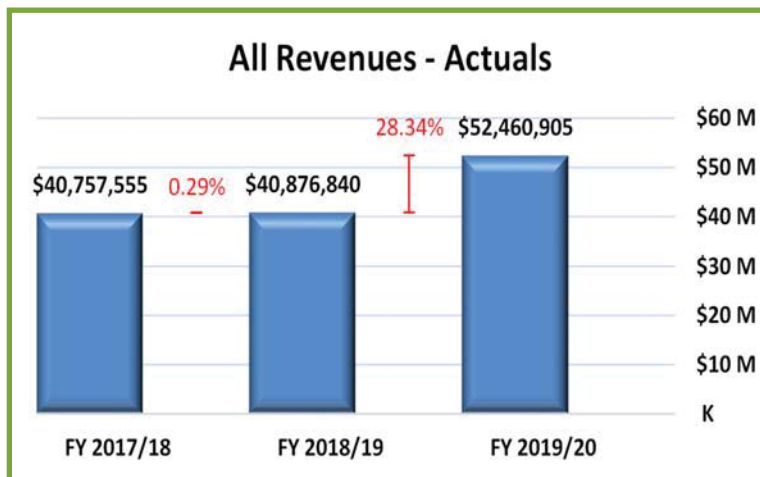
CIP projects are well underway with 23% of the GF CIP and Fire Apparatus budgets expended thus far.

For additional info, see attached newsletter.

General Fund

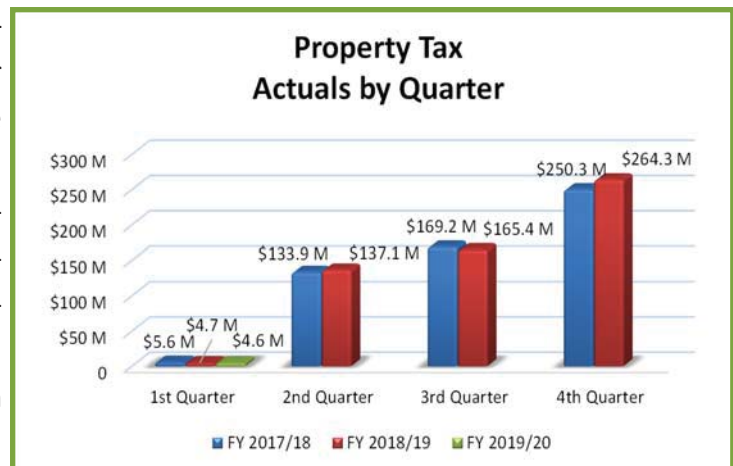
REVENUES - General Fund revenues received as of the 1st Quarter amounted to \$52.4 million; approximately 28.3% higher than the prior year. The increase is primarily due to new revenues in the 2019/20 fiscal year such as Garden Grove contract charges and funding attributed to the FIRIS and NextGen pilot programs. The top five revenues, which are comprised of Property Taxes, Cash Contracts, Miscellaneous, State Re-

imbursements, and Community Risk Reduction Fees are trending as expected.

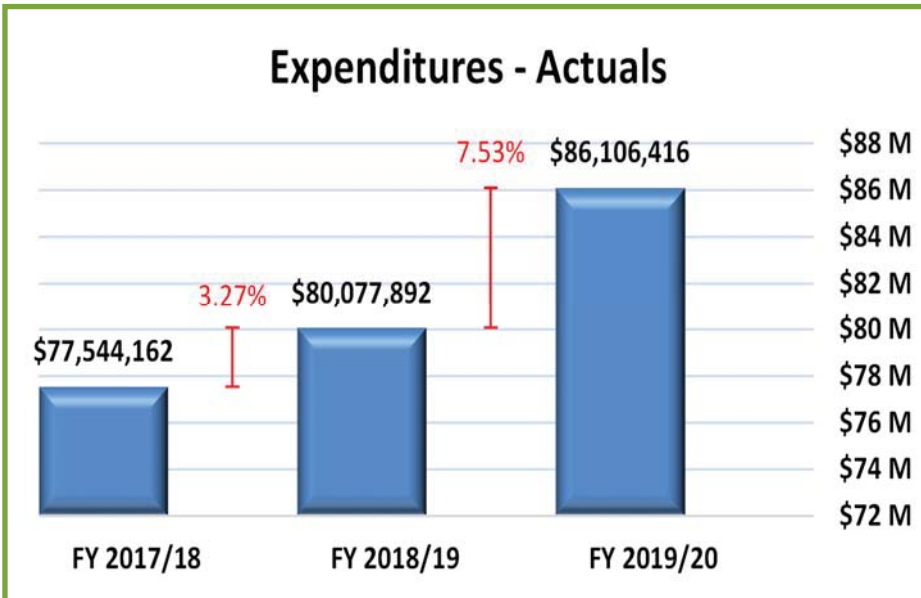


imbursements, and Community Risk Reduction Fees are trending as expected.

1st Quarter Property Tax revenues are trending at a similar pace when compared to the prior fiscal year, and projected to hit our budget target by fiscal year-end. Property tax revenues are typically on the low-end at the 1st Quarter and peak during the 2nd and 4th quarters of the fiscal year.



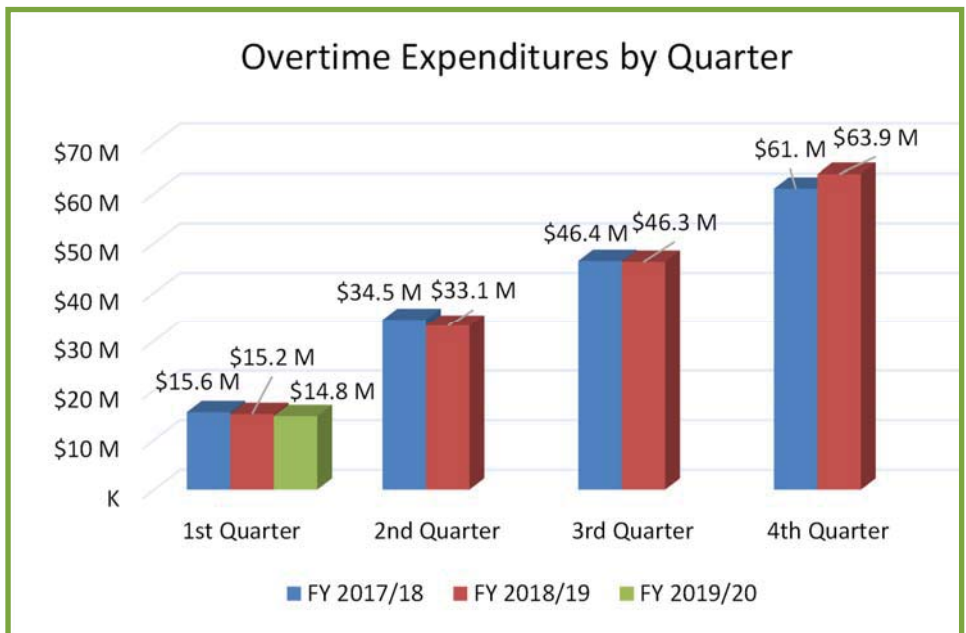
EXPENDITURES — General Fund expenditures for the 1st Quarter amounted to \$86.1 million and reflect an increase of 7.5% when compared to prior fiscal year. Initial budget estimates projected 1st Quarter expenditures ending at \$85.1 million.



Higher than anticipated salary and employee benefit costs, such as overtime expenditures within Operations are the main drivers. Services, supplies and equipment ended the quarter lower than anticipated and helped to offset the Operations cost increases.

The following Overtime Expenditures by Quarter chart captures historical cumulative overtime expenditures from fiscal year 2017/18 through the 1st Quarter of 2019/20. As illustrated, 1st Quarter actual

overtime expenditures are trending slightly lower than the prior fiscal year, however, overtime expenses are expected to increase due to emergency incidents and upstaffing for high fire risk weather conditions such as the October wind related incidents which will be reflected in the 2nd Quarter. The overtime budget for fiscal year 2019/20 was developed anticipating a reduction in overtime funding for firefighter vacancies (also known as the Open Positions overtime category). At



the end of the 1st Quarter, overtime for Open Positions was the largest category of overtime expenditures and has exceeded initial estimates. Staff will monitor the Open Positions category of overtime and will propose adjustments as part of the Mid-Year Budget Adjustment if current trends continue.

We hope you have found this summary information illustrative and useful. Additional detailed information is included in following Newsletter pages, including progress for each of the CIP funds.



Orange County Fire Authority

First Quarter Financial Newsletter – July 2019 to September 2019

OVERVIEW

This report covers fiscal activities in the General Fund and CIP Funds through the first quarter of Fiscal Year 2019/20. Budget figures include all budget adjustments authorized by the Board through the end of the first quarter.

GENERAL FUND

With 25% of the year completed, General Fund revenues are 11.7% of budget and expenditures are 19.5% as shown below:

General Fund (excludes 12110)	YTD Actual	Budget	% Received/Expended
Revenues	52,460,905	446,510,222	11.7%
Expenditures	86,106,416	442,529,942	19.5%

Top Five Revenues. The analysis presented below compares the five largest revenue categories received through the first quarter, as compared to the budgetary estimate for this point in the fiscal year. Categories in which the variance is exceeded by 10% or \$1 million, are discussed below the table.

Top Five Revenues	YTD Actual Receipts	Trended YTD Budget Estimate	Variance: Actual to Budget Est. in Dollars	% Variance
Cash Contracts	39,588,198	40,021,794	(433,596)	-1%
Property Taxes	4,625,385	4,999,174	(373,789)	-8%
Miscellaneous	4,294,493	4,200,000	94,493	2%
State Reimbursements	1,855,785	1,800,000	55,785	3%
Community Risk Reduction Fees	1,412,803	1,337,257	75,546	5%
Total	51,776,664	52,358,225	(581,561)	-1%

- Overall, the top five revenues are within budget estimates. No categories meet the threshold for reporting purposes.

Expenditures. The analysis presented on the following page compares the actual expenditures through the first quarter, as compared to the budgetary estimate for this point in the fiscal year. Categories in which the variance is exceeded by 10% or \$1 million, are discussed below the table.

Expenditures by Department	YTD Actual Expenditures	Trended YTD Budget Estimate	Variance: Actual to Budget Est. in Dollars	% Variance
Business Services	1,839,311	1,680,231	159,080	9%
Command & Emergency Planning	1,690,769	1,594,485	96,284	6%
Community Risk Reduction	2,035,180	2,155,150	(119,970)	-6%
EMS	1,440,268	1,326,670	113,598	8%
Executive Management	1,364,376	1,493,422	(129,046)	-9%
Human Resources	2,811,901	3,138,630	(326,729)	-12%
Logistics	7,439,228	7,512,484	(73,256)	-1%
Operations	61,050,870	59,613,101	1,437,769	2%
Special Operations	6,434,513	6,609,022	(174,509)	-3%
Total	86,106,416	85,123,195	983,221	1%

Totals may not equal the sum of components, or Authority-wide totals, due to rounding

- **Human Resources** – This department is trending under budget estimates primarily due to vacancies throughout the department.
- **Operations** – This department is exceeding budget estimates for the first quarter primarily due to a high volume of backfill/overtime that has been necessary to fill vacancies in the firefighter ranks. In addition, overtime costs have been incurred for emergency incidents and for upstaffing due to high fire risk weather conditions. While the Emergency incidents portion of overtime will be reimbursed, Open Positions overtime is the largest category of overtime expenditure thus far and this category is not reimbursable by other agencies. This category will be monitored and included in the Mid-Year Budget Adjustment request if current trends do not change.

Expenditures by type are outlined below, with exception details below:

Expenditures by Type	YTD Actual Expenditures	Trended YTD Budget Estimate	Variance: Actual to Budget in Dollars	% Variance
Salary and Employee Benefits	74,163,731	72,713,722	1,450,009	2%
Services and Supplies	11,566,165	11,682,975	(116,810)	-1%
Equipment	376,520	726,498	(349,978)	-93%
Total	86,106,416	85,123,195	983,221	1%

Totals may not equal the sum of components, or Authority-wide totals, due to rounding

- **Salary & Employee Benefits** – This category is trending over budget estimates for the first quarter by approximately \$1.5 million or 2%. This is primarily due to a high volume of backfill/overtime that has been necessary to fill vacancies in the firefighter ranks. In addition, overtime costs have been incurred for emergency incidents and for upstaffing due to high fire risk weather conditions. While the Emergency incidents portion of overtime will be reimbursed, Open Positions overtime is the largest category of overtime expenditure thus far and this category is not reimbursable by other agencies. This category will be monitored and included in the Mid-Year Budget Adjustment request if current trends do not change.

- **Equipment** – Actual expenditures through the first quarter finished approximately \$350K or 93% below estimates. Projects which include Equipment purchases are in the planning stage in the first quarter.

CIP FUNDS

Revenues and expenditures for the Capital Improvement Program funds are summarized below. Any variances are noted following the fund table:

General Fund CIP

Fund 12110	YTD Actual	Budget	Percent
Expenditures	1,944,578	8,523,006	23%

- This Fund receives transfers from the General Fund as its revenue source.
- Appropriations of \$8.5M include funding for routine maintenance and replacement of equipment such as pagers, PCs, laptops, printers, 800 MHz radios, VHF radios, MDC system, fire station telephone/alarm system upgrade, network servers, data storage, CPR Auto Continuous Chest compression devices, high pressure airbags, fire shelters, thermal imaging cameras, Fire Station (FS) facility accommodation projects, FS dormitory privacy and repair projects, FS 51 painting and leak repairs, and FS 26 kitchen, flooring and bathroom remodel.
- YTD Expenditures of approximately \$1.9M are primarily attributable to progress on the CPR Auto Continuous Chest compression devices and progress on several of the above described IT projects.

Fire Stations and Facilities

Fund 123	YTD Actual	Budget	Percent
Revenue	238,910	385,115	62.0%
Expenditures	245,220	9,511,707	2.6%

- Revenues in this fund are attributable to interest earned in the first quarter and an unbudgeted developer contribution.
- Appropriations of \$9.5M include funding for replacement of Fire Station 9 and 10, RFOTC Training Grounds expansion and upgrade; US&R warehouse training center improvements, infrastructure security enhancements, FS 49 Apparatus bay floor reconstruction, retrofitting existing stations' fire life safety systems and planning stages of construction of new FS 12 in Laguna Woods.
- Minimal expenditures occurred through the first quarter as projects are in the planning stages.

Communications & Info. Systems

Fund 124	YTD Actual	Budget	Percent
Revenue	45,509	91,948	49.5%
Expenditures	269,960	4,643,508	5.8%

- Revenues in this fund are attributable to interest earned in the first quarter.
- Appropriations of \$4.6M include funding for: OCFA Enterprise Audio Video Equipment Upgrades, RFOTC Data Center Fire Suppression, OCFA Disaster Recovery Co-Location Facility, 800 MHz Countywide Coordinated Communications System Upgrade, Incident Reporting Application Replacement, IFP Replacement, and TheHive cloud upgrade.
- YTD expenditures are primarily attributable to the 800 MHz system upgrade and the Incident Reporting application replacement projects.

Fire Apparatus

Fund 133	YTD Actual	Budget	Percent
Revenue	608,733	2,185,515	27.9%
Expenditures	4,205,685	17,698,655	23.8%

- Revenues in this fund are attributable to vehicle replacement program payments from cash contract cities, and interest earned in the first quarter.
- Appropriations of \$17.7M include six Type I Engines, one TDA 100' Quint, two crew carrying vehicles, one dozer and its associated transportation units, one hazmat vehicle, one heavy rescue vehicle, and other miscellaneous emergency and support vehicles.
- Expenditures in this fund include dozer tenders, dozer, crew carrying vehicles, foam tender, and miscellaneous emergency and support vehicles.

SUMMARY

For more information. This summary is based on detailed information from our financial system. If you would like more information or have any questions about the report, please contact Deborah Gunderson, Budget Manager at 714-573-6302, or Tricia Jakubiak, Treasurer at 714-573-6301.



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
November 13, 2019

Agenda Item No. 3C
Consent Calendar

**Acceptance of Funds from the 2018 Homeland Security Grant Program
for an Administrative Fire Captain Assigned to the Orange County
Intelligence Assessment Center**

Contact(s) for Further Information

Shane Sherwood, Division Chief
Division 7

shanesherwood@ocfa.org

949.341.0294

Summary

This item is submitted for the approval and authorization for the Fire Chief to execute any necessary agreements to accept the FY 2018 Homeland Security Grant Program (HSGP) award for an Administrative Fire Captain assigned to the Orange County Intelligence Assessment Center (OCIAC). This is the 12th year in funding this position utilizing these grant funds.

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of November 21, 2019, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Approve and authorize the Fire Chief to execute any necessary agreement(s) to accept and administer the FY 2018 Homeland Security Grant Program.
2. Approve a budget adjustment to the FY 2019/20 General Fund (121) budget to increase revenues and expenditures by \$180,000.

Impact to Cities/County

Not Applicable.

Fiscal Impact

The FY 2019/20 General Fund revenues and expenditures will be increased by \$180,000.

Background

The FY 2018 HSGP plays a significant role in the implementation of the National Preparedness System by supporting the building, sustainment, and delivery of core capabilities essential to achieving the National Preparedness Goal of a secure and resilient Nation. Delivering core capabilities requires the combined effort of the whole community, rather than the exclusive effort of any single organization or level of government.

The FY 2018 HSGP's allowable costs support efforts to build and sustain core capabilities across the prevention, protection, mitigation, response, and recovery mission areas.

On October 2, 2019, OCFA was notified it was awarded \$180,000 as part of the FY 2018 HSGP related to funding of one OCFA Fire Captain at the OCIAC as a fire agency representative working in conjunction with law enforcement to combat and educate against terrorist's threats or acts to the citizens of Orange County. Although the funding is a "FY 2018" grant, it is intended to support the Fire Captain position for the OCFA's FY 2019/20.

Attachment(s)

1. FY 2018 Homeland Security Grant Program Agreement (Agreement on file in the Clerk of the Authority's office)
2. Award Letter of \$180,000

**AGREEMENT TO TRANSFER PROPERTY OR FUNDS
FOR 2018 HOMELAND SECURITY GRANT PROGRAM PURPOSES**

THIS AGREEMENT is entered into this _____ day of _____ 20__, which date is enumerated for purposes of reference only, by and between the COUNTY OF ORANGE, a political subdivision of the State of California, hereinafter referred to as “COUNTY”, and _____, a (municipal corporation/special district/not-for-profit corporation), hereinafter referred to as “SUBGRANTEE.”

WHEREAS, COUNTY, acting through its Sheriff-Coroner Department in its capacity as the lead agency for the Orange County Operational Area, has applied for, received and accepted a grant from the State of California, acting through its California Office of Emergency Services, to enhance county-wide emergency preparedness, hereinafter referred to as “the grant”, as set forth in the grant documents that are attached hereto as Attachments A (FY 18 CA Supplement to the Federal Notice of Funding Opportunity), B (FY 18 Homeland Security Grant Program Notice of Funding Opportunity), and C (FY 18 Homeland Security Grant Assurances) and incorporated herein by reference.

WHEREAS, the terms of the grant require that COUNTY use certain grant funds to purchase equipment, technology or services that will be transferred to SUBGRANTEE to be used for grant purposes.

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

1. COUNTY shall transfer to SUBGRANTEE the equipment, technology or services as specified in Attachment D hereto, which is incorporated herein by reference. If the grant requires COUNTY to transfer to SUBGRANTEE equipment, technology or services that COUNTY has not yet acquired, COUNTY shall transfer said equipment, technology or services to SUBGRANTEE as soon after acquisition by COUNTY as is reasonably practicable.

2. If COUNTY transfers grant funds to SUBGRANTEE, SUBGRANTEE shall use said grant funds only to acquire equipment, technology or services as set forth in Attachment B hereto and/or to perform such other grant functions, if any, for which Attachments A, B and C permit SUBGRANTEE to

1 expend grant funds. SUBGRANTEE shall provide COUNTY with a budget breakdown signed by the
2 authorized agent.

3 3. Throughout its useful life, SUBGRANTEE shall use any equipment, technology or
4 services acquired with grant funds only for those purposes permitted under the terms of the grant, and
5 shall make it available for mutual aid response.

6 4. SUBGRANTEE shall exercise due care to preserve and safeguard equipment acquired with
7 grant funds from damage or destruction and shall provide regular maintenance and repairs for said
8 equipment as are necessary, in order to keep said equipment in continually good working order. Such
9 maintenance and servicing shall be the sole responsibility of the SUBGRANTEE, who shall pay for
10 material and labor costs for any maintenance and repair of the said equipment throughout the life of the
11 said equipment.

12 5. SUBGRANTEE shall assume all continuation costs of said equipment, technologies and/or
13 services to include but not limited to upgrades, licenses and renewals of said equipment, technologies
14 and/or services.

15 6. If equipment acquired with grant funds becomes obsolete or unusable, SUBGRANTEE
16 shall notify COUNTY of such condition. SUBGRANTEE shall transfer or dispose of grant-funded
17 equipment only in accordance with the instructions of COUNTY.

18 7. SUBGRANTEE agrees to indemnify, defend and save harmless COUNTY and their
19 elected and appointed officials, officers, agents and employees from any and all claims and losses accruing
20 or resulting to any and all contractors, subcontractors, laborers, and any other person, firm or corporation
21 furnishing or supplying work services, materials or supplies in connection with SUBGRANTEE's use of
22 grant-funded equipment, technology or services and SUBGRANTEE's performance of this Agreement,
23 including Attachments A, B and C hereto, and from any and all claims and losses accruing or resulting to
24 any person, firm, or corporation who may be injured or damaged by SUBGRANTEE in SUBGRANTEE's
25 use of grant-funded equipment, technology or services and SUBGRANTEE's performance of this
26 Agreement, including Attachments A, B and C hereto.

27 8. By executing this Agreement, SUBGRANTEE agrees to comply with and be fully bound
28 by all applicable provisions of Attachments A, B and C hereto. SUBGRANTEE shall notify COUNTY

CFDA: 97.067

1 immediately upon discovery that it has not abided or no longer will abide by any applicable provision of
2 Attachments A, B and C hereto.

3 9. SUBGRANTEE and COUNTY shall be subject to examination and audit by the State
4 Auditor General with respect to this Agreement for a period of three years after final payment hereunder.

5 10. No alteration or variation of the terms of this Agreement shall be valid unless made in
6 writing and signed by duly authorized representatives of the parties hereto, and no oral understanding or
7 agreement not incorporated herein shall be binding on any of the parties hereto.

8 11. SUBGRANTEE may not assign this Agreement in whole or in part without the express
9 written consent of COUNTY.

10 12. For a period of three years after final payment hereunder or until all claims related to this
11 Agreement are finally settled, whichever is later, SUBGRANTEE shall preserve and maintain all
12 documents, papers and records relevant to the work performed or property or equipment acquired in
13 accordance with this Agreement, including Attachments A, B and C hereto. For the same time period,
14 SUBGRANTEE shall make said documents, papers and records available to COUNTY and the agency
15 from which COUNTY received grant funds or their duly authorized representative(s), for examination,
16 copying, or mechanical reproduction on or off the premises of SUBGRANTEE, upon request during usual
17 working hours.

18 13. SUBGRANTEE shall provide to COUNTY all records and information requested by
19 COUNTY for inclusion in quarterly reports and such other reports or records as COUNTY may be
20 required to provide to the agency from which COUNTY received grant funds or other persons or agencies.

21 14. COUNTY may terminate this Agreement and be relieved of the payment of any
22 consideration to SUBGRANTEE if a) SUBGRANTEE fails to perform any of the covenants contained in
23 this Agreement, including Attachments A, B and C hereto, at the time and in the manner herein provided,
24 or b) COUNTY loses funding under the grant. In the event of termination, COUNTY may proceed with
25 the work in any manner deemed proper by COUNTY.

26 15. SUBGRANTEE and its agents and employees shall act in an independent capacity in the
27 performance of this Agreement, including Attachments A, B and C hereto, and shall not be considered
28 officers, agents or employees of COUNTY or of the agency from which COUNTY received grant funds.

CFDA: 97.067

Homeland Security Grant Program
Department of Homeland Security

1 **IN WITNESS WHEREOF**, the parties have executed this Agreement in the County of Orange,
2 State of California.

3 DATED: _____, 2019

COUNTY OF ORANGE, a political
subdivision of the State of California

5 By _____

Sheriff-Coroner
"COUNTY"

7 APPROVED AS TO FORM:

8 COUNTY COUNSEL

9
10 By _____

Wendy Phillips, Deputy County Counsel

12
13 DATED: _____

SUBGRANTEE

15 By: _____

16
17 Dated: _____

18 ATTEST:

19
20 By _____
City Clerk

21
22 DATED: _____



**Standard Assurances
For All Cal OES Federal Grant Programs**

As the duly authorized representative of the Applicant, I hereby certify that the Applicant has the legal authority to apply for federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay any non-federal share of project cost) to ensure proper planning, management, and completion of the project described in this application, within prescribed timelines.

I further acknowledge that the Applicant is responsible for reviewing and adhering to all requirements within the:

- (a) Applicable Federal Regulations (see below);
- (b) Federal Program Notice of Funding Opportunity (NOFO);
- (c) California Supplement to the NOFO; and
- (d) Federal and State Grant Program Guidelines.

Federal Regulations

Government cost principles, uniform administrative requirements, and audit requirements for federal grant programs are set forth in Title 2, Part 200 of the Code of Federal Regulations (C.F.R.). Updates are issued by the Office of Management and Budget (OMB) and can be found at <http://www.whitehouse.gov/omb/>.

Significant state and federal grant award requirements (some of which appear in the documents listed above) are set forth below. The Applicant hereby agrees to comply with the following:

1. Proof of Authority

The Applicant will obtain written authorization from the city council, governing board, or authorized body in support of this project. This written authorization must specify that the Applicant and the city council, governing board, or authorized body agree:

- (a) To provide all matching funds required for the grant project and that any cash match will be appropriated as required;
- (b) Any liability arising out of the performance of this agreement shall be the responsibility of the Applicant and the city council, governing board, or authorized body;
- (c) Grant funds shall not be used to supplant expenditures controlled by the city council, governing board, or authorized body, and
- (d) The official executing this agreement is, in fact, authorized to do so.

This Proof of Authority must be maintained on file and readily available upon request.

2. Period of Performance

The Applicant will initiate work after approval of the award and complete all work within the period of performance specified in the grant.

3. Lobbying and Political Activities

As required by Section 1352, Title 31 of the United States Code (U.S.C.), for persons entering into a contract, grant, loan, or cooperative agreement from an agency or requests or receives from an agency a commitment providing for the United States to insure or guarantee a loan, the Applicant certifies that:

- (a) No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
- (b) If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.
- (c) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

The Applicant will also comply with provisions of the Hatch Act (5 U.S.C. §§ 1501-1508 and §§ 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with federal funds.

Finally, the Applicant agrees that federal funds will not be used, directly or indirectly, to support the enactment, repeal, modification or adoption of any law, regulation or policy without the express written approval from the California Governor's Office of Emergency Services (Cal OES) or the federal awarding agency.

4. Debarment and Suspension

As required by Executive Orders 12549 and 12689, and 2 C.F.R. § 200.213 and codified in 2 C.F.R. Part 180, Debarment and Suspension, the Applicant will provide protection against waste, fraud, and abuse by debarring or suspending those persons deemed irresponsible in their dealings with the federal government. The Applicant certifies that it and its principals, subgrantees, recipients or subrecipients:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;
- (b) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with commission of any of the offenses enumerated in paragraph (2)(b) of this certification; and
- (d) Have not within a three-year period preceding this application had one or more public transaction (federal, state, or local) terminated for cause or default.

Where the Applicant is unable to certify to any of the statements in this certification, he or she shall attach an explanation to this application.

5. Non-Discrimination and Equal Employment Opportunity

The Applicant will comply with all federal statutes relating to non-discrimination. These include, but are not limited to, the following:

- (a) Title VI of the Civil Rights Act of 1964 (Public Law (P.L.) 88-352 and 42 U.S.C. § 2000d et. seq.) which prohibits discrimination on the basis of race, color, or national origin and requires that recipients of federal financial assistance take reasonable steps to provide meaningful access to persons with limited English proficiency (LEP) to their programs and services;
- (b) Title IX of the Education Amendments of 1972, (20 U.S.C. §§ 1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex in any federally funded educational program or activity;
- (c) Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794), which prohibits discrimination against those with disabilities or access and functional needs;
- (d) Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability and requires buildings and structures be accessible to those with disabilities and access and functional needs (42 U.S.C. §§ 12101-12213);
- (e) Age Discrimination Act of 1975, (42 U.S.C. §§ 6101-6107), which prohibits discrimination on the basis of age;
- (f) Public Health Service Act of 1912 (42 U.S.C. §§ 290 dd—2), relating to confidentiality of patient records regarding substance abuse treatment;
- (g) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. § 3601 et seq.), relating to nondiscrimination in the sale, rental or financing of housing as implemented by the Department of Housing and Urban Development at 24 C.F.R. Part 100. The prohibition on disability discrimination includes the requirement that new multifamily housing with four or more dwelling units—i.e., the public and common use areas and individual apartment units (all units in buildings with elevators and ground-floor units in buildings without elevators)— be designed and constructed with certain accessible features (See 24 C.F.R. § 100.201);

- (h) Executive Order 11246, which prohibits federal contractors and federally assisted construction contractors and subcontractors, who do over \$10,000 in Government business in one year from discriminating in employment decisions on the basis of race, color, religion, sex, sexual orientation, gender identification or national origin;
- (i) Executive Order 11375, which bans discrimination on the basis of race, color, religion, sex, sexual orientation, gender identification, or national origin in hiring and employment in both the United States federal workforce and on the part of government contractors;
- (j) California Public Contract Code § 10295.3, which prohibits discrimination based on domestic partnerships and those in same sex marriages;
- (k) DHS policy to ensure the equal treatment of faith-based organizations, under which all applicants and recipients must comply with equal treatment policies and requirements contained in 6 C.F.R. Part 19;
- (l) Any other nondiscrimination provisions in the specific statute(s) under which application for federal assistance is being made; and
- (m) The requirements of any other nondiscrimination statute(s) which may apply to the application.

In addition to the items listed in (a) through (m), the Applicant will comply with California's Fair Employment and Housing Act (FEHA). FEHA prohibits harassment and discrimination in employment because of ancestry, familial status, race, color, religious creed (including religious dress and grooming practices), sex (which includes pregnancy, childbirth, breastfeeding and medical conditions related to pregnancy, childbirth or breastfeeding), gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, mental and physical disability, genetic information, medical condition, age, pregnancy, denial of medical and family care leave, or pregnancy disability leave (California Government Code §§12940, 12945, 12945.2), military and veteran status, and/or retaliation for protesting illegal discrimination related to one of these categories, or for reporting patient abuse in tax supported institutions.

6. Drug-Free Workplace

As required by the Drug-Free Workplace Act of 1988 (41 U.S.C. § 701 et seq.), the Applicant certifies that it will maintain a drug-free workplace and a drug-free awareness program as outlined in the Act.

7. Environmental Standards

The Applicant will comply with state and federal environmental standards, which may be prescribed pursuant to the following, as applicable:

- (a) California Environmental Quality Act (CEQA) (California Public Resources Code §§ 21000- 21177), to include coordination with the city or county planning agency;
- (b) CEQA Guidelines (California Code of Regulations, Title 14, Division 6, Chapter 3, §§ 15000- 15387);
- (c) Federal Clean Water Act (CWA) (33 U.S.C. § 1251 et seq.), which establishes the basic structure for regulating discharges of pollutants into the waters of the United States and regulating quality standards for surface waters;
- (d) Federal Clean Air Act of 1955 (42 U.S.C. § 7401) which regulates air emissions from stationary and mobile sources;

- (e) Institution of environmental quality control measures under the National Environmental Policy Act (NEPA) of 1969 (P.L. 91-190); the Council on Environmental Quality Regulations for Implementing the Procedural Provisions of NEPA; and Executive Order 12898 which focuses on the environmental and human health effects of federal actions on minority and low-income populations with the goal of achieving environmental protection for all communities;
- (f) Evaluation of flood hazards in floodplains in accordance with Executive Order 11988;
- (g) Executive Order 11514 which sets forth national environmental standards;
- (h) Executive Order 11738 instituted to assure that each federal agency empowered to enter into contracts for the procurement of goods, materials, or services and each federal agency empowered to extend federal assistance by way of grant, loan, or contract shall undertake such procurement and assistance activities in a manner that will result in effective enforcement of the Clean Air Act and the Federal Water Pollution Control Act Executive Order 11990 which requires preservation of wetlands;
- (i) The Safe Drinking Water Act of 1974, (P.L. 93-523);
- (j) The Endangered Species Act of 1973, (P.L. 93-205);
- (k) Assurance of project consistency with the approved state management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.);
- (l) Conformity of Federal Actions to State (Clear Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.);
- (m) Wild and Scenic Rivers Act of 1968 (16 U.S.C. § 1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.

The Applicant shall not be: 1) in violation of any order or resolution promulgated by the State Air Resources Board or an air pollution district; 2) subject to a cease and desist order pursuant to § 13301 of the California Water Code for violation of waste discharge requirements or discharge prohibitions; or 3) determined to be in violation of federal law relating to air or water pollution.

8. Audits

For subrecipients expending \$750,000 or more in federal grant funds annually, the Applicant will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and Title 2 of the Code of Federal Regulations, Part 200, Subpart F Audit Requirements.

9. Access to Records

In accordance with 2 C.F.R. § 200.336, the Applicant will give the awarding agency, the Comptroller General of the United States and, if appropriate, the state, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award. The Applicant will require any subrecipients, contractors, successors, transferees and assignees to acknowledge and agree to comply with this provision.

10. Conflict of Interest

The Applicant will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.

11. Financial Management

False Claims for Payment

The Applicant will comply with 31 U.S.C §§ 3729-3733 which sets forth that no subgrantee, recipient, or subrecipient shall submit a false claim for payment, reimbursement or advance.

12. Reporting - Accountability

The Applicant agrees to comply with applicable provisions of the Federal Funding Accountability and Transparency Act (FFATA) (P.L. 109-282), specifically (a) the reporting of subawards obligating \$25,000 or more in federal funds and (b) executive compensation data for first-tier subawards. This includes the provisions of FFATA, which includes requirements for executive compensation, and also requirements implementing the Act for the non-federal entity at 2 C.F.R. Part 25 Financial Assistance Use of Universal Identifier and Central Contractor Registration and 2 C.F.R. Part 170 Reporting Subaward and Executive Compensation Information.

13. Whistleblower Protections

The Applicant also must comply with statutory requirements for whistleblower protections at 10 U.S.C. § 2409, 41 U.S.C. § 4712, and 10 U.S.C. § 2324, 41 U.S.C. § 4304 and § 4310.

14. Human Trafficking

The Applicant will comply with the requirements of Section 106(g) of the Trafficking Victims Protection Act of 2000, as amended (22 U.S.C. § 7104) which prohibits grant award recipients or a subrecipient from: (1) engaging in trafficking in persons during the period of time that the award is in effect; (2) procuring a commercial sex act during the period of time that the award is in effect; or (3) using forced labor in the performance of the award or subawards under the award.

15. Labor Standards

The Applicant will comply with the following federal labor standards:

- (a) The Davis-Bacon Act (40 U.S.C. §§ 276a to 276a-7), as applicable, and the Copeland Act (40 U.S.C. § 3145 and 18 U.S.C. § 874) and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327-333), regarding labor standards for federally-assisted construction contracts or subcontracts, and
- (b) The Federal Fair Labor Standards Act (29 U.S.C. § 201 et al.) as they apply to employees of institutes of higher learning (IHE), hospitals and other non-profit organizations.

16. Worker's Compensation

The Applicant must comply with provisions which require every employer to be insured to protect workers who may be injured on the job at all times during the performance of the work of this Agreement, as per the workers compensation laws set forth in California Labor Code §§ 3700 et seq.

17. Property-Related

If applicable to the type of project funded by this federal award, the Applicant will:

- (a) Comply with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of federal participation in purchase;
- (b) Comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires subrecipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more;
- (c) Assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. § 470), Executive Order 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §469a-1 et seq.); and
- (d) Comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. § 4831 and 24 CFR Part 35) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.

18. Certifications Applicable Only to Federally-Funded Construction Projects

For all construction projects, the Applicant will:

- (a) Not dispose of, modify the use of, or change the terms of the real property title or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the federal awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with federal assistance funds to assure nondiscrimination during the useful life of the project;
- (b) Comply with the requirements of the awarding agency with regard to the drafting, review and approval of construction plans and specifications; and
- (c) Provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progressive reports and such other information as may be required by the assistance awarding agency or State.

19. Use of Cellular Device While Driving is Prohibited

Applicants are required to comply with California Vehicle Code sections 23123 and 23123.5. These laws prohibit driving motor vehicle while using an electronic wireless communications device to write, send, or read a text-based communication. Drivers are also prohibited from the use of a wireless telephone without hands-free listening and talking, unless to make an emergency call to 911, law enforcement, or similar services.

20. California Public Records Act and Freedom of Information Act

The Applicant acknowledges that all information submitted in the course of applying for funding under this program, or provided in the course of an entity's grant management activities that are under Federal control, is subject to the Freedom of Information Act (FOIA), 5 U.S.C. § 552, and the California Public Records Act, California Government Code section 6250 et seq. The Applicant should consider these laws and consult its own State and local laws and regulations regarding the release of information when reporting sensitive matters in the grant application, needs assessment, and strategic planning process.

**HOMELAND SECURITY GRANT PROGRAM - PROGRAM SPECIFIC
ASSURANCES / CERTIFICATIONS****21. Reporting Accusations and Findings of Discrimination**

If during the past three years the recipient has been accused of discrimination on any basis the recipient must provide a list of all such proceedings, pending or completed, including outcome and copies of settlement agreements to the DHS Financial Assistance Office and the DHS Office for Civil Rights and Civil Liberties (CRCL) by e-mail at CRCL@hq.dhs.gov or by mail at U.S. Department of Homeland Security, Office for Civil Rights and Civil Liberties, Building 410, Mail Stop #0190, Washington, D.C. 20528.

In the courts or administrative agencies make a finding of discrimination on grounds of race, color, national origin (including LEP), sex, age, disability, religion, or familial status against the recipient, or the recipients settle a case or matter alleging such discrimination, recipients must forward a copy of the complaint and findings to the DHS Financial Assistance Office and the CRCL by e-mail or mail at the addresses listed above.

The United States has the right to seek judicial enforcement of these obligations.

22. Acknowledgment of Federal Funding from DHS

All recipients must acknowledge their use of federal funding when issuing statements, press releases, requests for proposals, bid invitations, and other documents describing projects or programs funded in whole or in part with federal funds.

23. Activities Conducted Abroad

All recipients must ensure that project activities carried on outside the United States are coordinated as necessary with appropriate government authorities and that appropriate licenses, permits, or approvals are obtained.

24. Best Practices for Collection and Use of Personally Identifiable Information (PII)

DHS defines personally identifiable information (PII) as any information that permits the identity of an individual to be directly or indirectly inferred, including any information that is linked or linkable to that individual. All recipients who collect PII are required to have a publically-available privacy policy that describes standards on the usage and maintenance of PII they collect. Recipients may also find the DHS Privacy Impact Assessments: Privacy Guidance and Privacy template a useful resource respectively.

25. Copyright

All recipients must affix the applicable copyright notices of 17 U.S.C. §§ 401 or 402 and an acknowledgement of U.S. Government sponsorship (including the award number) to any work first produced under federal financial assistance awards.

26. Duplication of Benefits

Any cost allocable to a particular federal financial assistance award provided for in 2 C.F.R. Part 200, Subpart E may not be charged to other federal financial assistance awards to overcome fund deficiencies, to avoid restrictions imposed by federal statutes, regulations, or federal financial assistance award terms and conditions, or for other reasons. However, these prohibitions would not preclude recipients from shifting costs that are allowable under two or more awards in accordance with existing federal statutes, regulations, or the federal financial assistance award terms and conditions.

27. Energy Policy and Conservation Act

All recipients must comply with the requirements of 42 U.S.C. § 6201 which contain policies relating to energy efficiency that are defined in the state energy conservation plan issued in compliance with this Act.

28. Federal Debt Status

All recipients are required to be non-delinquent in their repayment of any federal debt. Examples of relevant debt include delinquent payroll and other taxes, audit disallowances, and benefit overpayments. See OMB Circular A-129.

29. Fly America Act of 1974

All recipients must comply with Preference for U.S. Flag Air Carriers: (air carriers holding certificates under 49 U.S.C. § 41102) for international air transportation of people and property to the extent that such service is available, in accordance with the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. § 40118) and the interpretative guidelines issued by the Comptroller General of the United States in the March 31, 1981, amendment to Comptroller General Decision B-138942.

30. Hotel and Motel Fire Safety Act of 1990

In accordance with Section 6 of the Hotel and Motel Fire Safety Act of 1990, all Applicants must ensure that all conference, meeting, convention, or training space funded in whole or in part with federal funds complies with the fire prevention and control guidelines of the Federal Fire Prevention and Control Act of 1974, as amended, 15 U.S.C. § 2225a.

31. Non-supplanting Requirement

All recipients who receive federal financial assistance awards made under programs that prohibit supplanting by law must ensure that federal funds do not replace (supplant) funds that have been budgeted for the same purpose through non-federal sources.

32. Patents and Intellectual Property Rights

Unless otherwise provided by law, recipients are subject to the Bayh-Dole Act, Pub. L. No. 96-517, as amended, and codified in 35 U.S.C. § 200 et seq. All recipients are subject to the specific requirements governing the development, reporting, and disposition of rights to inventions and patents resulting from financial assistance awards located at 37 C.F.R. Part 401 and the standard patent rights clause located at 37 C.F.R. § 401.14.

33. SAFECOM

All recipients who receive federal financial assistance awards made under programs that provide emergency communication equipment and its related activities must comply with the SAFECOM Guidance for Emergency Communication Grants, including provisions on technical standards that ensure and enhance interoperable communications.

34. Terrorist Financing

All recipients must comply with Executive Order 13224 and U.S. law that prohibit transactions with, and the provisions of resources and support to, individuals and organizations associated with terrorism. Recipients are legally responsible to ensure compliance with the Order and laws.

35. Reporting of Matters Related to Recipient Integrity and Performance

If the total value of the recipient's currently active grants, cooperative agreements, and procurement contracts from all federal assistance offices exceeds \$10,000,000 for any period of time during the period of performance of this federal financial assistance award, you must comply with the requirements set forth in the government-wide Award Term and Condition for Recipient Integrity and Performance Matters located at 2 C.F.R. Part 200, Appendix XII, the full text of which is incorporated here by reference in the award terms and conditions.

36. USA Patriot Act of 2001

All recipients must comply with requirements of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act), which amends 18 U.S.C. §§ 175–175c.

37. Use of DHS Seal, Logo, and Flags

All recipients must obtain permission from their DHS Financial Assistance Office, prior to using the DHS seal(s), logos, crests or reproductions of flags or likenesses of DHS agency officials, including use of the United States Coast Guard seal, logo, crests or reproductions of flags or likenesses of Coast Guard officials.

IMPORTANT

The purpose of the assurance is to obtain federal and state financial assistance, including any and all federal and state grants, loans, reimbursement, contracts, etc. The Applicant recognizes and agrees that state financial assistance will be extended based on the representations made in this assurance. This assurance is binding on the Applicant, its successors, transferees, assignees, etc. Failure to comply with any of the above assurances may result in suspension, termination, or reduction of grant funds.

All appropriate documentation, as outlined above, must be maintained on file by the Applicant and available for Cal OES or public scrutiny upon request. Failure to comply with these requirements may result in suspension of payments under the grant or termination of the grant or both and the subrecipient may be ineligible for award of any future grants if the Cal OES determines that any of the following has occurred: (1) the recipient has made false certification, or (2) violates the certification by failing to carry out the requirements as noted above.

All of the language contained within this document must be included in the award documents for all subawards at all tiers. All recipients are bound by the Department of Homeland Security Standard Terms and Conditions 2018, Version 8.1, hereby incorporated by reference, which can be found at: <https://www.dhs.gov/publication/fy15-dhs-standard-terms-and-conditions>.

The undersigned represents that he/she is authorized to enter into this agreement for and on behalf of the Applicant.

Subrecipient: _____

Signature of Authorized Agent: _____

Printed Name of Authorized Agent: _____

Title: _____ Date: _____

2018 Homeland Security Grant Program

Project Approval Notification

October 02, 2019

Battalion Chief Shane Sherwood
1 Fire Authority
Irvine, CA 92602

This letter serves to inform you that your project request has been approved by the Homeland Security Grant Program (HSGP). Below is some important information related to the project approval.

▪ Requesting Jurisdiction:	Orange County Fire Authority
▪ Project Request:	OCIAC - Planning
▪ Project Allocation:	\$180,000
▪ Awarding Agency:	Cal-OES / Department of Homeland Security
▪ Award Name:	Homeland Security Grant Program
▪ Federal Grant Number:	2018-0054
▪ Recipient Performance	September 1, 2018 to May 31, 2021
▪ Sub-recipient Performance	September 1, 2018 to March 31, 2021
▪ CFDA:	97.067
▪ DUNS:	11-195-0874
▪ Cal-OES ID:	059-00000

An in depth review process of the application was necessary prior to approval. This process is required due to stringent HSGP guidelines that must be adhered to. Following the review process, your project was found to be a viable concept based on investment justifications, regional benefit, and degree of applicability to the over arching Homeland Security Grant goals and objectives.

It is critical that you become familiar with the 2018 Homeland Security Grant Program Guidance and the 2018 Homeland Security Grant Program California Supplemental Guidance. It is also imperative you contact the Homeland Security Grant Unit before funding any part of the project that may be questionable in regards to procurement guidelines and or Authorized Equipment List allowability. In order to eliminate reimbursement issues, we will seek reimbursement approval from the State on behalf of your agency or jurisdiction.

If you have any questions regarding this notification or the review process, feel free to contact me or Luis Ramirez at 714-647-1871 or luramirez@ocsd.org.

Respectfully,



Lieutenant Sean Howell
Homeland Security Division
Orange County Sheriff's Department
sahowell@ocsd.org
714-647-7018



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
November 13, 2019

Agenda Item No. 4A
Discussion Calendar

Monthly Investment Reports

Contact(s) for Further Information

Tricia Jakubiak, Treasurer Treasury & Financial Planning	triciajakubiak@ocfa.org	714.573.6301
Jane Wong, Assistant Treasurer	jane Wong@ocfa.org	714.573.6305

Summary

This agenda item is a routine transmittal of the monthly investment reports submitted to the Committee in compliance with the investment policy of the Orange County Fire Authority and with Government Code Section 53646.

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of November 21, 2019, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

Attached is the final monthly investment report for the month ended September 30, 2019. A preliminary investment report as of October 25, 2019, is also provided as the most complete report that was available at the time this agenda item was prepared.

Attachment(s)

Final Investment Report – September 2019/Preliminary Report – October 2019

Orange County Fire Authority Monthly Investment Report



Final Report – September 2019

Preliminary Report – October 2019



Monthly Investment Report Table of Contents

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Orange County Fire Authority

Final Investment Report

September 30, 2019



EXECUTIVE SUMMARY

Portfolio Activity & Earnings

During the month of September 2019, the size of the portfolio decreased by \$4.2 million to \$142.5 million. Significant receipts for the month included quarterly and monthly cash contract payments, two apportionments of property taxes, intergovernmental agency contract and grant payments and charges for current services totaling \$25 million. Significant disbursements for the month included primarily two biweekly payrolls which were approximately \$12.5 million each with related benefits. Total September cash outflows amounted to approximately \$30.3 million. The portfolio's balance is expected to continue declining in the following month as there are no major receipts scheduled for October.

In September, the portfolio's yield to maturity (365-day equivalent) dropped by 9 basis points to 2.17%. The effective rate of return, on the other hand, rose by 3 basis points to 2.28% and 2.29% for the month and the fiscal year to date, respectively. The average maturity of the portfolio shortened slightly further by 3 days to 24 days to maturity.

Economic News

In September 2019, U.S. economic growth remained relatively stable, although there were signs of economic downshift due to a continuing global economic slowdown and the ongoing trade negotiations with China. Employment conditions remained solid, however, despite a slightly weaker than expected employment report. The economy added 136,000 new jobs in September. Additionally, the unemployment rate dropped further by 2 basis points to 3.5%, a 50-year record low. Consumer confidence measures were mixed, but continued remaining at relatively high levels. Retail sales dropped in September while an increase had been expected. The Manufacturing ISM (Institute for Supply Management) Index continued to show contraction in manufacturing activity while the Non-manufacturing ISM Index reflected a slower expansion pace. The CPI (Consumer Price Index) was unchanged in September and inflation remained low. Both industrial production and durable goods orders declined, and home sales activity also pulled back. On October 30, 2019, the Federal Open Market Committee met and, as widely expected, voted to lower the federal funds rate by another quarter percentage point to a range of 1.50% - 1.75%.



BENCHMARK COMPARISON AS OF SEPTEMBER 30, 2019

3 Month T-Bill: 1.93%

1 Year T-Bill: 1.80%

6 Month T-Bill: 1.89%

LAIF: 2.28%

OCFA Portfolio: 2.28%

PORTFOLIO SIZE, YIELD, & DURATION

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Book Value-	\$142,461,470	\$146,709,174	\$140,072,367
Yield to Maturity (365 day)	2.17%	2.26%	1.85%
Effective Rate of Return	2.28%	2.25%	1.88%
Days to Maturity	24	27	48



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
September 30, 2019

Orange County Fire Authority
1 Fire Authority Road
Irvine, CA 92602
(714)573-6301

(See Note 1 on page 9)

(See Note 2 on page 9)

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Call/ Maturity	YTM/Call 360 Equiv.	YTM/C 365 Equiv.
Money Mkt Mutual Funds/Cash	9,808,622.33	9,808,622.33	9,808,622.33	6.97	1	1	1.460	1.480
Federal Agency Coupon Securities	18,000,000.00	18,000,990.00	18,000,000.00	12.80	912	21	1.991	2.019
Federal Agency Disc. -Amortizing	18,000,000.00	17,965,800.00	17,956,397.50	12.77	202	36	2.442	2.476
Treasury Discounts -Amortizing	30,000,000.00	29,884,900.00	29,876,363.20	21.24	148	77	2.032	2.060
Local Agency Investment Funds	65,000,000.00	65,106,783.11	65,000,000.00	46.22	1	1	2.249	2.280
Investments	140,808,622.33	140,767,095.44	140,641,383.03	100.00%	174	24	2.139	2.169
Cash								
Passbook/Checking (not included in yield calculations)	1,678,271.63	1,678,271.63	1,678,271.63		1	1	0.000	0.000
Total Cash and Investments	142,486,893.96	142,445,367.07	142,319,654.66		174	24	2.139	2.169

Total Earnings	September 30 Month Ending	Fiscal Year To Date
Current Year	261,420.52	891,153.04
Average Daily Balance	139,223,720.32	154,407,139.07
Effective Rate of Return	2.28%	2.29%

"I certify that this investment report accurately reflects all pooled investments and is in compliance with the investment policy adopted by the Board of Directors to be effective on January 1, 2019. A copy of this policy is available from the Clerk of the Authority. Sufficient investment liquidity and anticipated revenues are available to meet budgeted expenditure requirements for the next thirty days and the next six months."

Patricia Jakubiak, Treasurer

Cash and Investments with GASB 31 Adjustment:

Book Value of Cash & Investments before GASB 31 (Above)

\$ 142,319,654.66

GASB 31 Adjustment to Books (See Note 3 on page 9)

\$ 141,814.96

Total

\$ 142,461,469.62

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
September 30, 2019

(See Note 1 on page 9)

(See Note 2 on page 9)

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Call/ Maturity	Maturity Date
Money Mkt Mutual Funds/Cash											
SYS528	528	Federated Treasury Obligations			9,808,622.33	9,808,622.33	9,808,622.33	1.480	1.480	1	
Subtotal and Average			9,178,940.69		9,808,622.33	9,808,622.33	9,808,622.33		1.480	1	
Federal Agency Coupon Securities											
3134GBHT2	922	Fed Home Loan Mtg Corp		04/25/2017	9,000,000.00	8,998,380.00	9,000,000.00	1.625	1.518	24	10/25/2019
3134GTJX20	976	Fed Home Loan Mtg Corp (Callable 10-18-19)		04/22/2019	9,000,000.00	9,002,610.00	9,000,000.00	2.520	2.520	17	10/18/2021
Subtotal and Average			18,000,000.00		18,000,000.00	18,000,990.00	18,000,000.00		2.019	21	
Federal Agency Disc. -Amortizing											
313312QH6	977	Federal Farm Credit Bank		04/18/2019	9,000,000.00	8,967,240.00	8,958,175.00	2.390	2.489	70	12/10/2019
313384MN6	975	Fed Home Loan Bank		04/18/2019	9,000,000.00	8,998,560.00	8,998,222.50	2.370	2.464	3	10/04/2019
Subtotal and Average			23,635,765.25		18,000,000.00	17,965,800.00	17,956,397.50		2.476	36	
Treasury Discounts -Amortizing											
912796SS9	978	US Treasury Bill		06/03/2019	10,000,000.00	9,978,200.00	9,972,988.89	2.210	2.263	44	11/14/2019
912796SU4	979	US Treasury Bill		06/27/2019	5,000,000.00	4,985,150.00	4,983,447.22	2.020	2.066	59	11/29/2019
912796SU4	980	US Treasury Bill		07/18/2019	5,000,000.00	4,985,150.00	4,983,815.97	1.975	2.045	59	11/29/2019
912796TA7	981	US Treasury Bill		09/17/2019	5,000,000.00	4,975,000.00	4,974,027.78	1.870	1.934	100	01/09/2020
912796TH2	982	US Treasury Bill		09/30/2019	5,000,000.00	4,961,400.00	4,962,083.34	1.750	1.788	156	03/05/2020
Subtotal and Average			23,609,014.38		30,000,000.00	29,884,900.00	29,876,363.20		2.060	77	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			65,000,000.00	65,106,783.11	65,000,000.00	2.280	2.280	1	
Subtotal and Average			64,800,000.00		65,000,000.00	65,106,783.11	65,000,000.00		2.280	1	
Total and Average			139,223,720.32		140,808,622.33	140,767,095.44	140,641,383.03		2.169	24	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
September 30, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
Money Mkt Mutual Funds/Cash										
SYS10033	10033	Revolving Fund		07/01/2019	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2019	1,658,271.63	1,658,271.63	1,658,271.63		0.000	1
		Average Balance	0.00							1
Total Cash and Investments			139,223,720.32		142,486,893.96	142,445,367.07	142,319,654.66		2.169	24

Orange County Fire Authority

In service of others!



ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of October 1, 2019

Orange County Fire Authority
 1 Fire Authority Road
 Irvine, Irvine, CA 92602
 (714)573-6301

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval: 0 days	(10/01/2019 - 10/01/2019)	4 Maturities	0 Payments	76,486,893.96	53.74%	76,486,893.96	76,593,677.07
Aging Interval: 1 - 30 days	(10/02/2019 - 10/31/2019)	2 Maturities	0 Payments	18,000,000.00	12.65%	17,998,222.50	17,996,940.00
Aging Interval: 31 - 60 days	(11/01/2019 - 11/30/2019)	3 Maturities	0 Payments	20,000,000.00	14.01%	19,940,252.08	19,948,500.00
Aging Interval: 61 - 91 days	(12/01/2019 - 12/31/2019)	1 Maturities	0 Payments	9,000,000.00	6.29%	8,958,175.00	8,967,240.00
Aging Interval: 92 - 121 days	(01/01/2020 - 01/30/2020)	1 Maturities	0 Payments	5,000,000.00	3.49%	4,974,027.78	4,975,000.00
Aging Interval: 122 - 152 days	(01/31/2020 - 03/01/2020)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 153 - 183 days	(03/02/2020 - 04/01/2020)	1 Maturities	0 Payments	5,000,000.00	3.49%	4,962,083.34	4,961,400.00
Aging Interval: 184 - 274 days	(04/02/2020 - 07/01/2020)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 275 - 365 days	(07/02/2020 - 09/30/2020)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 366 - 1095 days	(10/01/2020 - 09/30/2022)	1 Maturities	0 Payments	9,000,000.00	6.32%	9,000,000.00	9,002,610.00
Aging Interval: 1096 days and after	(10/01/2022 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for		13 Investments	0 Payments		100.00	142,319,654.66	142,445,367.07



NOTES TO PORTFOLIO MANAGEMENT REPORT

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The MUFG Union Bank (formerly Union Bank) Trust Department provides market values of the remaining investments.
- Note 2: Book value reflects the cost or amortized cost before the GASB 31 accounting adjustment.
- Note 3: GASB 31 requires governmental entities to report investments at fair value in the financial statements and to reflect the corresponding unrealized gains/ (losses) as a component of investment income. The GASB 31 adjustment is recorded only at fiscal year end. The adjustment for June 30, 2019 includes an increase of \$111,266 to the LAIF investment and an increase of \$30,549 to the remaining investments.
- Note 4: The Federated Treasury Obligations money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks, yet allow that liquidity to be invested while payment of the outstanding checks is pending.



Local Agency Investment Fund (LAIF)

As of September 30, 2019, OCFA has \$65,000,000 invested in LAIF. The fair value of OCFA's LAIF investment is calculated using a participant fair value factor provided by LAIF on a quarterly basis. The fair value factor as of September 30, 2019 is 1.001642817. When applied to OCFA's LAIF investment, the fair value is \$65,106,783 or \$106,783 above cost. Although the fair value of the LAIF investment is higher than cost, OCFA can withdraw the actual amount invested at any time.

LAIF is included in the State Treasurer's Pooled Money Investment Account (PMIA) for investment purposes. The PMIA market valuation at September 30, 2019 is included on the following page.



State of California

Pooled Money Investment Account

Market Valuation

9/30/2019

Carrying Cost Plus				
Description	Accrued Interest Purch.	Amortized Cost	Fair Value	Accrued Interest
1* United States Treasury:				
Bills	\$ 19,962,799,548.19	\$ 20,149,631,218.46	\$ 20,170,090,000.00	NA
Notes	\$ 29,230,407,269.94	\$ 29,224,407,968.98	\$ 29,342,840,500.00	\$ 124,119,915.50
1* Federal Agency:				
SBA	\$ 620,381,235.24	\$ 620,381,235.24	\$ 617,521,687.16	\$ 1,426,589.91
MBS-REMICs	\$ 20,423,873.00	\$ 20,423,873.00	\$ 21,069,725.56	\$ 95,454.83
Debentures	\$ 2,293,822,254.52	\$ 2,293,719,546.19	\$ 2,306,791,550.00	\$ 9,880,630.25
Debentures FR	\$ -	\$ -	\$ -	\$ -
Debentures CL	\$ 450,000,000.00	\$ 450,000,000.00	\$ 450,819,500.00	\$ 1,309,916.50
Discount Notes	\$ 13,081,447,402.81	\$ 13,155,472,340.33	\$ 13,157,427,000.00	NA
1* Supranational Debentures	\$ 539,155,502.87	\$ 539,155,502.87	\$ 543,537,100.00	\$ 2,598,084.50
1* Supranational Debentures FR	\$ 200,220,716.29	\$ 200,220,716.29	\$ 200,322,832.09	\$ 789,345.53
2* CDs and YCDs FR	\$ 400,000,000.00	\$ 400,000,000.00	\$ 400,000,000.00	\$ 965,740.06
2* Bank Notes	\$ 650,000,000.00	\$ 650,000,000.00	\$ 649,844,510.98	\$ 4,031,486.11
2* CDs and YCDs	\$ 16,975,000,000.00	\$ 16,975,000,000.00	\$ 16,978,243,253.92	\$ 122,495,097.25
2* Commercial Paper	\$ 7,386,012,069.47	\$ 7,418,124,113.81	\$ 7,418,575,176.70	NA
1* Corporate:				
Bonds FR	\$ -	\$ -	\$ -	\$ -
Bonds	\$ -	\$ -	\$ -	\$ -
1* Repurchase Agreements	\$ -	\$ -	\$ -	\$ -
1* Reverse Repurchase	\$ -	\$ -	\$ -	\$ -
Time Deposits	\$ 4,833,740,000.00	\$ 4,833,740,000.00	\$ 4,833,740,000.00	NA
AB 55 & GF Loans	\$ 795,980,000.00	\$ 795,980,000.00	\$ 795,980,000.00	NA
TOTAL	\$ 97,439,389,872.33	\$ 97,726,256,515.17	\$ 97,886,802,836.41	\$ 267,712,260.44

Fair Value Including Accrued Interest

\$ 98,154,515,096.85

* Governmental Accounting Standards Board (GASB) Statement #72

Repurchase Agreements, Time Deposits, AB 55 & General Fund loans, and Reverse Repurchase agreements are carried at portfolio book value (carrying cost).

The value of each participating dollar equals the fair value divided by the amortized cost (1.001642817).
As an example: if an agency has an account balance of \$20,000,000.00, then the agency would report its participation in the LAIF valued at \$20,032,856.33 or \$20,000,000.00 x 1.001642817.



Orange County Fire Authority
Preliminary Investment Report
October 25, 2019



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
October 25, 2019

Orange County Fire Authority
 1 Fire Authority Road
 Irvine, Irvine, CA 92602
 (714)573-6301

(See Note 1 on page 18)

(See Note 2 on page 18)

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Call/ Maturity	YTM/Call 360 Equiv.	YTM/C 365 Equiv.
Money Mkt Mutual Funds/Cash	11,283,398.05	11,283,398.05	11,283,398.05	9.55	1	1	1.460	1.480
Federal Agency Disc. -Amortizing	15,000,000.00	14,961,570.00	14,951,199.17	12.65	182	57	2.178	2.208
Treasury Discounts -Amortizing	30,000,000.00	29,931,700.00	29,918,151.39	25.32	148	52	2.032	2.060
Local Agency Investment Funds	62,000,000.00	62,101,854.65	62,000,000.00	52.47	1	1	2.249	2.280
Investments	118,283,398.05	118,278,522.70	118,152,748.61	100.00%	61	21	2.110	2.139
Cash								
Passbook/Checking (not included in yield calculations)	578,741.61	578,741.61	578,741.61		1	1	0.000	0.000
Total Cash and Investments	118,862,139.66	118,857,264.31	118,731,490.22		61	21	2.110	2.139

Total Earnings	October 25 Month Ending	Fiscal Year To Date
Current Year	191,574.73	1,082,727.77
Average Daily Balance	130,994,935.64	149,404,531.50
Effective Rate of Return	2.14%	2.26%

"I certify that this investment report accurately reflects all pooled investments and is in compliance with the investment policy adopted by the Board of Directors to be effective on January 1, 2019. A copy of this policy is available from the Clerk of the Authority. Sufficient investment liquidity and anticipated revenues are available to meet budgeted expenditure requirements for the next thirty days and the next six months."

Patricia Jakubik, Treasurer

11/1/19

Cash and Investments with GASB 31 Adjustment:

Book Value of Cash & Investments before GASB 31 (Above)

\$ 118,731,490.22

GASB 31 Adjustment to Books (See Note 3 on page 18)

\$ 141,814.96

Total

\$ 118,873,305.18

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
October 25, 2019

(See Note 1 on page 18) (See Note 2 on page 18)

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Call/ Maturity	Maturity Date
Money Mkt Mutual Funds/Cash											
SYS528	528	Federated Treasury Obligations			11,283,398.05	11,283,398.05	11,283,398.05	1.480	1.480	1	
Subtotal and Average			6,123,545.69		11,283,398.05	11,283,398.05	11,283,398.05		1.480	1	
Federal Agency Coupon Securities											
Subtotal and Average			14,760,000.00								
Federal Agency Disc. -Amortizing											
313312QH6	977	Federal Farm Credit Bank		04/18/2019	9,000,000.00	8,981,910.00	8,973,112.50	2.390	2.489	45	12/10/2019
313396RQ8	983	Freddie Mac		10/02/2019	6,000,000.00	5,979,660.00	5,978,086.67	1.730	1.787	76	01/10/2020
Subtotal and Average			15,781,651.40		15,000,000.00	14,961,570.00	14,951,199.17		2.208	57	
Treasury Discounts -Amortizing											
912796SS9	978	US Treasury Bill		06/03/2019	10,000,000.00	9,992,100.00	9,988,336.11	2.210	2.263	19	11/14/2019
912796SU4	979	US Treasury Bill		06/27/2019	5,000,000.00	4,992,500.00	4,990,461.11	2.020	2.066	34	11/29/2019
912796SU4	980	US Treasury Bill		07/18/2019	5,000,000.00	4,992,500.00	4,990,673.61	1.975	2.045	34	11/29/2019
912796TA7	981	US Treasury Bill		09/17/2019	5,000,000.00	4,983,500.00	4,980,520.84	1.870	1.934	75	01/09/2020
912796TH2	982	US Treasury Bill		09/30/2019	5,000,000.00	4,971,100.00	4,968,159.72	1.750	1.788	131	03/05/2020
Subtotal and Average			29,898,093.06		30,000,000.00	29,931,700.00	29,918,151.39		2.060	52	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			62,000,000.00	62,101,854.65	62,000,000.00	2.280	2.280	1	
Subtotal and Average			64,431,645.48		62,000,000.00	62,101,854.65	62,000,000.00		2.280	1	
Total and Average			130,994,935.64		118,283,398.05	118,278,522.70	118,152,748.61		2.139	21	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
October 25, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
Money Mkt Mutual Funds/Cash										
SYS10033	10033	Revolving Fund		07/01/2019	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2019	558,741.61	558,741.61	558,741.61		0.000	1
		Average Balance	0.00							1
Total Cash and Investments			130,994,935.64		118,862,139.66	118,857,264.31	118,731,490.22		2.139	21

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ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of October 26, 2019

Orange County Fire Authority
 1 Fire Authority Road
 Irvine, Irvine, CA 92602
 (714)573-6301

					Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval:	0 days	(10/26/2019 - 10/26/2019)	4 Maturities	0 Payments	73,862,139.66	62.21%	73,862,139.66	73,963,994.31
Aging Interval:	1 - 30 days	(10/27/2019 - 11/25/2019)	1 Maturities	0 Payments	10,000,000.00	8.41%	9,988,336.11	9,992,100.00
Aging Interval:	31 - 60 days	(11/26/2019 - 12/25/2019)	3 Maturities	0 Payments	19,000,000.00	15.96%	18,954,247.22	18,966,910.00
Aging Interval:	61 - 91 days	(12/26/2019 - 01/25/2020)	2 Maturities	0 Payments	11,000,000.00	9.23%	10,958,607.51	10,963,160.00
Aging Interval:	92 - 121 days	(01/26/2020 - 02/24/2020)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	122 - 152 days	(02/25/2020 - 03/26/2020)	1 Maturities	0 Payments	5,000,000.00	4.18%	4,968,159.72	4,971,100.00
Aging Interval:	153 days and after	(03/27/2020 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for			11 Investments	0 Payments		100.00	118,731,490.22	118,857,264.31



NOTES TO PORTFOLIO MANAGEMENT REPORT

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The MUFG Union Bank Trust Department provides market values of the remaining investments.
- Note 2: Book value reflects the cost or amortized cost before the GASB 31 accounting adjustment.
- Note 3: GASB 31 requires governmental entities to report investments at fair value in the financial statements and to reflect the corresponding unrealized gains/ (losses) as a component of investment income. The GASB 31 adjustment is recorded only at fiscal year end. The adjustment for June 30, 2019 includes an increase of \$111,266 to the LAIF investment and an increase of \$30,549 to the remaining investments.
- Note 4: The Federated Treasury Obligations money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks, yet allow that liquidity to be invested while payment of the outstanding checks is pending.

GLOSSARY

INVESTMENT TERMS

Basis Point. Measure used in quoting yields on bonds and notes. One basis point is .01% of yield.

Book Value. This value may be the original cost of acquisition of the security, or original cost adjusted by the amortization of a premium or accretion of a discount. The book value may differ significantly from the security's current value in the market.

Commercial Paper. Unsecured short-term promissory notes issued by corporations, with maturities ranging from 2 to 270 days; may be sold on a discount basis or may bear interest.

Coupon Rate. Interest rate, expressed as a percentage of par or face value, that issuer promises to pay over lifetime of debt security.

Discount. The amount by which a bond sells under its par (face) value.

Discount Securities. Securities that do not pay periodic interest. Investors earn the difference between the discount issue price and the full face value paid at maturity. Treasury bills, bankers' acceptances and most commercial paper are issued at a discount.

Effective Rate of Return. Rate of return on a security, based on its purchase price, coupon rate, maturity date, and the period between interest payments.

Federal Agency Securities. Securities issued by agencies such as the Federal National Mortgage Association and the Federal Farm Credit Bank. Though not general obligations of the US Treasury, such securities are sponsored by the government and therefore have high credit ratings. Some are issued on a discount basis and some are issued with coupons.

Federal Funds. Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed Funds are considered to be immediately available funds.

Fed Funds Rate. The interest rate charged by one institution lending federal funds to another.

Federal Open Market Committee. The branch of the Federal Reserve Board that determines the direction of monetary policy.

Local Agency Investment Fund (LAIF). A California State Treasury fund which local agencies may use to deposit funds for investment and for reinvestment with a maximum of \$50 million for any agency (*excluding bond funds, which have no maximum*). It offers high liquidity because

deposits can be converted to cash in 24 hours and no interest is lost. Interest is paid quarterly and the State's administrative fee cannot to exceed 1/4 of a percent of the earnings.

Market value. The price at which the security is trading and could presumably be purchased or sold.

Maturity Date. The specified day on which the issuer of a debt security is obligated to repay the principal amount or face value of security.

Money Market Mutual Fund. Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repurchase agreements and federal funds).

Par. Face value or principal value of a bond typically \$1,000 per bond.

Rate of Return. The amount of income received from an investment, expressed as a percentage. A *market rate of return* is the yield that an investor can expect to receive in the current interest-rate environment utilizing a buy-and-hold to maturity investment strategy.

Treasury Bills. Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

Treasury Notes. Intermediate U.S. government debt securities with maturities of one to 10 years.

Treasury bonds. Long-term U.S. government debt securities with maturities of 10 years or longer.

Yield. Rate of return on a bond.

Yield-to-maturity. Rate of return on a bond taking into account the total annual interest payments, the purchase price, the redemption value and the amount of time remaining until maturity.

ECONOMIC TERMS

Conference Board Consumer Confidence Index A survey that measures how optimistic or pessimistic consumers are with respect to the economy in the near future.

Consumer Price Index (CPI). A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. Changes in CPI are used to assess price changes associated with the cost of living.

Durable Goods Orders. An economic indicator released monthly that reflects new orders placed with domestic manufacturers for delivery of factory durable goods such as autos and appliances in the near term or future.

Gross Domestic Product. The monetary value of all the finished goods and services produced within a country's borders in a specific time period. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory.

Industrial Production. An economic indicator that is released monthly by the Federal Reserve Board. The indicator measures the amount of output from the manufacturing, mining, electric and gas industries.

ISM Institute for Supply Management (ISM) Manufacturing Index. A monthly index that monitors employment, production inventories, new orders and supplier deliveries.

ISM Non-manufacturing Index. An index based on surveys of non-manufacturing firms' purchasing and supply executives. It tracks economic data for the service sector.

Leading Economic Index. A monthly index used to predict the direction of the economy's movements in the months to come. The index is made up of 10 economic components, whose changes tend to precede changes in the overall economy.

National Federation of Independent Business Small Business Optimism Index. An index based on surveys of small business owners' plans and expectations regarding employment, capital, inventories, economic improvement, credit conditions, expansion, and earnings trends in the near term or future.

Producer Price Index. An index that measures the average change over time in the selling prices received by domestic producers for their output.

University of Michigan Consumer Sentiment Index. An index that measures the overall health of the economy as determined by consumer opinion. It takes into account an individual's feelings toward his or her own current financial health, the health of the economy in the short term and the prospects for longer term economic growth.



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
November 13, 2019

Agenda Item No. 4B
Discussion Calendar

Audited Financial Reports for the Fiscal Year Ended June 30, 2019

Contact(s) for Further Information

Robert Cortez, Assistant Chief Business Services Department	robertcortez@ocfa.org	714.573.6012
Julie Nemes, Finance Manager/Auditor	julienemes@ocfa.org	714.573.6304
Tammie Pickens, General Accounting Manager	tammiepickens@ocfa.org	714.573.6320

Summary

This annual agenda item is submitted to present the OCFA's audited Comprehensive Annual Financial Report (CAFR) and other audited financial reports for the fiscal year ended June 30, 2019, in compliance with the provisions of Section 6505 of the California Government Code and the Amended Joint Powers Agreement.

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of November 21, 2019, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Receive and approve the reports.
2. Review the calculations used to determine the fund balance amounts assigned to the capital improvement program and workers' compensation and confirm the calculations' consistency with the OCFA's Assigned Fund Balance Policy.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

See attached expanded background.

Attachment(s)

1. Comprehensive Annual Financial Report (CAFR) for the Year Ended June 30, 2019
2. Report on Internal Control for the Year Ended June 30, 2019
3. Single Audit Report for the Year Ended June 30, 2019
4. Audit Communication Letter for the Year Ended June 30, 2019
5. Assigned Fund Balance Calculations as of June 30, 2019 for:
 - A. Capital Improvement Program
 - B. Workers Compensation
6. Calculation of Unencumbered Fund Balance as of June 30, 2019

Background

Financial Audit and Reports

Lance, Soll & Lunghard, LLP, Certified Public Accountants, performed OCFA's annual financial audit for Fiscal Year 2018/19. Its work included an audit of OCFA's Financial Statements in accordance with generally accepted auditing standards (GAAS); a review of internal controls to determine the depth of planned audit procedures; and a Single Audit of federal grant expenditures. The following Fiscal Year 2018/19 audit reports are being submitted for approval:

- **Comprehensive Annual Financial Report (CAFR)** (Attachment 1) – OCFA's Finance Division staff has prepared the CAFR for the fiscal year ended June 30, 2019, which includes OCFA's audited Financial Statements, as well as additional background and multi-year statistical information covering OCFA's financial trends, revenue and debt capacity, demographic and economic information, and operating information. The CAFR includes an unmodified or "clean" opinion letter from the auditors, which states that OCFA's Financial Statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles (GAAP).
- **Report on Internal Control** (Attachment 2) – The auditors have reported no significant deficiencies or material weaknesses in their report on internal control over financial reporting, compliance, and other matters.
- **Single Audit Report** (Attachment 3) – This report includes a review of federal grant funds expended by OCFA during the fiscal year. The major programs selected for more in-depth testing were the Homeland Security Grant Program and Staffing for Adequate Fire and Emergency Response (SAFER). Below is a summary of the auditors' results as described in the report:

	Financial Statements (Financial Reporting)	Federal Awards (Major Federal Programs)
Type of opinion	Unmodified	Unmodified
Internal control:		
Significant deficiency identified?	No	No
Material weakness identified?	No	No
Noncompliance material to the financial statements noted?	No	N/A
Findings required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200?	N/A	Yes

The auditors identified one finding pertaining to the SAFER major federal program. It was noted that OCFA did not submit quarterly performance reports during FY 2018/19, and that one semi-annual financial report was submitted late. The finding stemmed from a misunderstanding between OCFA staff and the Federal Emergency Management Agency (FEMA) as to whether or not OCFA was eligible for participation in the grant program, since it did not meet the minimum staffing level established at the time of the grant award. In May 2019, OCFA received notification from FEMA of eligibility for participation in the program

as it had fulfilled the intent of the original grant agreement. As of September 10, 2019, all past due quarterly performance reports were submitted to FEMA, and the first quarterly report for FY 2019/20 was submitted on-time. OCFA has developed additional internal reports and a reporting matrix to ensure that reports will be submitted in a timely manner going forward.

- **Audit Communication Letter** (Attachment 4) – Professional standards require the auditors to communicate certain information pertaining to the audit directly to those charged with the OCFA’s governance. This letter includes information about the auditors’ responsibilities, the planned scope and timing of the audit, and required communications in several areas.

The CAFR will be published electronically on OCFA’s website along with the Single Audit Report. The CAFR and other audit reports will be filed with the County Auditor-Controller, the State Controller’s Office, the State Auditor, the Federal Audit Clearinghouse, and other grant agencies, as applicable. Copies for public review are available at the office of the Clerk of the Authority.

Assigned Fund Balance

The Board of Directors has adopted an *Assigned Fund Balance Policy*, which delegates authority to assign fund balance amounts for the capital improvement program and workers’ compensation from the Board of Directors to the Deputy Chief of the Administrative & Support Bureau, or his/her designee, with a final review of the calculation by the Budget and Finance Committee. The Budget and Finance Committee’s review of the calculation occurs each year at the time the audited financial statements are approved and confirms the calculation’s consistency with the provisions of the policy. OCFA’s fund balance as of June 30, 2019, includes assignments for the capital improvement program (\$43,739,218) and workers’ compensation (\$88,772,530), with detailed calculations included as Attachments 5A and 5B.

Net Pension Liability vs. Unfunded Actuarial Accrued Liability

OCFA follows GASB Statements No. 68 *Accounting and Financial Reporting for Pensions* and No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Under these accounting standards, the **funding** or paying of OCFA’s pension liability is disconnected from the **reporting** of the liability and related pension expense in the audited financial statements.

Each year, OCFA receives two separate actuarial valuations from the Orange County Employees Retirement System (OCERS) that are used to identify OCFA’s annual costs and future obligations pertaining to the retirement plan for its full-time employees. Both actuarial valuations are prepared by Segal Consulting (Segal) on behalf of OCERS using a “measurement date” of December 31.

- **Funding Valuation:** The “funding valuation” is used to determine OCFA’s Unfunded Actuarial Accrued Liability (UAAL) and to set required contribution rates for the upcoming fiscal year. The method in which governmental employers fund their UAAL is systematic and assumed to occur over a long period of time. Contributions paid annually over the UAAL’s amortization period are intended to accumulate to an amount necessary to fund the UAAL over time. OCFA’s UAAL as reported in the December 31, 2018, funding valuation totaled \$427 million.
- **GASB Reporting Valuation:** The “GASB reporting valuation” is used to determine OCFA’s Net Pension Liability (NPL), annual pension expense, and related calculations for financial

reporting purposes in compliance with GASB Statement No. 68. The actuarial assumptions in this report differ from the “funding valuation” since they must comply with national GASB standards that are consistently applied by all governments. Amounts in this valuation may materially change from one year to the next, creating more volatility in the pension expense recognized in the financial statements (as compared to the required contributions identified in the “funding valuation”). OCFA’s NPL for its OCERS pension plan reported in the June 30, 2019, audited financial statements totaled \$467 million. More detailed information regarding this long-term net liability can be found on the Statement of Net Position and in the Notes to the Financial Statements No. 24 (Attachment 1).

Currently, the net difference between OCFA’s UAAL (funding) and NPL (reporting) is \$40 million, which is the result of different liability and asset values used in measuring these amounts in the separate actuarial valuations. The primary differences are attributed to the NPL being calculated using the plan’s current market value of assets, and the UAAL being calculated by adjusting the market value of assets for asset smoothing per the OCERS Actuarial Funding Policy. Differences are also created by timing differences of when actuarial gains and losses are recognized in the liability calculation for financial reporting purposes compared to funding valuation purposes. Segal has provided OCERS with a reconciliation to assist in understanding the underlying differences between the UAAL and the NPL for the retirement plan as a whole. Following is a recap of the Segal reconciliation including only the rate groups applicable to OCFA:

	Rate Group #8 (Safety)	Rate Group #10 (General)	OCFA Total
Liability Reconciliation			
Actuarial accrued liability (L1)	\$1,781,942,000	\$243,735,000	\$2,025,677,000
Gains (losses) from lower (higher) than expected:			
Salary increases	(17,020,000)	144,000	(16,876,000)
Cost of living increases	(2,456,000)	(397,000)	(2,853,000)
Other experience gain or (loss)	(9,275,000)	426,000	(8,849,000)
Impact from assumption changes	-	-	-
Gain (loss) from rolled forward to actual liabilities	(205,334)	(12,456)	(217,790)
Total pension liability (L2)	\$1,752,985,666	\$243,895,544	\$1,996,881,210
Asset Reconciliation			
Valuation of assets (A1)	\$1,402,381,000	\$196,507,000	\$1,598,888,000
Adjustment for deferred investment return and non-valuation reserve	(60,290,219)	(8,448,097)	(68,738,316)
Market value of assets (A2)	\$1,342,090,781	\$188,058,903	\$1,530,149,684
Net Reconciliation			
Unfunded Actuarial Accrued Liability (UAAL) (L1-A1)	\$379,561,000	\$47,228,000	\$426,789,000
Net Pension Liability (NPL) (L2-A2)	\$410,894,885	\$55,836,641	\$466,731,526
Net Difference (UAAL – NPL)	\$(31,333,885)	\$(8,608,641)	\$(39,942,526)
Difference in Liabilities	\$28,956,334	\$(160,544)	\$28,795,790
Difference in Assets	\$60,290,219	\$8,448,097	\$68,738,316

Structural Fire Fund

The Amended Joint Powers Agreement gives the Board of Directors the sole discretion to determine if sufficient unencumbered funds from the prior fiscal year are available for OCFA-related services or resource enhancements to over-funded Structural Fire Fund (SFF) members. This determination is made after consideration of the audited Financial Statements and after consideration of the OCFA's financial needs. Based on the audited Financial Statements for the fiscal year ended June 30, 2019, the unencumbered fund balance is \$5,037,714 (Attachment 6), which is 1.12% of the General Operating Fund budget for Fiscal Year 2019/20. Staff is recommending allocation of the \$5,037,714 fund balance to OCFA's pension paydown plan (see agenda item "2019 Liability Study") to facilitate further progress with this important initiative.

CAFR 2019

FISCAL YEAR ENDED JUNE 30



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



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

Board of Directors As of June 2019

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

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

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

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

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

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

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

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

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

Tri Ta
City of Westminster
(Board Member Since 2009)

Rob Johnson
City of Cypress
(Board Member Since 2013)

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

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

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

Melissa Fox
City of Irvine
(Board Member Since 2017)

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

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

Lisa Bartlett
County of Orange
(Board Member Since 2015)

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

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

David Shawver
City of Stanton
(Board Member Since 1995)

Donald Wagner
County of Orange
(Board Member Since 2019)

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

Letitia Clark
City of Tustin
(Board Member Since 2019)

Brian Fennessy
Fire Chief

Prepared by OCFA Finance Division

Photos provided by OCFA Multimedia

Orange County Fire Authority



Mission

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

Vision

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

Guiding Principles

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

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

Customer Service Motto

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

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

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Introductory Section





ORANGE COUNTY FIRE AUTHORITY

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

(714) 573-6000

www.ocfa.org

October 21, 2019

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Orange County Fire Authority (OCFA) for the fiscal year ended June 30, 2019. This report consists of management's representations concerning the finances of the OCFA and is presented using the financial reporting model outlined in statements issued by the Governmental Accounting Standards Board (GASB). Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

To provide a reasonable basis for making its representations, OCFA management has established a comprehensive internal control framework. This framework is designed to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that accounting transactions are executed in accordance with management's authorization and properly recorded so that the financial statements can be prepared in conformity with generally accepted accounting principles (GAAP). Because the cost of a control should not exceed the benefits to be derived, the objective of the internal control framework is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The design and operation of internal controls also ensures that federal and state financial assistance funds are expended in compliance with applicable laws and regulations related to those programs.

OCFA's financial statements have been audited by Lance, Soll & Lunghard, LLP, a firm of certified public accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the OCFA's financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

Background Information on the OCFA

OCFA was formed on March 1, 1995, transitioning from the Orange County Fire Department to a joint powers authority (JPA) as allowed by California State Government Code 6500 et seq. OCFA is an independent entity similar to a special district. The service area includes twenty-three member cities and the unincorporated areas of Orange County. A twenty-four member Board of Directors governs the OCFA, including an elected official appointed to represent each member city, with the exception of the City of Placentia, and two representatives from the County Board of Supervisors. The City of Placentia does not currently have a representative on the OCFA Board of Directors since the city issued a notice of withdrawal to the OCFA, as allowed per the Joint Powers Agreement, prior to June 30, 2018. OCFA is managed by an appointed Fire Chief who reports to the Board of Directors.

The annual budget serves as the foundation for OCFA's financial planning and control. The budget development process begins in November. The budget team compiles the input received from the section/division managers who follow the policies and guidelines established by Executive Management. The results are presented to Executive Management for review and prioritization. The draft budget is further refined through various committee reviews, including a City Managers' Budget and Finance Committee, a Capital Improvement Program Ad Hoc Committee, and the OCFA Budget and Finance Committee. The OCFA Budget and Finance Committee recommends the budget for approval by the Board of Directors in May or June. The Board has the option of holding a public hearing

on the proposed budget, and is required to adopt a final budget by no later than June 30, the close of the OCFA's fiscal year. The appropriated budget is allocated by fund and department. Department Chiefs may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of Executive Management, and transfers between funds require the approval of the Board. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. A Budgetary Comparison Statement for the General Fund is presented in the governmental funds section of the accompanying financial statements. Budgetary Comparison Schedules for all remaining governmental funds with appropriated annual budgets are presented in the supplementary schedules section of the accompanying financial statements.

Information on Orange County and the Local Economy



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

Orange County Profile:

Orange County is located along the southern coast of California, with Los Angeles County to the north; San Diego County to the south; and Riverside and San Bernardino counties to the east. Orange County covers an area of 799 square miles, with 42 miles of coastline along the Pacific Ocean, and is home to over 3.2 million people.¹ There are thirty-four cities in Orange County. OCFA provides regional fire services to twenty-three of those cities, along with the unincorporated areas throughout the county.

Employment and Income:

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

Housing Affordability:

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

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

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

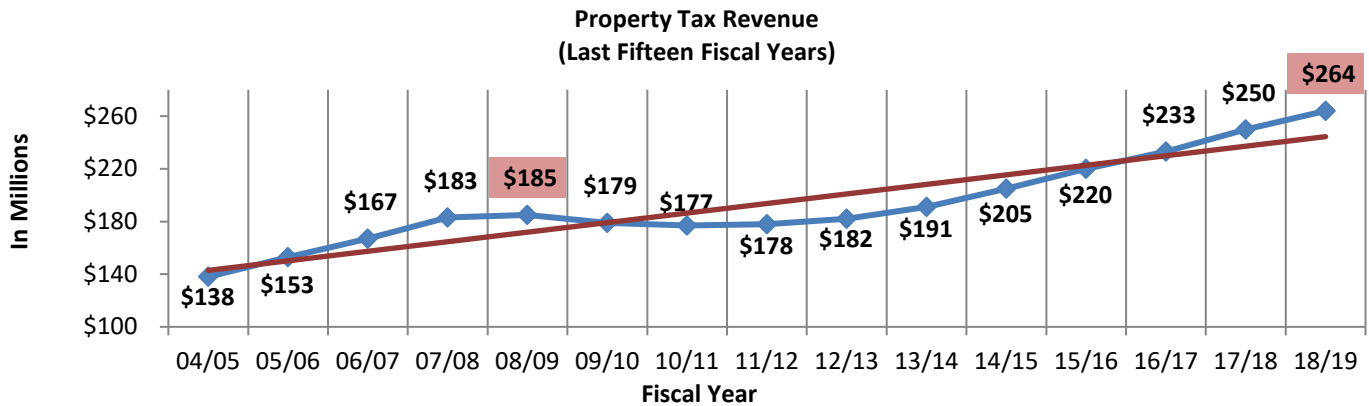
³ Chapman University, *Economic & Business Review*, June 2019, Table 11 *Orange County Variables, Annual History and Forecasts: 2014-2019*

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

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

Property Taxes:

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



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

Long-term Financial Planning

Since its formation in 1995, OCFA has been preparing multi-year projections of its revenues and expenditures. A firm of property tax consultants has been retained to assist in the projection of the OCFA's single largest revenue source – property taxes. With these projections and a collection of conservative assumptions, OCFA forecasts its financial condition five years into the future. Various scenarios can be developed from the forecast to assess the impact of proposed or impending changes to the budget, the economy or the underlying assumptions. As a result, this tool provides an early warning of potential financial difficulties. OCFA's method of projecting its property tax revenue is to increase the value of existing structures by the 2% constitutional maximum, increase these values to account for re-sales, and add in the value of any new development.

Relevant Financial Policies

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

Financial Stability Budget Policy – This policy is intended to guide the OCFA budget actions toward maintaining long-term financial stability and to establish fund balance levels and annual funding targets for the General Fund and Capital Improvement Program (CIP). The policy was updated in 2017 to include guidance on facilitating the accelerated payment of OCFA's unfunded liabilities for improved fiscal health.

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

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

Roles/Responsibilities/Authorities for the OCFA – This document identifies those roles and responsibilities that have been retained by the Board, as well as responsibilities that have been delegated. All authority rests with the Board unless it is delegated by statute

or Board action. When delegated, these authorities are further defined by contracts, resolutions, policies and/or other Board actions.

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

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

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

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

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

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

Major Initiatives Expected to Affect Future Financial Position

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

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

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

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

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

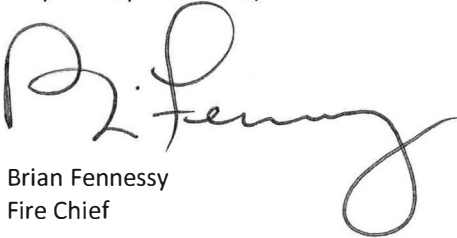
Settlement Agreement with the City of Irvine – Negotiation teams from OCFA and the City of Irvine (Irvine) worked collaboratively throughout Fiscal Year 2018/19 to formulate a Settlement Agreement, which was approved by OCFA’s Board of Directors on March 28, 2019, and Irvine’s City Council on April 9,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

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the OCFA for its Fiscal Year 2017/18 Comprehensive Annual Financial Report (CAFR), the twenty-first consecutive year OCFA has received this prestigious award. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements. The certificate is valid for a period of one year. We believe our Fiscal Year 2018/19 CAFR continues to meet the program’s requirements, and we are submitting it to the GFOA to determine its eligibility for this year’s award.

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

Respectfully submitted,

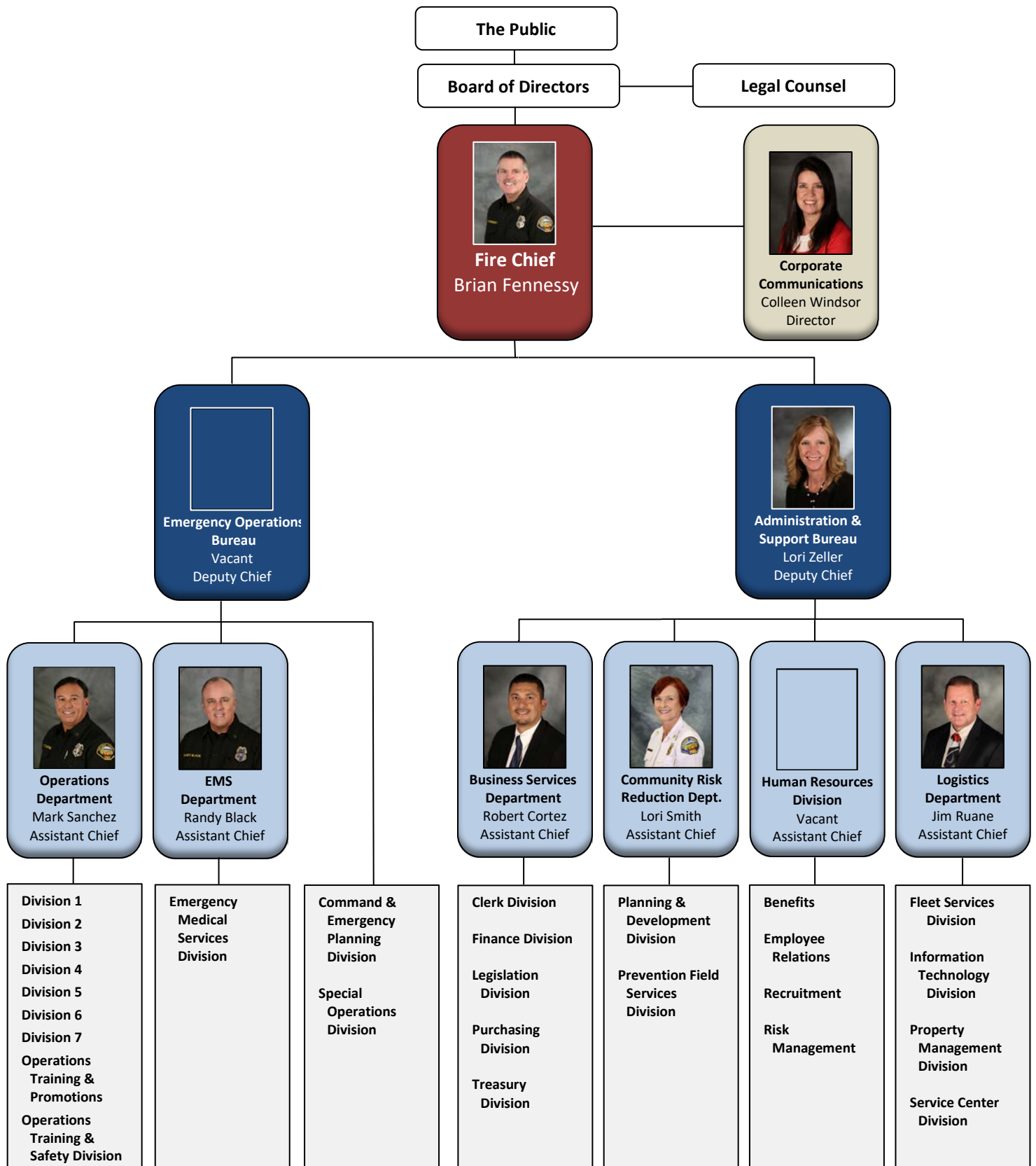


Brian Fennessy
Fire Chief



Lori Zeller
Deputy Chief, Administration & Support Bureau

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



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

Executive Management

Fire Chief

Brian Fennessy

Deputy Chiefs

Vacant	Emergency Operations
Lori Zeller	Administration & Support

Assistant Chiefs

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

Directors

Colleen Windsor	Corporate Communications
-----------------	--------------------------

Appointed Officials

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

Legal Counsel

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

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

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

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

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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
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Reporting**

Presented to

**Orange County Fire Authority
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Executive Director/CEO



Orange County Fire Authority Safety Message

Carbon Monoxide Alarms **(Part 1 of 3)**



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

Safety Tips

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

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

(Continued on Page 4)

A photograph of two bagpipers in traditional Scottish kilts and sporrans, playing bagpipes. They are wearing black sporrans with silver metal. The bagpipers are wearing kilts with a green and red tartan pattern. The bagpiper on the left is wearing sunglasses and a watch. The bagpiper on the right is looking towards the camera. Both are wearing black sporrans with silver metal. The background is a blurred outdoor setting.

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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

Opinions

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

Other Matters

Required Supplementary Information

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

Prior Year Comparative Information

The financial statements for the year ended June 30, 2018, were audited by another auditor, who expressed an unmodified opinion on those statements on October 15, 2018. The financial statements include summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2018, from which such summarized information was derived.

Other Information

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



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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2019 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Brea, California
October 21, 2019



Orange County Fire Authority Safety Message

Carbon Monoxide Alarms (Part 2 of 3)

(Continued from Page xii)



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

Safety Tips

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

Prevent CO Poisoning

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

(Continued on Page 23)

Management's Discussion and Analysis



Academy 47 Graduation
June 5, 2019

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

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

Financial Highlights

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

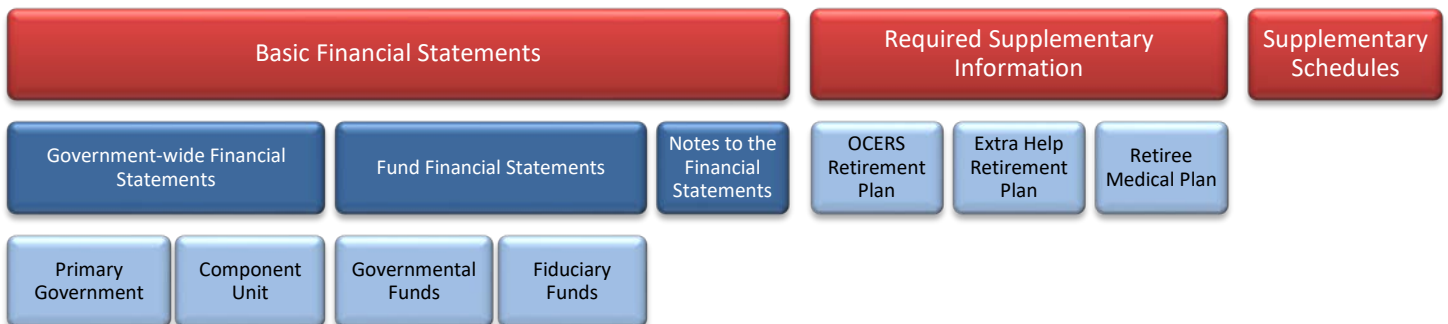
Governmental Funds: As of the close of the current fiscal year, OCFA's governmental funds showed combined ending fund balances totaling \$214,206,767, a decrease of \$4,377,749 from the prior fiscal year. Of the total ending fund balance, \$32,680,670 (15.3%) was available for funding future operational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

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

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

Overview of the Financial Statements

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



Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of OCFA's and the OCFA Foundation's finances, in a manner similar to a private-sector business. Public safety activities are reported as governmental activities, since they are principally supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 24-25.

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

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

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

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

OCFA reports four governmental funds. Information is presented separately in the fund financial statements for all four governmental funds, since OCFA has elected to classify all governmental funds as major funds. The OCFA adopts an annual appropriated budget for each governmental fund. Budgetary comparison statements or schedules have been provided for the governmental funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 28-32.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support OCFA's own programs. Combined basic fiduciary fund financial statements can be found on pages 33-34.

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

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

Government-wide Financial Analysis

Net Position: As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of OCFA, net position totaled a deficit of \$298,070,314 at the end of the most recent fiscal year, a 0.5% change from the prior fiscal year. Following is a summary of OCFA's net position as of June 30, 2019 and 2018:

ORANGE COUNTY FIRE AUTHORITY's Net Position

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

Net Investment in Capital Assets: At June 30, 2019, the largest portion of OCFA's net position reflects its investment in capital assets, less related outstanding debt used to acquire those assets. OCFA uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although OCFA's investment in its capital assets is reported net of related debt, it should be noted that the repayment of any debt issued to acquire capital assets must be from other sources. OCFA cannot sell the assets to obtain funding.

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

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

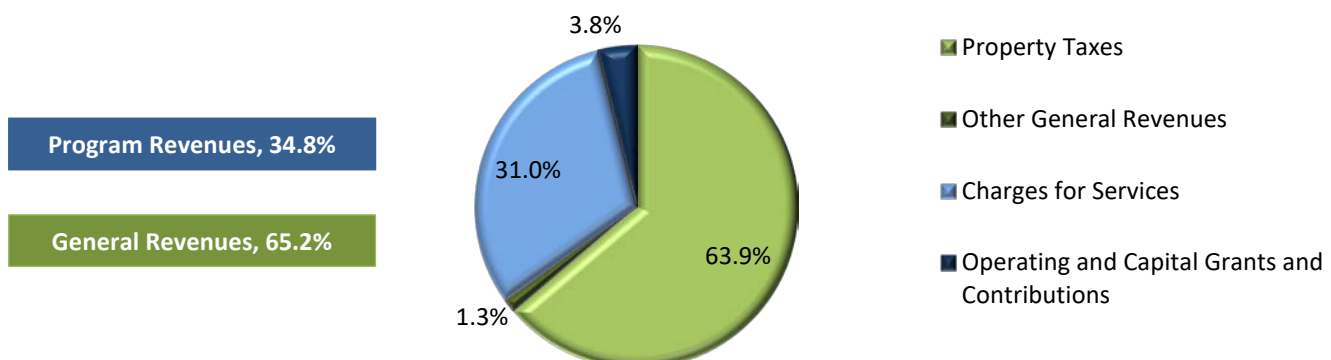
Changes in Net Position: Governmental activities from the current year's activities increased OCFA's net position by \$1,383,132 during the most recent fiscal year, an indication that OCFA's financial position has improved. As previously noted, the reason for the overall deficit in net position is due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

Governmental activities are divided into two categories – program and general. Program revenues are those derived directly from a government program itself, or from parties outside the government's taxpayers, and thus reduce the net cost of providing that program. Any program expenses that are not offset by program revenues must essentially be financed by general revenues, such as taxes and investment earnings. Following is a summary of OCFA's changes in net position for Fiscal Year 2018/19 and Fiscal Year 2017/18, followed by explanations for the increases or decreases in revenues and expenses between fiscal years.

ORANGE COUNTY FIRE AUTHORITY's Changes in Net Position

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

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



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

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

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

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

Amount (Rounded)	Reason for Increase / Decrease
+\$1,015,000	Tax increment passed through from member cities and the County of Orange increased by \$1,015,000. In Fiscal Year 2011/12, the State of California dissolved its sixty year-old redevelopment program, and city redevelopment agencies were replaced with successor agencies to manage the wind-down of the program. Property tax increment that was formerly passed through to OCFA by various member cities has now been deposited into the newly formed Redevelopment Property Tax Trust Fund, from which the County of Orange Auditor/Controller makes disbursements.
+\$370,000	Federal and state operating grants increased primarily due to a one-time federal grant to conduct a Southern Wind Urban Search & Rescue Task Force Radioactive Dispersal Device (RDD) "Dirty Bomb" Exercise.
+\$150,000	Other miscellaneous operating revenues increased, primarily due to an increase in the number of reimbursable instructional hours per a contract with Santa Ana College and reimbursable projects approved by the California Firefighter Joint Apprenticeship Committee.
+\$1,535,000	Program Revenues: Operating Grants and Contributions – Net Increase

Capital Grants and Contributions include grants, contributions, donations, and similar items that are restricted to one or more specific capital-related programs. These revenues decreased by \$16,420,939 from the prior fiscal year.

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

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

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



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

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

(Continued)

(Continued)

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

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

OCFA FOUNDATION's Condensed Financial Activity

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

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

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

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

Financial Analysis of OCFA's Governmental Funds

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

- (1) Nonspendable – Not in a spendable form, or legally or contractually required to remain intact
- (2) Restricted – Subject to externally enforceable legal restrictions
- (3) Committed – Use is constrained by specific limitations that the Board of Directors imposes upon itself by a formal action
- (4) Assigned – Intended to be used by the government for specific purposes, subject to change, as established by the governing body itself or by management officials who have been delegated authority by the governing body
- (5) Unassigned – Residual amounts in the General Fund available for any purpose (may serve as a useful measure of a government's net resources available for funding future operational needs)

At the end of Fiscal Year 2018/19, OCFA's governmental funds reported combined ending fund balances of \$214,206,767, a decrease of \$4,377,749 in comparison with the prior year. Approximately 15.3% constitutes unassigned fund balance, which is available for spending for any purpose. The remaining 84.7% of fund balance is not available for spending on any new purpose, because it has already been restricted, committed, or assigned for specific purposes, or it is in a nonspendable form.

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



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

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

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Impact on Fund Balance (Rounded)	Description																						
+\$4,830,000	The most significant increase in charges for services was over \$5.3 million for operating and facilities charges to cash contract cities per terms of the Joint Powers Agreement. Other revenue increases included the Airport Rescue Firefighting (ARFF) Services contract with John Wayne Airport; contract work generated by the hand crew; and inspection and false alarm fees. The most significant decrease in charges for services was \$830,000 for private ambulance transport and supplies reimbursements. Revenue also decreased for the emergency transport program in the City of San Clemente, which was discontinued in September 2017.																						
-\$2,515,000	The change in miscellaneous revenue related primarily to a decline in amounts received from the Orange County Professional Firefighters Association IAFF Local 3631 (OCPFA) in connection with OCFA's contract governing contributions to the firefighter medical trust. Per terms of the contract and results of an annual third-party review, OCPFA was required to pay OCFA nearly \$2.3 million in Fiscal Year 2017/18 but \$0 in Fiscal Year 2018/19.																						
+\$1,535,000	The increase in use of money and property primarily pertained to increases for investment portfolio earnings, net of a market value investment loss, allocated to the fund (+\$1,475,000), as well as interest earnings related to property taxes (+\$60,000).																						
+\$9,250,000	Subtotal – Impact of Revenues																						
-\$3,755,000	Regular pay, as well as related costs such as FICA and Medicare, increased by \$3.3 million due to scheduled pay increases per labor contracts negotiated with various employee groups. Pay increases that went into effect during Fiscal Year 2018/19 included chief officers (3.30% effective July 2018), general and supervisory units (2.00% effective August 2018), administrative managers (1.84% effective August 2018), and firefighters (3.20% effective September 2018). In addition, there was a \$455,000 increase in the net year-end estimate for accrued but unpaid payroll costs. The year-end estimates vary each year depending on the timing of the bi-weekly pay period calendar.																						
-\$2,775,000	Overtime costs increased by nearly \$2.8 million, including non-discretionary backfill for open/vacant suppression positions; backfill for suppression personnel on workers' compensation or those utilizing leave balances; and overtime for mandatory training. Increases in these categories were offset by declines in overtime and backfill for suppression personnel responding to emergency incidents. There were fewer in-county and out-of-county incidents to which OCFA provided state "assistance by hire" in Fiscal Year 2018/19 as compared to the prior year.																						
+\$2,275,000	In April 2018, OCFA made an employer contribution totaling \$2,275,000 to the Defined Benefit Retiree Medical Trust. This payment was made in accordance with the terms of the updated Health Plan Agreement between OCFA and the Orange County Professional Firefighters Association (OCPFA) effective January 1, 2017, and represented "excess fund balance" held by the OCPFA health plan trust as of December 31, 2016. No "excess fund balance" was held as of December 31, 2017, so no contribution was made to the trust during Fiscal Year 2018/19.																						
-\$950,000	<p>Other pay – which includes pay to employees on workers' compensation, educational incentives, paramedic/EMT bonuses, bilingual pay, and other specialty pay – increased or decreased as follows:</p> <table> <tr> <td>➤ Paramedic specialty pay</td><td>+\$360,000</td></tr> <tr> <td>➤ Emergency medical technician (EMT) pay</td><td>+\$115,000</td></tr> <tr> <td>➤ Special assignment pay for other safety specialties</td><td>+\$135,000</td></tr> <tr> <td>➤ Special assignment pay for manpower coordinators and staff positions</td><td>+\$60,000</td></tr> <tr> <td>Subtotal – increase in specialty pay for safety employees</td><td>+\$670,000</td></tr> <tr> <td>➤ Education incentives</td><td>+\$200,000</td></tr> <tr> <td>➤ Workers' compensation pay</td><td>-\$110,000</td></tr> <tr> <td>➤ Military leave</td><td>+\$65,000</td></tr> <tr> <td>➤ Night shift differential pay</td><td>+\$55,000</td></tr> <tr> <td>➤ Other miscellaneous taxable and nontaxable pay</td><td>+\$70,000</td></tr> <tr> <td>Total – net increase in expenditures</td><td>+\$950,000</td></tr> </table> <p>Specialty pay for safety employees was the most significant contributor to the overall increase. These amounts are typically calculated as a percentage of regular pay, which increased during Fiscal Year 2018/19 due to scheduled pay increases for chief officers and firefighters.</p>	➤ Paramedic specialty pay	+\$360,000	➤ Emergency medical technician (EMT) pay	+\$115,000	➤ Special assignment pay for other safety specialties	+\$135,000	➤ Special assignment pay for manpower coordinators and staff positions	+\$60,000	Subtotal – increase in specialty pay for safety employees	+\$670,000	➤ Education incentives	+\$200,000	➤ Workers' compensation pay	-\$110,000	➤ Military leave	+\$65,000	➤ Night shift differential pay	+\$55,000	➤ Other miscellaneous taxable and nontaxable pay	+\$70,000	Total – net increase in expenditures	+\$950,000
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Total – net increase in expenditures	+\$950,000																						

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Impact on Fund Balance (Rounded)	Description																								
-\$465,000	One-time employer pension contributions decreased by \$265,000 in accordance with OCFA's "snowball" plan to expedite the paydown of its net unfunded pension liability. Actuarially required pension contributions based on employee compensation, net of savings achieved by pre-paying a portion of the subsequent fiscal year's contribution to OCERS, increased by \$730,000. That increase is due in most part to corresponding increases in employee compensation.																								
-\$370,000	Employee health insurance and other benefits increased primarily due to firefighter health insurance premiums. OCFA contributes toward the cost of firefighter health insurance premiums at a contractual rate per month, per employee. The monthly rate increased from \$1,900 to \$1,995 per month in January 2019.																								
-\$205,000	Vacation and sick leave payouts increased due to the retirement of an individual, long-term employee with significant balances during Fiscal Year 2018/19.																								
+\$15,000	Salary costs for temporary, "extra help" employees vary each year as projects and short-term vacancies arise. The net decrease in Fiscal Year 2018/19 was primarily due to an employee hired in the prior year to oversee the development of the City of Garden Grove fire service proposal, offset by an overall increase in reserve firefighter stipend payments.																								
-\$6,230,000	Subtotal – Impact of Salaries and Benefits																								
+\$3,000,000	<p>The most significant decrease in professional services pertained to partnership costs paid to the Orange County Sheriff's Department for OCFA's proportionate share of the 800 MHz Countywide-Coordinated Communications System (CCCS) replacement. The final \$2.5 million payment was made during Fiscal Year 2017/18. Another significant decrease was workers compensation claims paid. This varies each year depending on the number of open claims. These decreases were offset by an increase in the cost of pre-employment and wellness physicals and mental health counseling and training program services. Below is a summary of these and other net increases and decreases in Fiscal Year 2018/19 professional service expenditures:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">➤ 800 MHz CCCS replacement</td><td style="text-align: right;">-\$2,470,000</td></tr> <tr> <td style="padding-left: 20px;">➤ Workers' compensation claims paid</td><td style="text-align: right;">-\$1,340,000</td></tr> <tr> <td style="padding-left: 20px;">➤ Employee physicals and mental health awareness programs</td><td style="text-align: right;">+\$600,000</td></tr> <tr> <td style="padding-left: 20px;">➤ Service level assessments</td><td style="text-align: right;">+\$360,000</td></tr> <tr> <td style="padding-left: 20px;">➤ Property tax administrative fee</td><td style="text-align: right;">-\$270,000</td></tr> <tr> <td style="padding-left: 20px;">➤ Mission Driven Culture program</td><td style="text-align: right;">+\$225,000</td></tr> <tr> <td style="padding-left: 20px;">➤ Lexipol online fire policy manual and integrated daily training bulletin services</td><td style="text-align: right;">+\$165,000</td></tr> <tr> <td style="padding-left: 20px;">➤ "County island" agreement with the City of La Habra</td><td style="text-align: right;">-\$145,000</td></tr> <tr> <td style="padding-left: 20px;">➤ Legal fees</td><td style="text-align: right;">-\$145,000</td></tr> <tr> <td style="padding-left: 20px;">➤ Consultants for Canyon and Canyon 2 Fires independent review</td><td style="text-align: right;">-\$110,000</td></tr> <tr> <td style="padding-left: 20px;">➤ Other professional services</td><td style="text-align: right;">+\$130,000</td></tr> <tr> <td style="padding-left: 20px;">Total – net decrease in expenditures</td><td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">-\$3,000,000</td></tr> </table>	➤ 800 MHz CCCS replacement	-\$2,470,000	➤ Workers' compensation claims paid	-\$1,340,000	➤ Employee physicals and mental health awareness programs	+\$600,000	➤ Service level assessments	+\$360,000	➤ Property tax administrative fee	-\$270,000	➤ Mission Driven Culture program	+\$225,000	➤ Lexipol online fire policy manual and integrated daily training bulletin services	+\$165,000	➤ "County island" agreement with the City of La Habra	-\$145,000	➤ Legal fees	-\$145,000	➤ Consultants for Canyon and Canyon 2 Fires independent review	-\$110,000	➤ Other professional services	+\$130,000	Total – net decrease in expenditures	-\$3,000,000
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Total – net decrease in expenditures	-\$3,000,000																								
+\$1,450,000	Clothing and personal supply costs decreased primarily due to the purchase of firefighter turnouts in the prior year. In an effort to improve firefighter safety with regard to cancer risk, OCFA set a goal to issue a second set of turnouts to every firefighter. Roll-out of a second set to all suppression personnel occurred throughout Fiscal Year 2017/18.																								
-\$720,000	Increases in special department expenditures pertained primarily to purchases to replenish various Service Center supply and inventory items, including self-contained breathing apparatus carbon air cylinders, valve assemblies, air bottles, masks, voice amplifiers, nozzles, adapters, and valves.																								
-\$700,000	Vehicle maintenance was higher in Fiscal Year 2018/19 due to general vehicle parts and repairs, a significant repair required for Truck 979, and maintenance of the helicopter fleet. Significant helicopter maintenance in Fiscal Year 2018/19 included the five-year inspection of Helicopter 2 and the ten-year inspection of Helicopter 3. In addition, equipment maintenance was higher in Fiscal Year 2018/19 due to various exhaust system repairs at the Regional Fire Operations and Training Center (RFOTC).																								
-\$490,000	Increases in building maintenance related primarily to general construction, door, and gate projects. There were several major repair projects in Fiscal Year 2018/19, including modifications to the Emergency Operations Center; concrete repairs at the RFOTC; repair of a water main leak at the Urban Search and Rescue warehouse; and replacement of the apparatus bay door at Fire Station No. 26 (Irvine).																								

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



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

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



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

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



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

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

General Fund Budgetary Highlights

The following table summarizes the changes in General Fund appropriations, as well as the variance between the final budget and actual amounts for Fiscal Year 2018/19.

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

Adjustments to Appropriations: Budgeted General Fund appropriations increased by \$32,844,919 from the time the original budget was adopted until the end of the fiscal year. Adjustments typically pertained to activities that occurred throughout the year but were either unknown or for which reliable estimates could not be determined at the time of the original budget adoption. Significant adjustments are listed below:

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

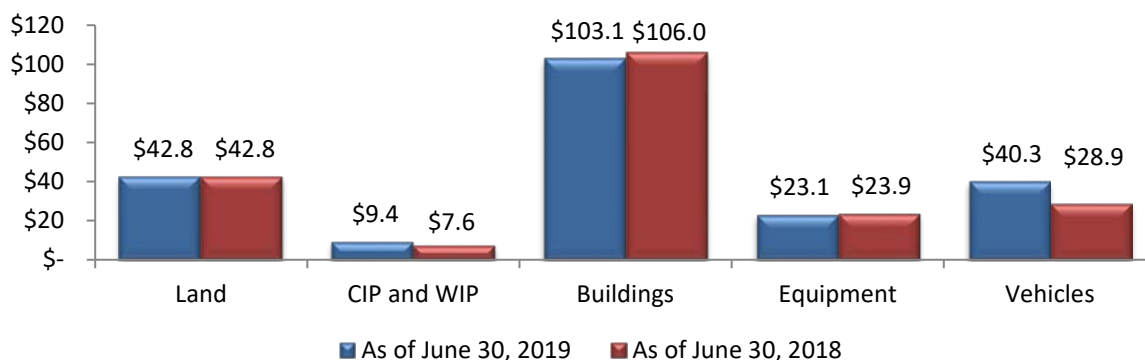
Variance Between Final Budget and Actual Amounts: Final, budgeted General Fund expenditures exceeded actual amounts, resulting in a positive budget variance totaling \$15,414,248. Nearly \$11.6 million of this variance related to various operating costs, projects, and other purchases for services and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

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

Capital Assets and Debt Administration

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

Capital Assets, Net of Accumulated Depreciation and Amortization
As of June 30, 2019 and 2018
(In Millions)



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

Construction in Progress (CIP) and Work in Progress (WIP): Construction projects completed over the span of multiple fiscal years are classified as CIP at year-end if they are not yet completed and placed into service. Fire engines, trucks, and other

vehicles, are classified as WIP at year-end if they are in the process of being outfitted for operation and will be completed over the span of multiple fiscal years. WIP also includes multi-year communications and information systems projects.

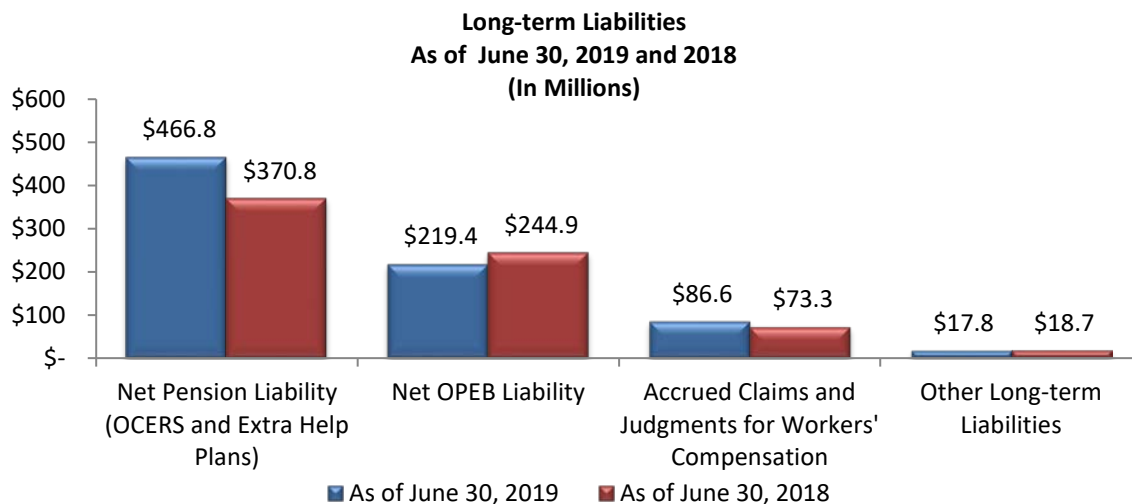
- CIP additions totaling \$180,000 related to the emergency power circuit project and additional classroom and office spaces at the USAR warehouse. The emergency power project was placed into service in July 2018, while the warehouse improvements remains in progress at fiscal year-end.
- WIP additions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

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

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

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

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



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

FY 2018 / 2019
Comprehensive Annual Financial Report

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

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

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

Next Year's Budget

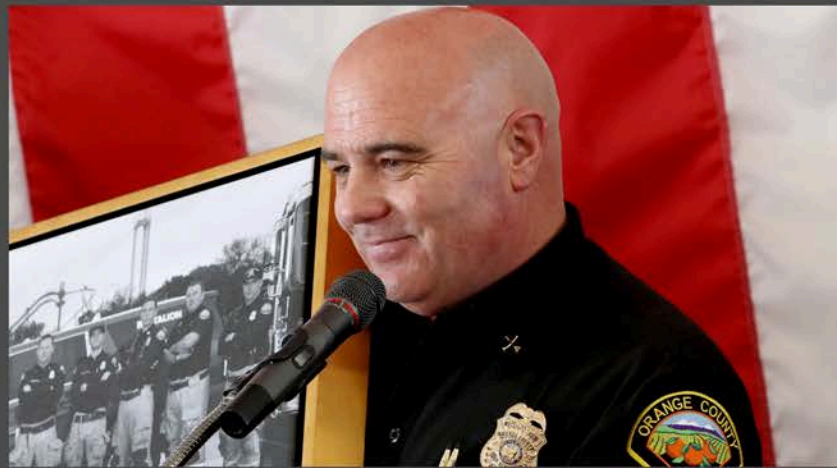
The Fiscal Year 2019/20 General Operating Fund adopted expenditure budget is approximately \$407.2 million, which is a net increase of \$35.7 million (9.6%) from the final Fiscal Year 2018/19 General Operating Fund budget totaling \$371.5 million. (These amounts exclude one-time and grant-related items,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

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

Requests for Information

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

Government-wide Financial Statements



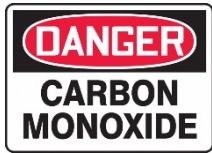
Chief Officer Retirements
Spring 2019



Orange County Fire Authority Safety Message

Carbon Monoxide Alarms (Part 3 of 3)

(Continued from Page 4)



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

Safety Tips

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

Prevent CO Poisoning, (Continued)

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

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

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

See Notes to the Financial Statements

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

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

See Notes to the Financial Statements



Orange County Fire Authority Safety Message

Planning for Disaster (Part 1 of 3)



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

Safety Tips

Planning in advance helps families survive and recover from disasters.

Make a Family Disaster Plan

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

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

(Continued on Page 27)

Fund Financial Statements



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



Orange County Fire Authority Safety Message

Planning for Disaster (Part 2 of 3)

(Continued from Page 26)



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

Safety Tips

Planning in advance helps families survive and recover from disasters.

Create Emergency Supply Kits

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

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

(Continued on Page 36)

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

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

See Notes to the Financial Statements

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

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

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2019
(With Comparative Data for Prior Year)

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

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year ended June 30, 2019
(With Comparative Data for Prior Year)

	2019	2018
Net change in fund balances - total governmental funds	\$ (4,377,749)	\$ 5,673,938
<u>Capital Assets</u>		
Governmental funds report capital outlays as expenditures. The cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense in the Statement of Activities.		
Capital outlay	20,095,072	9,970,652
Depreciation/amortization expense	(10,531,098)	(10,084,196)
Capital assets received through grant or donation are recognized as revenue in the Statement of Activities at their estimated acquisition value at time of receipt.		
From developers, grantors, and donors	-	13,330,000
Governmental funds report proceeds from disposal of capital assets as other financing sources. In the Statement of Activities, those proceeds are offset by the net book value of the assets, resulting in a gain or loss on the sale.		
Capital asset disposals	(1,542,415)	(3,018,976)
Accumulated depreciation/amortization on disposals	1,415,580	2,864,286
<u>Long-term Liabilities and Receivables</u>		
Repayment of principal on the capital lease purchase agreement is reported as an expenditure in governmental funds. Principal payments reduce the long-term liability in the Statement of Net Position.		
	1,253,718	2,459,589
Other long-term liabilities are reported in the Statement of Net Position. The net annual change in the liability is recognized as an expense in the Statement of Activities. Long-term liabilities do not require the use of current financial resources and are not reported as expenditures in the governmental funds.		
OCERS pension plan	6,888,755	25,643,214
Extra Help pension plan	7,375	54,993
Other postemployment benefits (OPEB)	1,197,382	(8,362,751)
Accrued claims and judgments - workers' compensation	(13,285,342)	(7,403,492)
Compensated absences - other leave balances	(389,660)	(460,231)
<u>Accrued Interest</u>		
Interest expenditures are reported when paid in the governmental funds, while the net change in accrued interest incurred for the period is recognized as interest expense in the Statement of Activities.		
	700	1,383
<u>Unavailable Revenues</u>		
Certain receivables that have been accrued but not collected are reflected as unavailable revenue in the governmental funds. All earned revenue is recognized in the Statement of Activities regardless of when collected.		
Charges for services - Garden Grove start-up costs	650,814	-
Insurance recoveries - Station 61 fire insurance claim	-	(190,000)
<u>Interfund Transactions</u>		
Transactions between governmental funds are eliminated for presentation in the government-wide financial statements.		
Transfers in	(2,150,000)	-
Transfers out	2,150,000	-
Use of money and property	(321,241)	(387,790)
Interest and fiscal charges	321,241	387,790
Change in net position of governmental activities	<u>\$ 1,383,132</u>	<u>\$ 30,478,409</u>

See Notes to the Financial Statements

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

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

See Notes to the Financial Statements

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

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

See Notes to the Financial Statements

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

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

See Notes to the Financial Statements

Notes to the Financial Statements



Open House
October 6, 2018

ORANGE COUNTY FIRE AUTHORITY
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Year ended June 30, 2019

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Orange County Fire Authority Safety Message

Planning for Disaster (Part 3 of 3)

(Continued from Page 27)



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

Safety Tips

Planning in advance helps families survive and recover from disasters.

Prepare Your Home

Identify and find solutions for any hazards in your home.

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

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

(1) Summary of Significant Accounting Policies

(a) Description of the Reporting Entity

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

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

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

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

- The primary government is considered financially accountable for an organization if it appoints a voting majority of that organization's governing body, and (1) if the primary government is able to impose its will on that organization or (2) there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the primary government.
- The primary government may also be considered financially accountable for an organization if that organization is fiscally dependent on the primary government (i.e., the organization is unable to approve or modify its budget, levy taxes or set rates/charges, or issue bonded debt without approval from the primary government).
- In certain cases, other organizations are included as component units if the nature and significance of their relationship with the primary government are such that their exclusion would cause the primary government's financial statements to be misleading or incomplete, even though the primary government is not considered financially accountable for that organization under the criteria previously described. A legally separate, tax exempt organization is reported as a component unit if (1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the primary government or its constituents; (2) the primary government is entitled to or has the ability otherwise access a majority of the economic resources received or held by the organization; and (3) the economic resources received or held by the organization are significant to the primary government.

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

A brief description of OCFA’s discretely presented component unit is as follows:

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

The Foundation’s Board of Directors consists of no less than three and no more than seven members, the exact number determined by resolution of the Foundation Board. Foundation Board members must have been active in or had significant prior experience in governmental or community organizations, or the fire service. The Foundation Board may consist of any combination of members of the public, OCFA employees, and/or past or current OCFA Board members. Initially, the Chair of OCFA’s Board appointed the first three Foundation Directors. As of June 30, 2019, there were five non-OCFA Board members on the Foundation’s Board. Additional members may be appointed by the Foundation Board at a future date via a simple majority vote.

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

(b) Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities), report information about OCFA as a whole, excluding its fiduciary activities. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. During the course of operations, OCFA has activity between its governmental funds for various purposes. Residual balances at the end of the fiscal year, interfund transfers, and other transactions between governmental funds, if any, are eliminated in the preparation of the government-wide financial statements.

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

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

Fund Financial Statements

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

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

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

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

(c) Major Funds and Other Fund Types

Major Governmental Funds

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

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

Fiduciary Fund Types

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

(d) Cash and Investments

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

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

(e) Receivables

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

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

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

(f) Inventories and Prepaid Costs

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

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

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

(g) Capital Assets

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

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

(h) Deferred Outflows and Inflows of Resources

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

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

(i) Compensated Absences

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

(j) Long-term Obligations

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

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

(k) Pensions

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

(l) Postemployment Benefits Other Than Pensions (OPEB)

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

(m) Fund Equity

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

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

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

available, OCFA's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

(n) Operating Contingency

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

(o) Prior Year Data

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

(p) Use of Estimates

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

(2) Compliance and Accountability

(a) Budgetary Information

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

Perspective differences occur when the framework used for budgeting differs from the fund structure used for financial reporting. OCFA's General Fund consists of four separately-budgeted sub-funds that have been combined and consolidated for financial statement presentation. The table below reconciles fund balance for the General Fund as reported on the budgetary basis to the presentation in the financial statements. The Supplementary Schedules section of this report includes additional General Fund combining schedules for balance sheet, budgetary data, and actual operating data for the year ended June 30, 2019.

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

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

(b) Emergency Appropriations Policy

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

(c) Encumbrance Accounting

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

(3) Implementation of New Accounting Standards

During the year ended June 30, 2019, OCFA implemented the following new accounting standards as required by the Governmental Accounting Standards Board (GASB):

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

(4) Cash and Investments

(a) Financial Statement Presentation

OCFA maintains a cash and investment pool that is available for use for all funds. Each fund's position in the pool is reported on the balance sheet as cash and investments. Pooled investments held in trust with OCERS (presented within the Fiduciary Funds of these financial statements) are reported as of the December 31, 2018 plan year-end date. Additional investment information is provided within these notes as Note 26.

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

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

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

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

(b) Demand Deposits

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

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

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

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

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

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

(2) No limit on automatic overnight sweep

(d) Local Agency Investment Fund

OCFA is a voluntary participant in the Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment

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

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

(e) Internal Revenue Code Section 115 Trust

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

(f) GASB Statement No. 72

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

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

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

(g) Credit Risk

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

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

(h) Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. OCFA's investment policy requires that collateral be held by an independent third party with whom OCFA has a current custodial agreement. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. OCFA's investment policy requires that all security transactions are conducted on a delivery-versus-payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of OCFA's bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. As of June 30, 2019, none of the OCFA's deposits or investments was exposed to disclosable custodial credit risk.

(i) Concentration of Credit Risk

OCFA's investment policy imposes restrictions for certain types of investments with any one issuer to 15% of the total investment pool with the following exceptions: U.S. Treasury obligations (100%), LAIF (75%), federal agency securities (75%), bankers' acceptances (25%), and negotiable certificates of deposit (25%). With respect to concentration risk as of June 30, 2019, OCFA is in compliance with the investment policy's restrictions. In addition, GASB Statement No. 40 requires a separate disclosure if any single issuer comprises more than 5% of the total investment value (exclusive of amounts held by fiscal agent and OCERS). Investments guaranteed by the U.S. government, mutual funds, and external investment pools are excluded from this requirement. Investments with issuers exceeding 5% of the total investment portfolio at June 30, 2019, are summarized below.

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

(j) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. OCFA's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. OCFA's investment policy states that at least 50% of the portfolio must mature in one year or less, and unless matched to a specific requirement and approved by the Executive Committee and the Board of Directors, no portion of the portfolio may exceed five years. OCFA has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2019, the OCFA had the following investments and maturities:

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

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

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

(5) Accounts Receivable, Net

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

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

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

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

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

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

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

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

(7) Due from Other Governments

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

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

(8) Capital Assets

(a) Changes in Capital Asset Balances by Asset Class

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

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

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

(b) Net Investment in Capital Assets

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

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

(c) Capital Assets Acquired Under Capital Lease

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

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

(d) Depreciation/Amortization Expense

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

(9) Unearned and Unavailable Revenue

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

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

(10) Due to Other Governments

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

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

(11) Fund Balance of Governmental Funds – Restricted

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

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

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

(12) Fund Balance of Governmental Funds – Committed

In July 1999, the Board of Directors authorized that \$4,405,086 be set aside to fund OCFA-related service or resource enhancement projects in certain structural fire fund member agencies. In January 2012 and November 2017, the Board of Directors authorized an additional \$622,106 and \$1,000,000, respectively, to be set aside for the same purpose. As of June 30, 2019, the remaining unspent amount, plus accrued interest earnings, totaling \$1,338,850 was reported as a fund balance commitment in the General Fund. The funds are committed for projects in the following member agencies:

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

(13) Fund Balance of Governmental Funds – Assigned

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

Capital Improvement Program	\$ 43,739,218
Workers' compensation	88,772,530
Assigned, unexpended encumbrances	<u>6,651,085</u>
Total	<u>\$139,162,833</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 to fund purchases and projects that are capital in nature but do not necessarily meet the criteria to be reported in one of OCFA's capital projects funds. The assignment may not exceed the net cost of future identifiable projects. Fund balance assigned for the Capital Improvement Program totaled \$43,739,218 as of June 30, 2019, and is reported in the General Fund (\$3,408,234), Communications and Information Systems Fund (\$7,073,163), Fire Apparatus Fund (\$8,252,067) and Fire Stations and Facilities Fund (\$25,005,754).
- The assignment to workers' compensation reflects the cumulative difference between actual workers' compensation expenditures incurred and budgeted costs, which are based on an annual actuarial valuation prepared by an external actuary and a confidence level set by the Board of Directors. The assignment for workers' compensation is reported in the General Fund and totaled \$88,772,530 as of June 30, 2019.

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

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

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

(14) Fund Balance of Governmental Funds – Unassigned

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

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

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

(15) Commitments and Contingencies

(a) Settlement Agreement

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

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

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

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

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

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

(b) Commitments for Outstanding Encumbrances

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

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

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

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

(16) Interfund Transfers

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

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

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

(17) Lessor in Operating Lease Agreements

(a) Aircraft Hangar Leases

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

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

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

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

(b) Wireless Communications Facilities Site Lease

On March 24, 2011, OCFA entered into a Wireless Communications Facilities Site Lease with Vista Towers, LLC (Vista), to provide space at the OCFA-owned Regional Fire Operations and Training Center to install and operate a digital mobile radio communications site consisting of up to two wireless communication towers, equipment shelters, and cabinets, for up to six cell phone carriers. In July 2015, the Board of Directors approved Vista's request to assign its interest in the lease to SBA Towers VI, LLC (SBA). SBA assumed the payment terms of the original agreement, and is responsible for the installation, construction, maintenance, repairs, replacement, and operations of the towers and, if applicable, the removal of the towers upon termination of the lease.

The lease term commenced on the earlier of the pulling of all permits necessary for construction, or September 24, 2012, and continues for five years from that date. The lease may be renewed for up to four consecutive five-year increments, for a total of twenty-five years. Rent is due the first of each month and is determined based on the number of carriers

being occupied by each of the towers. Base rent, which automatically increases by 3% annually, is \$1,250 for each month in which there is one or no carrier on one of the towers, and \$1,000 per month for each additional carrier occupied on each tower beyond the first carrier. OCFA began collecting base rent commencing July 15, 2012, with rent for a second and third carrier commencing in June and October 2013, respectively. Rental revenue totaled \$46,097 for Fiscal Year 2018/19. Future lease payments through the July 14, 2022, renewal period are as follows:

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

(18) Lessee in Operating Lease Agreements

OCFA is obligated under operating lease agreements as follows:

- On June 14, 2010, OCFA entered into a land lease agreement with the City of Fullerton for a new space at Fullerton Municipal Airport. Monthly lease payments of \$2,886 for the eastern half of the building commenced January 2011. An additional monthly lease payment of \$2,070 for the western half of the building commenced July 2013. Total monthly rent will increase annually by an amount equal to the change in the consumer price index, from a minimum of 3% to a maximum of 5%. The term of the agreement extends forty years through July 2050, with a fifteen year extension option through July 2065. Fiscal Year 2018/19 rent expenditures totaled \$75,374.
- On August 25, 2011, the OCFA Executive Committee approved the execution of a Lease Agreement with FW Aviation, LLC for a training tower at Fire Station No. 41 Air Operations and Maintenance Facility at Fullerton Airport, which includes a helicopter training prop, an additional restroom, and approximately 600 square feet of classroom/storage area. The lease term is for ten years commencing September 2011, with an optional ten-year extension. Initial monthly rent of \$1,575 increases by \$18 each year. Fiscal Year 2018/19 rent expenditures totaled \$20,376.

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

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

(19) Changes in Long-term Liabilities

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

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

(20) Compensated Absences

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

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

(21) Insurance and Accrued Claims and Judgments

(a) Insurance Coverage Limits

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

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

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

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

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

(b) Workers' Compensation Self-Insurance

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

As of June 30, 2019, accrued claims and judgments for workers' compensation totaled \$86,616,986 and were recorded as a long-term liability in the government-wide financial statements. This liability reflects the present value of estimated outstanding losses at the 50% confidence level, as determined by an actuarial valuation dated December 31, 2018, and includes claims that have been incurred but not yet reported (IBNR's). A confidence level is the statistical certainty that an actuary believes funding will be sufficient. For example, a 50% confidence level means that the actuary believes funding will be sufficient in five years out of ten. On May 27, 2010, the Board of Directors authorized to change the OCFA's confidence level from 80% to 50%. Changes in accrued claims and judgments relating to workers' compensation self-insurance for the years ended June 30, 2019 and 2018, are as follows:

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

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

Because of the long-term nature of this liability, it is excluded from the OCFA's governmental fund financial statements under the modified accrual basis of accounting. However, OCFA has established a fund balance assignment for workers' compensation in the General Fund in the amount of \$88,772,530. This assignment reflects the cumulative difference for multiple years between actual expenditures and budgeted costs, which are based on the annual actuarial valuation. Actual expenditures for workers' compensation cases often occur over multiple years, attributing to the cumulative difference between budgeted costs and expenditures.

(22) Long-term Obligations

(a) Changes in Long-term Obligations

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

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

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

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

On November 16, 2011, the terms of the Agreement were amended to reflect a reduction in the annual interest rate from 3.7609% to 2.58%. A 1.75% prepayment premium totaling \$286,599, plus accrued interest for the period September 22, 2011, through November 16, 2011, totaling \$92,386, were added to the outstanding principal balance to be repaid over the remaining life of the lease. Rental payments are payable quarterly commencing March 22, 2009, and terminating on December 22, 2018. During the year ended June 30, 2019, OCFA made principal and interest payments totaling \$1,253,718 and \$12,144, respectively. The outstanding balance of the capital lease liability was \$0 as of June 30, 2019.

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

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

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

(24) Retirement Plan for Full-Time Employees

(a) General Information about the Plan

Plan Description and Administration

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

OCERS was established in 1945 under the provisions of the County Employees Retirement Law of 1937. OCERS is governed by a ten-member Board of Retirement, including nine voting members and one alternate member. Board membership consists of four members appointed by the County of Orange Board of Supervisors and five members elected by the members of the pension system – two by the general members, two by the safety members (one voting and one alternate), and one by the retired members. The County of Orange Treasurer-Tax Collector, who is elected by the voters registered in the county, serves as an ex-officio member. The OCERS Board of Retirement is responsible for establishing policies governing the administration of the retirement plan; making disability determinations; assuring benefit payments; establishing investment policy for the retirement system; and monitoring execution of its policies. OCERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost-sharing plans that are administered by OCERS. The report can be obtained from OCERS at 2223 Wellington Avenue, Santa Ana, California 92701.

Benefits Provided

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

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

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

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

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

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

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

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

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

Contributions

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

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

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

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

^ Capped at maximum employee contribution

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

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

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

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

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

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

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

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

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

(c) Actuarial Assumptions

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

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

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

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

Discount Rate

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

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

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

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

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

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

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

(d) Pension Plan Fiduciary Net Position

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

(25) Retirement Plan for Part-Time Employees

(a) General Information About the Plan

Plan Description and Administration

OCFA administers the Extra Help Retirement Plan (Plan), a single-employer defined benefit pension plan that provides retirement benefits for its less than half-time and extra help employees. The Plan was established on January 1, 1997, and is accounted for in the Extra Help Retirement Plan fiduciary fund. The Board establishes and amends all Plan provisions, and has the authority to change contribution rates and investment types. A separate, audited pension plan report is not available. Effective July 1, 2018, the Plan is closed to new entrants and all eligible extra help employees hired by OCFA are enrolled as participants in a 457(OBRA) Deferred Compensation Plan in lieu of the Extra Help Retirement Plan.

Benefits Provided

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

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

Plan Membership

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

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

Contributions

All eligible half-time and extra help employees hired on or after January 1, 1997, are required to contribute a percentage of compensation corresponding to an age-based table included in the Plan. Age is determined as attained age on every January 1. Employee contributions rates range from 2.5% to 7.5% based on age. After 30 years of credited service, OCFA is responsible for the employee's Plan contributions. Employee contributions are credited with 5% interest compounded semi-annually. Any interest earnings credited to the Plan in excess of actual investment earnings are reported as employer contributions. During the year ended June 30, 2019, employee and employer contributions totaled \$9,043 and \$876, respectively.

(b) Investments

Method Used to Value Investments

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

Investment Policy

Contributions are deposited into OCFA's Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. Additional LAIF information is provided within these notes as Note 4(d).

Concentrations

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

(c) Net Pension Liability

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

Total pension liability	\$171,139
Plan fiduciary net position	<u>(57,548)</u>
Net pension liability	<u>\$113,591</u>

Plan fiduciary net position as a % of the total pension liability	33.63%
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Actuarial Assumptions

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

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

Valuation Date	January 1, 2019
Measurement Date	June 30, 2019, rolled forward on an actuarial basis
Actuarial Cost Method	Entry age normal
Discount rate	3.15%, net of pension investment expense, including inflation; average of 3-20 year municipal bond rate indices, rounded to 5 basis points (S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, Fidelity GO AA 20 Year Bond Index)
Inflation	2.75%
Investment rate of return	3.15%
Salary increases	3.00%, including merit, seniority, and inflation; annual salary for the current year assumed to be equal to the average annual salary over the last 3 years
Mortality	RP-2006 mortality table for combined participants with generational improvements beginning in 2006 based on the 2019 SSA's assumption scale. The RP-2006 mortality tables are the RP-2014 mortality tables with the MP-2014 generational projection scale removed from the central year of the study (2006) to 2014.
Experience study	Given the size of the plan, there was not enough data available to conduct a credible experience study. The assumptions are not anticipated to produce significant cumulative actuarial gains or losses over time. Liabilities and data are analyzed each year in order to identify any trends of experience deviating from the actuarial assumptions.
Form of payment	Participants who have 5 years or less of credited service or have a contribution balance less than or equal to \$3,500 are assumed to take an immediate lump sum upon termination or retirement. Participants who have worked more than 5 years or have attained age 55 are assumed to commence a modified cash refund annuity starting at age 65.
Retirement	100% retirement at age 65
Termination	Service 0 years, Rate 30%; Service 1-3 years, Rate 50%; Service 4 years, Rate 25%; Service 5+ years, Rate 5%
Plan Assets	The employee contributions are deposited into the Authority's LAIF account. The LAIF account is managed by the State Treasurer's Office and is invested in fixed income securities.

Changes of Assumptions

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

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

Discount Rate

The discount rate used to measure the total pension liability was 3.15% (a decrease of 0.35% since the prior measurement date). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Professional judgment on future contributions has been applied in those cases where contribution patterns deviate from the actuarially determined rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Rate of Return

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

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

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

(d) Changes in the Net Pension Liability

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

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

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

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

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

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

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

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

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

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

(f) Pension Plan Fiduciary Net Position

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

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

(26) Other Postemployment Benefits (OPEB)(a) General InformationPlan Description and Administration

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

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

Plan assets are held in an irrevocable trust for the exclusive benefit of Plan participants and are administered by the Orange County Employees Retirement System (OCERS). Funds are held in a trust account established pursuant to Section 401(h) of the Internal Revenue Code and are held separate from the assets of the OCERS retirement system, except for investment purposes. The trust is presented in accordance with the Plan year, which is on a calendar basis ending December 31, 2018. The Plan's Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position (presented within the Fiduciary Funds of these financial statements) are reported as of the December 31, 2018 plan year-end date. A publicly available OCERS financial report, which includes the Plan's assets, can be obtained at 2223 Wellington Avenue, Santa Ana, California 92701 or online at <http://www.ocers.org/finance/finance.htm>. A separate, audited OPEB Plan report is not available.

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

Eligibility

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

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

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

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

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

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

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

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

Benefit Provisions

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

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

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

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

Plan Membership

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

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

Contributions

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

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

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

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

(b) Plan Investments

Investment Policy

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

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

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

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

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

Concentrations

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

Rate of Return

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

(c) Net OPEB Liability

Components of the Net OPEB Liability

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

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

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

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

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

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

Changes of Assumptions

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

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

Discount Rate

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

Rate of Return

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

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

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

(d) Changes in the Net OPEB Liability

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) OPEB Plan Fiduciary Net Position

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

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

(27) Retiree Defined Contribution Healthcare Expense Reimbursement Plan

(a) Plan Description and Administration

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

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

income, and realized and unrealized gains and losses are credited to individual recordkeeping accounts maintained in the name of each Plan participant. Account assets are invested as directed by the participant from among investment funds selected by the OCFA. The Healthcare Reimbursement Account is considered an employer-funded account for tax purposes. An individual employee may not decide to participate or not participate beyond the terms of the applicable agreement.

(b) Benefit Provisions and Eligibility

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

(c) Contributions

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

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

(d) Public Employees' Medical and Hospital Care Act

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

(28) Deferred Compensation Plans

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

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

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

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

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

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

(b) 457(OBRA) Deferred Compensation Plan

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

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

(29) Subsequent Events

(a) Deposit to 115 Trust

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

(b) Next Generation Aerial Operations Based Pilot Program

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

Public Aircraft Lease and Service Agreement

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

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

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

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

Funding Agreement

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

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

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

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

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

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

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

Required Supplementary Information



Best & Bravest Awards Dinner
February 22, 2019

Required Supplementary Information

OCERS Retirement Plan

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

Extra Help Retirement Plan

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

Retiree Medical Plan

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

ORANGE COUNTY FIRE AUTHORITY

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

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

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

Notes to Schedule:

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

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

<u>2018</u>		<u>2019</u>	
	7.485%		7.531%
\$	370,674,668	\$	466,731,526
\$	148,890,685	\$	155,479,486
	248.96%		300.19%
\$	14,801,895,000	\$	14,481,680,000
	74.93%		70.03%
12/31/2017		12/31/2018	

ORANGE COUNTY FIRE AUTHORITY

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

Schedule of Contributions

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

Notes to Schedule:

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

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

ORANGE COUNTY FIRE AUTHORITY

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

Schedule of Changes in Net Pension Liability and Related Ratios

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

Notes to Schedule:

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

(B) Change in actuarial assumptions:

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

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

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

<u>\$ 86,047</u>	<u>\$ 113,591</u>
------------------	-------------------

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

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

ORANGE COUNTY FIRE AUTHORITY

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

Schedule of Contributions

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

Notes to Schedule:

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

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

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

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

-	-
37	38
<u>24</u>	<u>4</u>
<u>61</u>	<u>42</u>

ORANGE COUNTY FIRE AUTHORITY

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

Schedule of Money Weighted Rate of Return

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

Notes to Schedule:

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

ORANGE COUNTY FIRE AUTHORITY

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

Schedule of Changes in Net OPEB Liability and Related Ratios

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

Notes to Schedule:

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

(B) Applicable measurement date	12/31/2017	12/31/2018
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(C) Change in actuarial assumptions:

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

ORANGE COUNTY FIRE AUTHORITY

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

Schedule of Contributions

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

Notes to Schedule:

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

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

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

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

ORANGE COUNTY FIRE AUTHORITY

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

Schedule of Money Weighted Rate of Return

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

Notes to Schedule:

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



Orange County Fire Authority Safety Message

Earthquake Preparedness (Part 1 of 4)



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

Safety Tips

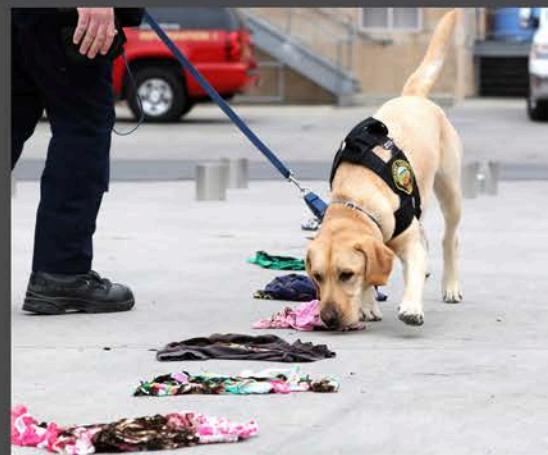
Earthquakes can bring mild to violent shaking and can occur anytime, anywhere. Use these tips to help protect yourself, your family, and your property before, during, and after an earthquake.

Preparing for an Earthquake

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

(Continued on Page 110)

Supplementary Schedules



Arson Awareness Press Conference
May 9, 2019

Major Governmental Funds

Capital Projects Funds

Communications and Information Systems

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

Fire Apparatus

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

Fire Stations and Facilities

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

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

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

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

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

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

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

Major Governmental Funds

“Sub-Fund” Components of General Fund

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

General Operating Fund

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

General Fund Capital Improvement Program (CIP)

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

Structural Fire Entitlement

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

Self Insurance

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

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

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

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

	General Operating Fund	General Fund CIP	Structural Fire Entitlement	Self Insurance	Eliminations	Total General Fund	
						2019	2018
Revenues:							
Taxes	\$ 264,267,387	\$ -	\$ -	\$ -	\$ -	\$ 264,267,387	\$ 250,326,172
Intergovernmental	28,521,605	-	-	-	-	28,521,605	37,063,147
Charges for services	112,272,830	-	-	17,366,238	(17,366,238)	112,272,830	107,440,415
Use of money and property	1,399,985	-	37,405	2,083,605	(243,156)	3,277,839	1,742,245
Miscellaneous	1,428,134	-	-	-	-	1,428,134	3,944,042
Total revenues	<u>407,889,941</u>	<u>-</u>	<u>37,405</u>	<u>19,449,843</u>	<u>(17,609,394)</u>	<u>409,767,795</u>	<u>400,516,021</u>
Expenditures:							
Current - public safety:							
Salaries and benefits	364,319,943	-	-	-	(17,366,238)	346,953,705	340,720,267
Services and supplies	35,019,886	1,310,810	195,509	11,961,307	-	48,487,512	49,127,349
Capital outlay	1,349,739	680,280	-	-	-	2,030,019	1,837,456
Debt service:							
Interest and fiscal charges	564,397	-	-	-	(243,156)	321,241	387,790
Total expenditures	<u>401,253,965</u>	<u>1,991,090</u>	<u>195,509</u>	<u>11,961,307</u>	<u>(17,609,394)</u>	<u>397,792,477</u>	<u>392,072,862</u>
Excess (deficiency) of revenues over over (under) expenditures	<u>6,635,976</u>	<u>(1,991,090)</u>	<u>(158,104)</u>	<u>7,488,536</u>	<u>-</u>	<u>11,975,318</u>	<u>8,443,159</u>
Other financing sources (uses):							
Transfers in	-	3,928,761	-	-	(3,928,761)	-	-
Transfers out	(6,078,761)	-	-	-	3,928,761	(2,150,000)	-
Sale of capital assets	22,548	-	-	-	-	22,548	844,512
Insurance recoveries	7,320	-	-	768,150	-	775,470	1,456,267
Total other financing sources (uses)	<u>(6,048,893)</u>	<u>3,928,761</u>	<u>-</u>	<u>768,150</u>	<u>-</u>	<u>(1,351,982)</u>	<u>2,300,779</u>
Net change in fund balances	587,083	1,937,671	(158,104)	8,256,686	-	10,623,336	10,743,938
Fund balances, beginning of year	<u>74,241,456</u>	<u>1,847,036</u>	<u>1,496,954</u>	<u>80,515,844</u>	<u>-</u>	<u>158,101,290</u>	<u>147,357,352</u>
Fund balances, end of year	<u>\$ 74,828,539</u>	<u>\$ 3,784,707</u>	<u>\$ 1,338,850</u>	<u>\$ 88,772,530</u>	<u>\$ -</u>	<u>\$ 168,724,626</u>	<u>\$ 158,101,290</u>

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

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

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

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



Orange County Fire Authority Safety Message

Earthquake Preparedness (Part 2 of 4)

(Continued from Page 100)



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

Safety Tips

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

During An Earthquake

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

(Continued on Page 114)

Fiduciary Funds

Pension and Other Employee Benefit Trust Funds

Extra Help Retirement Plan

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

Retiree Medical Plan

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

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

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

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

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



Orange County Fire Authority Safety Message

Earthquake Preparedness (Part 3 of 4)

(Continued from Page 110)



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

Safety Tips

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

During An Earthquake, (Continued)

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

(Continued on Page 116)

Statistical Section



ORANGE COUNTY FIRE AUTHORITY

Overview of the Statistical Section

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

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

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

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

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

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



Orange County Fire Authority Safety Message

Earthquake Preparedness (Part 4 of 4)

(Continued from Page 114)



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

Safety Tips

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

After an Earthquake

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

ORANGE COUNTY FIRE AUTHORITY

Financial Trends Information

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

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

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

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

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

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

SOURCE: OCFA Comprehensive Annual Financial Reports

NOTES:

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

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

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

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

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

SOURCE: OCFA Comprehensive Annual Financial Reports

NOTES:

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

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

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

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

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

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

SOURCE: OCFA Comprehensive Annual Financial Reports

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

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

	Fiscal Year Ended June 30			
	2010	2011	2012	2013
Revenues:				
Taxes	\$ 179,001,919	\$ 177,181,086	\$ 177,728,290	\$ 181,720,253
Intergovernmental	14,202,209	11,080,619	12,894,882	28,883,649
Charges for services	55,325,007	56,582,867	65,556,905	95,904,052
Use of money and property	1,341,991	822,002	660,621	(20,556)
Miscellaneous	1,370,743	1,364,034	2,800,466	5,155,759
Developer contributions	551,365	43,200	10,140	538,260
Total revenues	<u>251,793,234</u>	<u>247,073,808</u>	<u>259,651,304</u>	<u>312,181,417</u>
Expenditures:				
Current - public safety:				
Salaries and benefits	206,942,045	211,801,889	228,452,010	255,301,913
Services and supplies	28,521,125	28,207,018	30,737,551	32,613,137
Capital outlay	9,647,853	9,899,979	932,034	5,420,102
Debt service:				
Principal retirement	13,370,586	1,911,912	2,139,694	2,162,809
Interest and fiscal charges	1,459,383	890,067	635,351	484,851
Issuance costs	-	-	286,599	-
Total expenditures	<u>259,940,992</u>	<u>252,710,865</u>	<u>263,183,239</u>	<u>295,982,812</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,147,758)</u>	<u>(5,637,057)</u>	<u>(3,531,935)</u>	<u>16,198,605</u>
Other financing sources (uses):				
Transfers in	10,608,277	4,137,811	-	381,222
Transfers out	(10,608,277)	(4,137,811)	-	(381,222)
Issuance of long-term debt	-	-	16,756,078	-
Refinanced long-term debt	-	-	(16,377,093)	-
Sale of capital assets	124,960	391,736	99,272	14,200
Insurance recoveries	71,445	8,405	89,095	53,529
Total other financing sources (uses)	<u>196,405</u>	<u>400,141</u>	<u>567,352</u>	<u>67,729</u>
Net change in fund balances	<u>\$ (7,951,353)</u>	<u>\$ (5,236,916)</u>	<u>\$ (2,964,583)</u>	<u>\$ 16,266,334</u>
Debt service as a percentage of noncapital expenditures	5.9%	1.2%	1.1%	0.9%

SOURCE: OCFA Comprehensive Annual Financial Reports

NOTES:

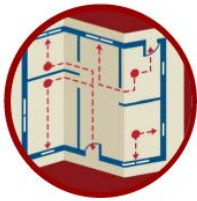
(A) Beginning in Fiscal Year 2018/19, proceeds from sale of certain non-capital assets were reported as miscellaneous revenue rather than sale of capital assets. Amounts shown on this schedule for previous fiscal years have also been updated to reflect this change and may vary from the amounts originally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

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



Orange County Fire Authority Safety Message

Home Escape Plan (Part 1 of 3)



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

Safety Tips

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

Plan Ahead

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

(Continued on Page 136)

ORANGE COUNTY FIRE AUTHORITY

Revenue Capacity Information

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

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

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

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

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

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

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

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

NOTES:

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

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

(3) Cities pay for services on a cash contract basis. Assessed value is shown for comparison only.

(4) Santa Ana joined OCFA on April 20, 2012.

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

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

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

Fiscal Year ended June 30	County of Orange (B)			OCFA (B)
	Overlapping	Direct		Direct
	Basic Operating Levy	Debt Service	Total	Basic Operating Levy
2010	1.00000	0.00000	1.00000	0.0011
2011	1.00000	0.00000	1.00000	0.0011
2012	1.00000	0.00000	1.00000	0.0011
2013	1.00000	0.00000	1.00000	0.0011
2014	1.00000	0.00000	1.00000	0.0011
2015	1.00000	0.00000	1.00000	0.0011
2016	1.00000	0.00000	1.00000	0.0011
2017	1.00000	0.00000	1.00000	0.0011
2018	1.00000	0.00000	1.00000	0.0011
2019	1.00000	0.00000	1.00000	0.0011
	(A)	(A)		(C)

SOURCE:

- (A) County of Orange, Auditor-Controller, Tax Rate Books by Fiscal Year
<http://acdcweb01.ocgov.com/about/central-accounting/property-tax-accounting/tax-rate-book>
- (B) Data for the entire County of Orange is not limited to the cities/unincorporated areas served by the Orange County Fire Authority. Data for OCFA is limited to its member cities that are part of the Structural Fire Fund (SFF).
- (C) Direct tax rate calculation per the "Assessed Value and Estimated Actual Value of Taxable Property" schedule included in this report.

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

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

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

SOURCE:

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

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

NOTE:

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

Collection of Property Tax Increment (2)

(1)

http://tax.ocgov.com/acledger/choice_eGov.asp

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

ORANGE COUNTY FIRE AUTHORITY

Debt Capacity Information

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

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

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

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

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

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

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

	<u>Governmental Activities (A)</u>		(B)	(C)		
Fiscal Year Ended June 30	Capital Lease Purchase Agreements	Total Outstanding Debt	County of Orange Median Household Income	Debt as a Percentage of Household Income	Population (OCFA Jurisdiction Only)	Debt per Capita
2010	\$ 18,778	\$ 18,778	\$87	21583.9%	1,403	\$13
2011	\$ 16,866	\$ 16,866	\$84	20078.6%	1,355	\$12
2012	\$ 15,106	\$ 15,106	\$85	17771.8%	1,694	\$9 (1)
2013	\$ 12,943	\$ 12,943	\$84	15408.3%	1,712	\$8
2014	\$ 10,724	\$ 10,724	\$85	12616.5%	1,734	\$6
2015	\$ 8,447	\$ 8,447	\$86	9822.1%	1,755	\$5
2016	\$ 6,110	\$ 6,110	\$85	7188.2%	1,784	\$3
2017	\$ 3,713	\$ 3,713	\$88	4219.3%	1,793	\$2
2018	\$ 1,254	\$ 1,254	\$93	1348.4%	1,808	\$1
2019	\$ -	\$ -	\$98	0.0%	1,808	\$0

SOURCES:

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

	(A)	(B)					
	Population			Amounts		Ratio of Net	
	(OCFA			Available in		Bonded Debt	Net Bonded
Fiscal Year	Jurisdiction		Gross Bonded	Debt Service	Net Bonded	to Assessed	Debt per
Ended June 30	Only)	Assessed Value	Debt	Fund	Debt	Value	Capita
2010	1,403	\$ 209,816,589	\$ -	\$ -	\$ -	0.00%	\$ -
2011	1,355	\$ 208,586,179	\$ -	\$ -	\$ -	0.00%	\$ -
2012	1,694	\$ 230,163,686	\$ -	\$ -	\$ -	0.00%	\$ -
2013	1,712	\$ 233,485,818	\$ -	\$ -	\$ -	0.00%	\$ -
2014	1,734	\$ 241,149,669	\$ -	\$ -	\$ -	0.00%	\$ -
2015	1,755	\$ 257,873,050	\$ -	\$ -	\$ -	0.00%	\$ -
2016	1,784	\$ 274,668,222	\$ -	\$ -	\$ -	0.00%	\$ -
2017	1,793	\$ 289,731,444	\$ -	\$ -	\$ -	0.00%	\$ -
2018	1,808	\$ 308,915,154	\$ -	\$ -	\$ -	0.00%	\$ -
2019	1,808	\$ 328,060,957	\$ -	\$ -	\$ -	0.00%	\$ -

SOURCES:

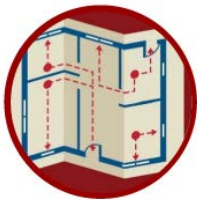
- (A) California Department of Finance, Population and Housing Estimates as of January 1
<http://www.dof.ca.gov/forecasting/demographics/estimates>
- (B) County of Orange, Auditor-Controller, Assessed Valuations by Fiscal Year
http://acweb1.ocgov.com/ac/txfdr_Civica/av/



Orange County Fire Authority Safety Message

Home Escape Plan (Part 2 of 3)

(Continued from Page 126)



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

Safety Tips

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

Respond Safely if Fire Occurs

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

(Continued on Page 156)

ORANGE COUNTY FIRE AUTHORITY

Demographic and Economic Information

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

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

Principal Employers – Presents information about the ten largest employers within the County of Orange's jurisdiction for the current fiscal year, as compared to nine fiscal years ago.

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

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

SOURCES:

- (A) California Department of Finance
Population and Housing Estimates Table E-5, As of January 1
<http://www.dof.ca.gov/forecasting/demographics/estimates>
- (B) Chapman University Economic & Business Review
Annual History and Forecasts
Years 2014 - 2018 have been updated as of June 30, 2019.
Most recent year (2019) is an estimate.
- (C) Bureau of Labor Statistics (<https://www.bls.gov/data/>), Local Area Unemployment Statistics, Los Angeles-Long Beach-Anaheim, CA Metropolitan Statistical Area. The 2010 - 2018 figures reflect revised inputs, re-estimation, and new statewide control. The 2019 figure is a six-month average for a partial year January - June.

NOTE:

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

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

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

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

NOTE:

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

ORANGE COUNTY FIRE AUTHORITY
Principal Employers
Current and Nine Years Ago

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

SOURCE:

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

For years ended June 30, 2018 and 2009

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

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

NOTE:

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

ORANGE COUNTY FIRE AUTHORITY

Operating Information

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

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

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

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

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

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

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

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

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

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

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

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

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

SOURCE: OCFA Treasury Division, Budget Section

NOTES:

- (1) The net increase of total authorized positions during Fiscal Year 2011/12 included 163 authorized positions for employees transitioning from the City of Santa Ana (147 Firefighter Unit, 4 Fire Management Unit, 11 General Unit, and 1 Supervisory Management Unit).
- (2) During Fiscal Year 2017/18, Board Members were converted into employee positions and added to the authorized position control (25 positions).
- (3) The net increase of total authorized positions during Fiscal Year 2018/19 included 99 authorized positions for employees transitioning from the City of Garden Grove (74 Firefighter Unit, 3 Fire Management Unit, 22 General Unit).

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

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

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

ORANGE COUNTY FIRE AUTHORITY
Jurisdiction Information
Last Ten Fiscal Years

Fiscal Year ended June 30	(A) Number of Member Agencies	(B) Square Mile Area Served	(C) Population Served	(A) Number of Stations	New and Closed Station(s)	
					+/-	Description
2010	23	550	1,403,072	62	-	
2011	23	548	1,355,090	61	(1)	Closed Station 3 (County/Sunset Beach)
2012	24	576	1,694,010	71	10	New Stations 70 through 79 (Santa Ana)
2013	24	571	1,712,234	71	-	
2014	24	571	1,733,563	71	-	
2015	24	571	1,755,436	71	-	
2016	24	576	1,783,505	72	1	New Station 56 (County/Rancho Mission Viejo)
2017	24	576	1,793,040	72	-	
2018	24	576	1,807,862	72	-	
2019	24	576	1,807,560	72	-	

SOURCES:

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

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

ORANGE COUNTY FIRE AUTHORITY
Incidents by Major Category Definitions

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

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

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

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

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

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

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

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

SOURCE: Orange County Fire Authority, Community Risk Reduction Department

ORANGE COUNTY FIRE AUTHORITY
Incidents by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30 (1)	Fire	Rupture/ Explosion	Rescue/ EMS	Hazardous Condition	Service Call	Good Intent	False Alarm	Natural Disaster	Other	Total	
2010	1,464	164	59,408	1,049	5,703	10,979	4,300	25	349	83,441	
2011	1,541	158	61,870	1,011	6,157	12,897	4,293	51	249	88,227	(2)
2012	1,635	157	66,383	965	6,457	12,802	4,065	4	192	92,660	(3)
2013	2,004	219	80,167	1,100	7,753	14,786	5,710	1	149	111,889	(3)
2014	1,936	220	83,762	1,254	6,978	12,411	6,238	6	220	113,025	
2015	1,898	229	94,740	1,220	6,996	12,046	6,515	5	345	123,994	
2016	2,338	197	102,994	1,314	7,921	13,261	6,575	6	9	134,615	
2017	2,372	192	106,679	1,466	7,819	14,207	6,644	37	67	139,483	
2018	2,651	147	110,327	1,163	7,955	14,010	6,060	3	68	142,384	
2019	2,161	154	111,044	1,322	6,948	14,353	7,016	13	589	143,600	

SOURCE:
Orange County Fire Authority, Community Risk Reduction Department

NOTES:

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

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

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

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

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

SOURCE: Orange County Fire Authority, Community Risk Reduction Department

NOTES:

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

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

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

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

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

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

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

(Continued on next page)

ORANGE COUNTY FIRE AUTHORITY
Capital Equipment by Category
(Continued)

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

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

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

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

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

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

(Continued on next page)

ORANGE COUNTY FIRE AUTHORITY
Capital Vehicles by Category
(Continued)

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

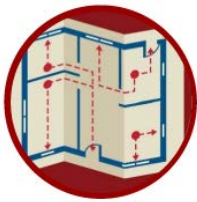
June 30, 2017		June 30, 2018		June 30, 2019	
Historical Cost	Quantity	Historical Cost	Quantity	Historical Cost	Quantity
820,733	4	820,733	4	820,733	4
573,194	4	573,194	4	573,194	4
2,161,593	42	2,224,326	42	2,468,254	46
84,438	2	84,438	2	84,438	2
-	-	-	-	-	-
452,373	4	447,373	3	447,373	3
66,366	1	66,366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



Orange County Fire Authority Safety Message

Home Escape Plan (Part 3 of 3)

(Continued from Page 136)



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

Safety Tips

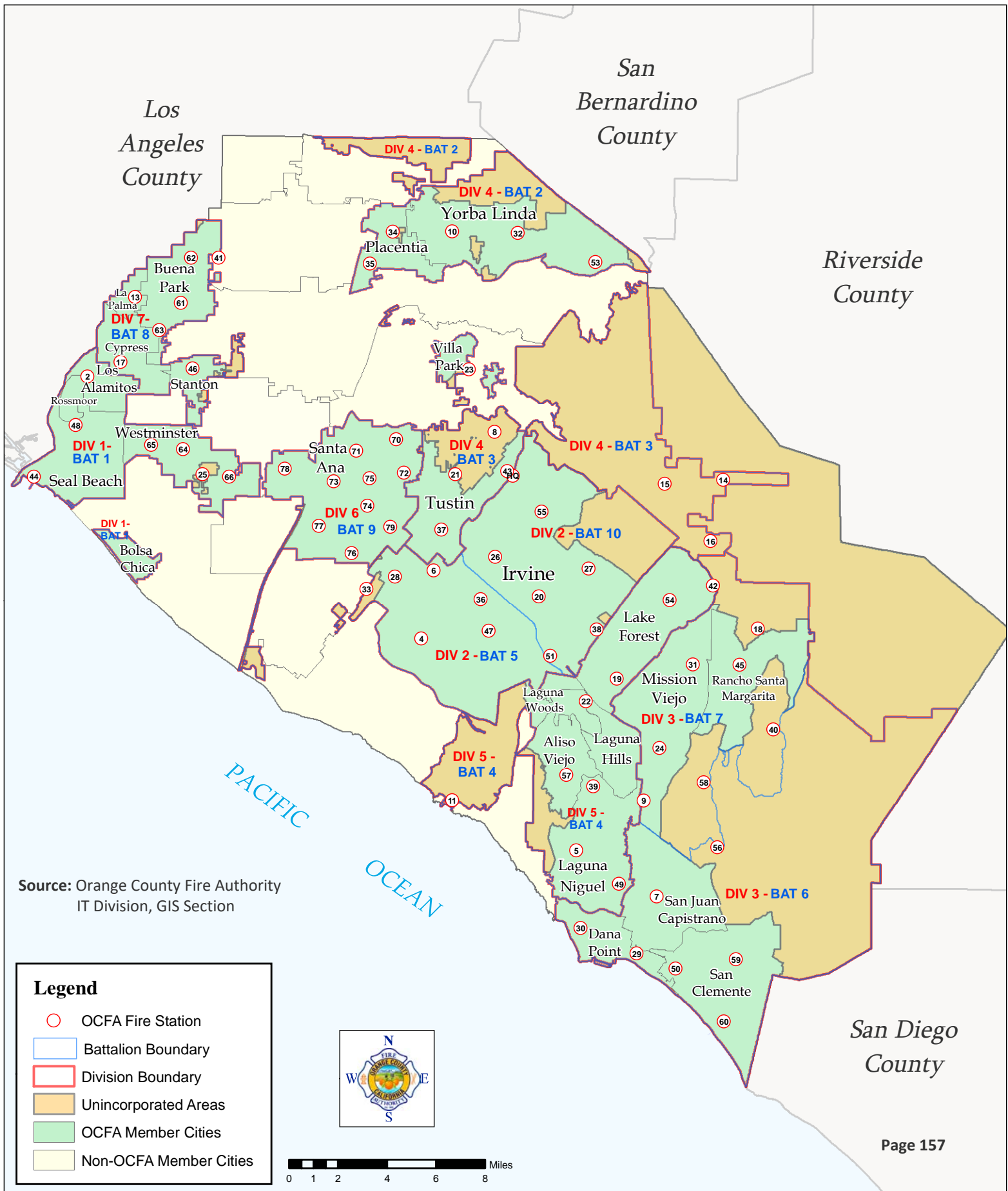
Every second counts during a fire. Create and practice a home escape plan so you and your family can get out quickly if the smoke alarm sounds.

If Trapped by Fire

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

ORANGE COUNTY FIRE AUTHORITY

Division and Battalion Boundaries and Station Locations
As of June 30, 2019



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



City of Aliso Viejo
#57, 57 Journey, 92656



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



City of Cypress
#17, 4991 Cerritos Ave. 90630



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



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



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



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



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



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



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



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



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



City of Rancho Santa Margarita
#45, 30131 Aventura 92688



City of San Clemente
#50, 670 Camino de Los Mares 92672
#59, 48 Avenida La Pata 92673
#60, 100 Avenida Victoria 92672



City of San Juan Capistrano
#7, 31865 Del Obispo 92675



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



City of Seal Beach
#44, 718 Central Ave. 90740
#48, 3131 N. Gate Rd. 90740



City of Stanton
#46, 7871 Pacific St. 90680



City of Tustin
#37, 15011 Kensington Park Dr. 92780
#43, 11490 Pioneer Way 92782



City of Villa Park
#23, 5020 Santiago Canyon Rd. 92869



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



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



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

Specialty Stations



Airport Rescue & Firefighting
#33, 374 Paularino, Costa Mesa 92626



Helicopter Operations
#41, 3900 W. Artesia Ave., Fullerton 92633

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

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

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

EXECUTIVE MANAGEMENT

Executive Management provides direction to areas of the organization and ensures that the types and levels of services provided are consistent with Board policy and the adopted budget. OCFA contracts with the firm of Woodruff, Spradlin, & Smart located in Costa Mesa, California for its legal services. General Counsel reports directly to the Board of Directors.

CORPORATE COMMUNICATIONS

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

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

EMERGENCY OPERATIONS BUREAU

COMMAND & EMERGENCY PLANNING DIVISION

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

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

SPECIAL OPERATIONS DIVISION

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

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

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

OPERATIONS DEPARTMENT

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

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

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

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

EMS DEPARTMENT

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

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

ADMINISTRATION & SUPPORT BUREAU

HUMAN RESOURCES DIVISION

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

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

BUSINESS SERVICES DEPARTMENT

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

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

manages the grant application process for all OCFA grants.

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

COMMUNITY RISK REDUCTION DEPARTMENT

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

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

LOGISTICS DEPARTMENT

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

- The **Fleet Services Division** ensures the effective and timely repair, servicing, and maintenance of all vehicles, apparatus, and equipment. Responsibilities include coordinating new vehicle specifications and purchases, maintenance schedules, and replacement prioritization.
- The **Information Technology Division** is responsible for development, operation, maintenance, and security of OCFA's computers, network, and overall technical infrastructure; the development and support of information systems applications and databases; maintenance of centralized enterprise Geographic Information System (GIS) and mapping capabilities; and the acquisition and maintenance of emergency communications equipment.
- The **Property Management Division** builds, maintains, and repairs all OCFA real property and durable infrastructure. Responsibilities include construction of new fire stations and the maintenance and operations of all fire stations and facilities, including the air operations hangar, the Urban Search and Rescue and Training facility, and the Regional Fire Operations and Training Center (RFOTC).
- The **Service Center Division** provides OCFA's organization-wide logistical support. Responsibilities include shipping, receiving,

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



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Orange County Fire Authority, (the Authority) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 21, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.





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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Lingham, LLP

Brea, California
October 21, 2019



ORANGE COUNTY FIRE AUTHORITY

FOR THE FISCAL YEARS END JUNE 30, 2019

SINGLE AUDIT REPORT

Focused
on YOU



ORANGE COUNTY FIRE AUTHORITY

SINGLE AUDIT REPORT

JUNE 30, 2019

ORANGE COUNTY FIRE AUTHORITY

JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Orange County Fire Authority, (the Authority) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 21, 2019.

Internal Control over Financial Reporting

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.





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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Lingham, LLP

Brea, California
October 21, 2019



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Orange County Fire Authority (the Authority)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2019. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Orange County Fire Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.



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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal program is not modified with respect to these matters.

The Authority's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the Authority, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated October 21, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements.



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

Such information is the responsibility of management and was derived from and relates 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Lance, Soll & Luyhard, LLP

Brea, California
October 21, 2019

ORANGE COUNTY FIRE AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Program / Project Identification Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:				
Direct assistance via Federal Emergency Management Agency				
National Urban Search and Rescue (US&R) Response System				
2015 Cooperative Agreement Supplemental	97.025	EMW-2015-CA-00014A	N/A	\$ 49,151
2016 Cooperative Agreement	97.025	EMW-2016-CA-00013	N/A	63,006
2016 Cooperative Agreement 1st Supplemental	97.025	EMW-2016-CA-00013A	N/A	8,696
2017 Cooperative Agreement	97.025	EMW-2017-CA-00039	N/A	531,864
2018 Cooperative Agreement	97.025	EMW-2018-CA-00006	N/A	653,655
Subtotal - CFDA 97.025				1,306,372
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2016-FH-00565	N/A	1,322,639
Subtotal - CFDA 97.083 *				1,322,639
Homeland Security Grant Program:				
Passed through the Orange County Sheriff's Department:				
2016 Orange County Intelligence Assessment Center	97.067	DHS 2016-SS-00102	11-195-0874	9,882
2017 Orange County Intelligence Assessment Center	97.067	DHS 2017-SS-00083	11-195-0874	147,491
2018 Orange County Intelligence Assessment Center	97.067	DHS 2018-SS-00054	11-195-0874	11,527
Subtotal - Passed through the Orange County Sheriff's Department				168,900
Passed through the City of Anaheim:				
2016 Urban Areas Security Initiative (UASI) Conference	97.067	DHS 2016-SS-00102	04-432-9993	3,361
Subtotal - Passed through the City of Anaheim				3,361
Passed through the City of Santa Ana:				
2017 Urban Areas Security Initiative (UASI) Conference	97.067	DHS 2017-SS-00083	08-315-3247	1,825
Subtotal - Passed through the City of Orange				1,825
Passed through the Cal OES:				
Southern Wind US&R Task Force RDD Exercise	97.067	DHS 2015-SS-0078	94-743-6176	342,511
Subtotal - Passed through the Cal OES				342,511
Subtotal - CFDA 97.067 *				516,597
Preparing for Emerging Threats and Hazards:				
Passed through the City of Anaheim:				
2016 Complex Coordinated Terrorist Attacks (CCTA)	97.133	DHS 2016-NPD-133-00-01	04-432-9993	9,731
Subtotal - CFDA 97.133				9,731
Total U.S. Department of Homeland Security				3,155,339
Total Federal Expenditures				\$ 3,155,339

* Major Program

Note a: Refer to Note 1 to the Schedule of Expenditures of Federal Awards for a description of significant accounting policies used in preparing this schedule.

Note b: There were no federal awards expended in the form of noncash assistance and insurance in effect during the year.

Note c: Total amount provided to subrecipients during the year was \$0.

ORANGE COUNTY FIRE AUTHORITY

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Note 1: Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

a. Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the Orange County Fire Authority, that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal awards include both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the Authority from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

b. Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the Authority becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included any property or equipment acquisitions incurred under the federal program. The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

ORANGE COUNTY FIRE AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

- Significant deficiencies identified? ☐ yes ☒ no
- Material weaknesses identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Significant deficiencies identified? ☐ yes ☒ no
- Material weaknesses identified? ☐ yes ☒ none reported

Type of auditors' report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? ☒ yes ☐ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.067	Homeland Security Grant
97.083	Staffing for Adequate Fire and Emergency Response

Dollar threshold used to distinguish between type A and type B program \$750,000

Auditee qualified as low risk auditee? ☒ yes ☐ no

ORANGE COUNTY FIRE AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2019-001 – Reporting

Instance of Noncompliance

Federal Award Information

CFDA Number:	97.083
Program Title:	Staffing for Adequate Fire and Emergency Response (SAFER)
Federal Award Number:	EMW-2016-FH-00565
Federal Award Year:	2016
Name of Federal Agency:	U.S. Department of Homeland Security

Criteria or Specific Requirement

The grant agreement stipulates that, throughout the entirety of the period of performance of the program, the nonfederal entity is required to submit quarterly performance reports, due no later than 30 days after the end of each quarter. The nonfederal entity is also required to submit the SF-425, *Federal Financial Report*, semi-annually, throughout the entire period of performance, due no later than 30 days after the end of the period.

Condition

As part of our audit testing, we determined that the Orange County Fire Authority did not submit the required quarterly performance reports covering the fiscal year in timely manner. Additionally, the Authority submitted the SF-425, *Federal Financial Report*, for the period of January 1, 2019 through June 30, 2019 on August 5, 2019, which is past the due date of July 30, 2019.

Cause of the Condition

The condition was caused by a misunderstanding that occurred between the Orange County Fire Authority's staff and the grantor agency. The Authority staff believed, that due to falling below the minimum staffing level established at the time of the award, that the Authority would not be eligible for participation in the program for the fiscal year and did not file the required reports. Upon further discussions with the grantor agency in May 2019, Authority staff received the notification that they are eligible for participation in the program and may submit reimbursements for costs incurred as it had fulfilled the intent of the original grant agreement. The Authority subsequently requested the reimbursement for the grant costs and began submitting reports to comply with the terms of the grant agreement. Due to this, the progress reports and the second quarterly SF-425, *Federal Financial Report*, were not filed timely.

Effect or Possible Effect

The Authority did not comply with the reporting requirements of the grant agreement.

Questioned Costs

No questioned costs were identified (\$0).

ORANGE COUNTY FIRE AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Finding 2019-001 – Reporting (Continued)

Context

As there are only six (6) reports required during the year, we examined all of the reports and determined that all but one (1) were submitted late.

Repeat Finding

This is a new finding for the fiscal year ended June 30, 2019.

Recommendation

We recommend that the Authority continue to communicate with the grantor agency to submit all required progress and financial reports in a timely manner.

Management Response

We concur with the auditor's finding. Quarterly performance reports and semi-annual financial reports (SF-425) will be submitted in a timely manner going forward based on FEMA's clarification, regardless of OCFA's ability to meet the minimum staffing levels required by the grant. Internal reports showing OCFA's staffing levels have been created and shared with the Grant Manager in order to facilitate the quarterly reporting process. Finally, the Grant Manager has developed a matrix outlining all information required and deadlines for all upcoming quarterly reports. As of September 10, 2019, we have submitted all past due quarterly performance reports to FEMA through the period ending June 14, 2019. The report for the quarter ending on September 15, 2019 has also been submitted on time.



ORANGE COUNTY FIRE AUTHORITY

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

Brian Fennessy, Fire Chief

(714) 573-6000

www.ocfa.org

Summary Schedule of Prior Year Findings and Questioned Costs For the Fiscal Year Ended June 30, 2018

Finding: 2018-001

Status: Corrected

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RESIDENTIAL SPRINKLERS AND SMOKE ALARMS SAVE LIVES



ORANGE COUNTY FIRE AUTHORITY

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

Brian Fennessy, Fire Chief

(714) 573-6000

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Corrective Action Plan

Finding: 2019-001

Name of Contact Person: Robert Cortez, Assistant Chief of Business Services

Corrective Action: We concur with the auditor's finding. Quarterly performance reports and semi-annual financial reports (SF-425) will be submitted in a timely manner going forward based on FEMA's clarification, regardless of OCFA's ability to meet the minimum staffing levels required by the grant. Internal reports showing OCFA's staffing levels have been created and shared with the Grant Manager in order to facilitate the quarterly reporting process. Finally, the Grant Manager has developed a matrix outlining all information required and deadlines for all upcoming quarterly reports.

As of September 10, 2019, we have submitted all past due quarterly performance reports to FEMA through the period ending June 14, 2019. The report for the quarter ending on September 15, 2019 has also been submitted on time

Proposed Completion Date: September 30, 2019

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



October 21, 2019

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

We have audited the 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) for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 21, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2018-2019.

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Authority's financial statements were:

Management's estimates of its net pension liability and net other postemployment benefits liability based on actuarial valuation specialist assumptions. We evaluated the key factors and assumptions used to develop the net pension liability and net other postemployment benefits liability in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.



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

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. These differences are described below. In addition, none of the misstatements detected as a result of our audit procedures were material, either individually or in the aggregate, to the financial statements taken as a whole.

Unadjusted Audit Differences	Current Year Over (Under) Revenues and Expenditures/Expenses and Changes in Fund Balance/Equity
Expenditures and related payables not accrued	\$ 169,848
Revenues and related receivables not accrued	(4,066)
Cumulative effect (before effect of prior year differences)	165,782
Effect of unadjusted audit difference - prior year	(65,193)
Cumulative effect (after effect of prior year differences)	\$ 100,589

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 21, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.



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

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the OCERS Retirement Plan – schedule of OCFA's proportionate share of the net pension liability, schedule of contributions, Extra Help Retirement Plan – schedule of changes in the net pension liability and related ratios, schedule of contributions, schedule of money weighted rate of return, Retiree Medical Plan – schedule of changes in Net OPEB liability and related ratios, schedule of contributions, and schedule of money weighted rate of return which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining and individual nonmajor fund financial statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has 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 it.

New Accounting Standards

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2018-2019 audit:

GASB Statement No. 83, *Certain Assets Retirement Obligations*.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*.



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

The following Governmental Accounting Standards Board (GASB) pronouncements are effective in the following fiscal year audit and should be reviewed for proper implementation by management:

Fiscal year 2019-2020

GASB Statement No. 84, *Fiduciary Activities*.

GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statement Nos. 14 and 61*.

Fiscal year 2020-2021

GASB Statement No. 87, *Leases*.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period.

Fiscal year 2021-2022

GASB Statement No. 91, Conduit Debt Obligations.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of Orange County Fire Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Brea, California

ORANGE COUNTY FIRE AUTHORITY
Fund Balance Assigned for Capital Improvement Program (CIP)
Final Calculation
As of June 30, 2019

Attachment 5A

Description	Source	General Fund CIP Fund 12110	Communications and Information Systems Fund 124	Fire Apparatus Fund 133	Fire Stations and Facilities Fund 123	Total
Actual Fund Balance Available for CIP Assignment						
Total actual fund balance @ 6/30/2019	FYE 6/30/2019 CAFR, pages 28, 106	3,784,707	7,907,713	11,631,823	25,942,605	49,266,848
Less nonspendable fund balance - prepaid items	FYE 6/30/2019 CAFR, pages 28, 106	(67,085)	(13,725)	-	-	(80,810)
Less restricted fund balance	FYE 6/30/2019 CAFR, pages 28, 106	-	-	-	(391,477)	(391,477)
Less outstanding encumbrances:						
Pertaining to restricted resources	FYE 6/30/2019 CAFR, pages 28, 106	(12,012)			-	(12,012)
Pertaining to committed resources	FYE 6/30/2019 CAFR, pages 28, 106					-
Pertaining to assigned resources	FYE 6/30/2019 CAFR, pages 28, 106	(297,376)	(820,825)	(3,379,756)	(545,374)	(5,043,331)
Actual fund balance available for CIP assignment @ 6/30/2019 (A)		3,408,234	7,073,163	8,252,067	25,005,754	43,739,218
Possible CIP Expenditures, Net of Offsetting Revenues and Funding Sources						
<u>Appropriations Re-Budgeted to Next Fiscal Year, Net</u>						
Carryover expenditures	Board of Directors approval 9/26/2019, Item #3C	1,514,245	2,708,391	5,803,945	616,707	10,643,288
Less: Carryover revenues	Board of Directors approval 9/26/2019, Item #3C	-	-	-	-	-
Net		1,514,245	2,708,391	5,803,945	616,707	10,643,288
<u>Five-Year CIP Plan - Budgeted CIP Projects, Net</u>						
Five-year CIP plan expenditures	FY 2019/20 Adopted Budget	25,343,300	9,111,409	43,706,939	45,170,000	123,331,648
Less: Offsetting cash contract/developer/grant/CALFIRE funding:						
Vehicle replacement charges (5 years)	Cash contract annual vehicle charge, as prepared by Finance Division / General Accounting Unit	-	-	(9,208,905)	-	(9,208,905)
Developer-funded projects (cost-reimbursable budgeted costs)	FY 2019/20 Adopted Budget	-	-	(4,498,072)	-	(4,498,072)
Construction of new Fire Station 52 (Irvine Business District)	FY 2019/20 Adopted Budget, capped at maximum available restricted fund balance	-	-	-	(391,477)	(391,477)
Net		25,343,300	9,111,409	29,999,962	44,778,523	109,233,194
Possible CIP expenditures, net of offsetting revenues and funding sources (B)		26,857,545	11,819,800	35,803,907	45,395,230	119,876,482
Over (under) funded as of 6/30/2019 (A-B)		(23,449,311)	(4,746,637)	(27,551,840)	(20,389,476)	(76,137,264)
<u>Final Fund Balance Assignment</u>						
Actual fund balance available for CIP assignment @ 6/30/2019		3,408,234	7,073,163	8,252,067	25,005,754	43,739,218
Less: Over funded amount to be transferred back to the General Fund		-	-	-	-	-
Final fund balance assignment @ 6/30/2019	FYE 6/30/2019 CAFR, page 28	3,408,234	7,073,163	8,252,067	25,005,754	43,739,218

ORANGE COUNTY FIRE AUTHORITY
Fund Balance Assigned for Workers Compensation
Final Calculation
As of June 30, 2019

Attachment 5B

		Self Insurance Fund		
Description	Source	Final Budget	Positive (Negative) Variance	Actual
Revenues:				
Interest	FYE 6/30/2019 CAFR, pages 107, 109	\$ 1,735,554	348,051	\$ 2,083,605
Workers' compensation charges	FYE 6/30/2019 CAFR, pages 107, 109	17,366,238	-	17,366,238
Insurance recoveries	FYE 6/30/2019 CAFR, pages 107, 109	215,248	552,902	768,150
Subtotal - revenues		19,317,040	900,953	20,217,993
Expenditures:				
Workers' compensation claims paid	FYE 6/30/2019 CAFR, pages 107, 109	(10,383,361)	(1,577,946)	(11,961,307)
Subtotal - expenditures		(10,383,361)	(1,577,946)	(11,961,307)
Total change in fund balance		\$ 8,933,679	\$ (676,993)	\$ 8,256,686
		(A)	(B)	
Assignment for Workers' Compensation:				
Actual assignment @ 6/30/2018	FYE 6/30/2018 CAFR, page 37		\$ 80,515,844	
Budgeted change in fund balance	(A)		8,933,679	
Budgeted assignment @ 6/30/2019			89,449,523	
Variance between final budget and actual amounts	(B)		(676,993)	
Actual assignment @ 6/30/2019	FYE 6/30/2019 CAFR, page 28		\$ 88,772,530	

Orange County Fire Authority
Calculation of Unencumbered Fund Balance
General Operating Fund*
Fiscal Year 2018/19

		Final Budget	Actual	Difference
Property tax revenue (Structural Fire Fund - SFF)		\$ 261,339,047	\$ 264,267,387	\$ 2,928,340
Other revenues		148,408,851	143,652,422	(4,756,429)
Transfers in		-	-	-
Subtotal revenues and transfers in	(A)	409,747,898	407,919,809	(1,828,089)
Expenditures		416,012,115	401,253,965	14,758,150
Transfers out		6,078,761	6,078,761	-
Subtotal expenditures and transfers out		422,090,876	407,332,726	14,758,150
Less: Prior year encumbrances		(1,390,478)	(1,019,913)	(370,565)
Subtotal		420,700,398	406,312,813	14,387,585
Plus: Current year encumbrances		-	2,851,945	(2,851,945)
Subtotal budgetary expenditures	(B)	420,700,398	409,164,758	11,535,640
Total unencumbered fund balance before adjustments	(A+B)			9,707,551
Reconciling items:				
Rebudget of FY 2018/19 uncompleted projects:				
Increase budgeted FY 2019/20 revenues				6,065,346
Increase budgeted FY 2019/20 appropriations				(10,116,441)
Increase budgeted FY 2019/20 appropriations - to Fund 139				(507,495)
Subtotal				(4,558,590)
GASB 31 interest adjustment				(111,247)
Total reconciling items	(C)			(4,669,837)
Total unencumbered fund balance with adjustments (A+B+C)				\$ 5,037,714

FY 2019/20 General Operating Fund budget (expenditures, other uses, and transfers out) \$ 448,928,051

Unencumbered fund balance as a percentage of next year's General Operating Fund budget 1.12%

* In the 2018/19 Financial Statements, the Combined General Fund includes the General Fund CIP Sub-Fund (12110), Structural Fire Entitlement Sub-Fund (171), and the Workers' Compensation Sub-Fund (190), which should not be included in the calculations of unencumbered fund balance. Therefore, activities in these three sub-funds have been eliminated from this calculation. The "General Operating Fund" includes only the General Fund (121) and the Property Management Sub-Fund (12150).



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
November 13, 2019

Agenda Item No. 4C
Discussion Calendar

**2019 Long Term Liability Study
& Accelerated Pension Payment Plan**

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Summary

This annual agenda item is submitted to provide information on the Orange County Fire Authority's (OCFA) total long term liabilities and strategies for mitigating and/or funding the liabilities.

Prior Board/Committee Action

As this is an annual report, the last presentation to the Board of Directors was at its November 15, 2018, meeting.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of November 21, 2019, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Direct staff to continue the Accelerated Pension Payment Plan as indicated in the Updated Snowball Strategy.
2. Direct staff to adjust the FY 2019/20 General Fund budget to increase expenditures by \$5,037,714, the amount identified as the unencumbered fund balance identified in the FY 2018/19 financial audit, for the purpose of making a payment towards OCFA's unfunded pension liability.

Impact to Cities/County

Strategic planning to reduce liabilities where possible and provide early funding for those liabilities which cannot be reduced, will assist the OCFA in sustaining frontline emergency services for our member agencies and the citizens we serve.

Fiscal Impact

During the past six years, the OCFA Board of Directors' support of the Accelerated Pension Payment Plan has enabled OCFA to make accelerated payments totaling \$94.8 million, resulting in interest savings of \$24.6 million on behalf of the Orange County citizens and taxpayers whom fund our services.

Background

In order to determine an agency's financial stability, one must look at all of its long-term obligations or liabilities, not just pensions. The Liability Study (Attachment 1) examines all of OCFA's long-term liabilities, with primary focus on the pension liability.

Accelerated Pension Payment Plan

During FY 2018/19, OCFA made additional payments towards its Unfunded Actuarially Accrued Liability (UAAL) totaling \$19.2 million to the Orange County Employees' Retirement System (OCERS). To evaluate progress associated with the accelerated funding of OCFA's pension liability, OCFA requested OCERS' actuary, Segal Consulting, to update the following:

- How much OCFA saved in interest annually since 2013 by making additional payments towards its UAAL?
- When would OCFA achieve 85% funding and 100% funding if it continued to make additional UAAL payments under its Snowball Plan?

The actuary reported that the OCFA has saved \$24.6 million in interest by making additional payments towards its UAAL and will achieve 85% funding by December 31, 2022, and 100% funding by December 31, 2028, assuming all other actuarial inputs are held constant as identified in Attachment 2.

Last year, the actuary projected that the OCFA would achieve 85% funding by December 2020 and 100% funding by December 2026. The reason for the two-year delay is primarily due to the 2018 investment return being lower than the 7.00% return assumption in the December 31, 2018, valuation. OCERS had a net loss of 1.67 %.

Irvine Settlement Agreement

As part of the Irvine Settlement Agreement, the OCFA agreed to establish a 115 Trust and to make annual deposits of \$2 million, dedicated solely for future application to OCFA's pension liability. On May 23, 2019, the OCFA Board approved establishing the 115 Trust with the Public Agency Retirement Services (PARS), and the initial deposit of \$2 million was made on July 1, 2019. OCFA will continue to make annual deposits of \$2 million in July of each year; however, if the OCFA has not funded 85% of its pension liability as determined by OCERS by June 30, 2020, then the required 115 Trust payment will be reduced to \$1,500,000 per fiscal year until OCFA achieves the targeted 85% funding level. The \$500,000 reduction will instead be contributed to OCERS as an additional employer pension contribution.

A hypothetical allocation of OCFA's pension liability by member city can be found in Attachment 3 and the allocation of the PARS trust assets by member city can be found in Attachment 4.

The OCFA has already taken many steps to reduce some of its long-term liabilities and accelerate funding of other liabilities. Staff is committed to continue seeking additional ways to mitigate liability impacts, fund the accrued liabilities, and ensure the long-term viability of the organization.

Attachment(s)

1. 2019 Long Term Liability Study
2. Updated Snowball Strategy
3. Hypothetical Allocation of Pension Liability Per City
4. Allocation of PARS 115 Trust Assets by City

ORANGE COUNTY FIRE AUTHORITY



2019 LIABILITY STUDY

OCFA'S LONG TERM LIABILITIES

NOVEMBER 2019

OCFA'S LONG TERM LIABILITY STUDY

I. OBJECTIVE

One of the key components of fiscal responsibility is prudent management of long-term liabilities. The objective of this annual study is to provide an accurate assessment of the OCFA's *total* long-term obligations and to continuously identify strategies to reduce and/or fund the liabilities.

II. BACKGROUND

OCFA's long term liabilities include:

1. Defined Benefit Pension Plan
2. Defined Benefit Retiree Medical Plan
3. Workers Compensation Claims
4. Accrued Compensated Absences (accumulated sick and vacation payouts)

OCFA's biggest long-term challenges are pensions, retiree medical for retired employees, and workers' compensation claims. Both the Defined Benefit Pension Plan and the Defined Benefit Retiree Medical Plan currently have unfunded liability balances, as further described below.

DEFINED BENEFIT PENSION PLAN

In a *defined benefit plan*, employees receive *specific benefits* upon retirement, based on a pre-established formula. For example, a pension plan may provide retirees an annual retirement income which is determined in accordance with an agreed-upon formula, such as a predetermined percentage of annual earnings multiplied by the number of years of service.

The OCFA participates in the Orange County Employees' Retirement System (OCERS), a cost sharing multiple-employer, defined benefit pension plan. All OCFA regular, full-time and part-time employees become members of OCERS upon employment, and the OCFA makes periodic contributions to OCERS as part of the funding process. The contributions submitted to OCERS are divided into employer and employee contributions. The combination of these contributions and investment income from OCERS' investments are structured to fund the employees' retirement benefits by the time the employees retire.

The OCFA's employees are distributed into two employee categories for purposes of retirement benefits, identified as Safety members and General members. Both the Safety and General categories include three tiers of retirement benefit formulas each, depending on date of hire:

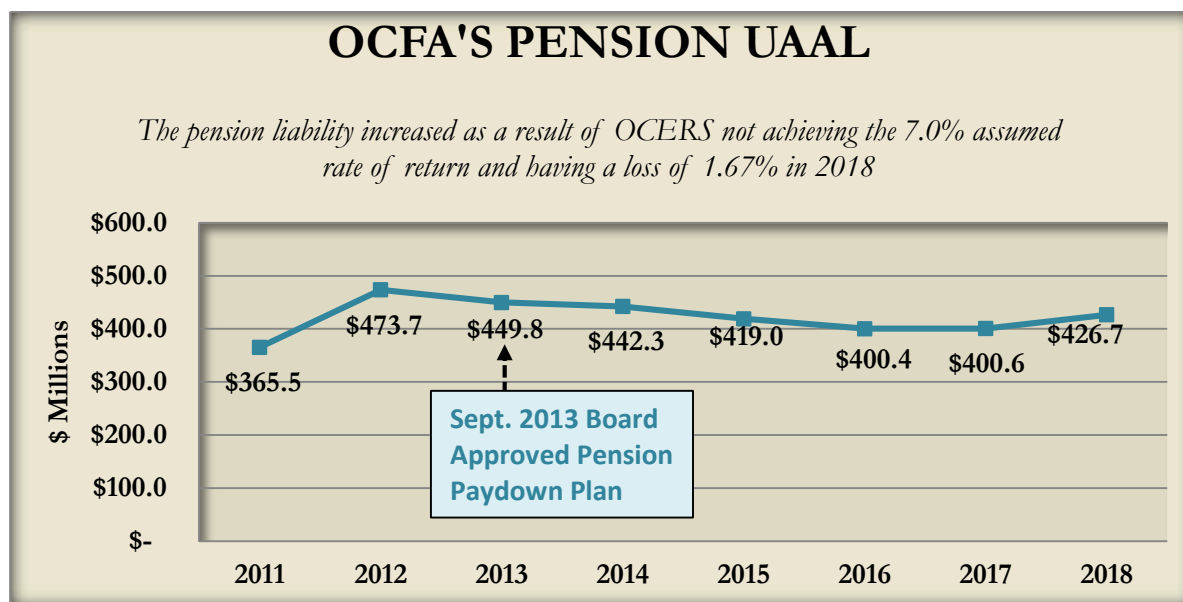
	Hired Prior to July 1, 2012	Hired Between July 1, 2012 – Dec. 31, 2012	Hired on or after Jan. 1, 2013 (w/out reciprocity)
Safety	3% @ 50	3% @ 55	2.7% @ 57

	Hired Prior to July 1, 2011	Hired Between July 1, 2011 – Dec. 31, 2012	Hired on or after Jan. 1, 2013 (w/out reciprocity)
General	2.7% @ 55	2% @ 55	2.5% @ 67

OCFA Retirement Costs, Liabilities and Funding

OCFA's annual retirement costs (mandatory costs plus voluntary accelerated payments) represent approximately \$88 million or 21% of the Authority's FY 2019/20 General Fund budget. Each year, the Authority receives its retirement rates from OCERS. The total retirement rate has two components: the Normal Cost Component plus the current year's cost for the Unfunded Actuarial Accrued Liability (UAAL). The Normal Cost Component is the cost to pay for the current year's value of retirement benefits as earned. The UAAL Component is the accrued liability for past services which were not funded by prior contributions and investments.

The UAAL is determined by the actuary and is the difference between the present value of accrued liabilities and the value of assets as of a specific date. This amount changes over time as a result of changes in accrued benefits, pay levels, rates of return on investments, changes in actuarial assumptions, and changes in the demographics of the employee base.



Based on the December 31, 2018, valuation by OCERS, the Authority's total UAAL was \$426.7 million with \$379.5 million or 89% attributed to Safety members and \$47.2 million or 11% attributed to General members. OCFA's plan is 78.9% funded. The OCFA reduces its UAAL over time as part of the annual required pension contribution to OCERS as shown below:

General Members (2.7% @ 55, 2.0% @ 55, and 2.5% @ 67 combined)

<u>Employer Rate *</u>	<u>2018 Valuation</u> (FY 20/21 rates)	<u>2017 Valuation</u> (FY 19/20 rates)
Normal Cost	13.04%	13.12%
UAAL	14.96%	15.74%
Total	28.00%	28.86%

Safety Members (3.0% at 50, 3% @ 55 and 2.7% @ 57 combined)

<u>Employer Rate *</u>	<u>2018 Valuation</u> (FY 20/21 rates)	<u>2017 Valuation</u> (FY 19/20 rates)
Normal Cost	24.76%	25.01%
UAAL	23.84%	20.80%
Total	48.60%	45.81%

* Totals do not include *Employee Rates*, which vary based on age of entry and retirement formula. *Employee Rates* range from 5.40% - 11.86% for General and 9.10% - 14.15% for Safety. Rates are also after adjustment for additional UAAL contributions made in 2014, 2015, 2016, 2017 and 2018.

Two events have the greatest impact on plan funding: (1) plan changes, namely benefit formula changes and (2) differing actual experience requiring a modification in assumptions to reflect reality such as life expectancy. Other assumptions that impact the funding and UAAL include:

1. The assumed rate of return
2. The rate of increase in salaries
3. Member mortality
4. The age at which members choose to retire
5. How many members become disabled
6. How many members terminate their service earlier than anticipated

The assumed rate of return, also known as the discount rate, is a critical issue impacting OCFA's UAAL. The higher the discount rate, the lower the present value of pension assets needed to meet future pension obligations. A lower discount rate increases the current unfunded pension liabilities.

In 2013, the OCERS Board voted to lower the interest rate assumption from 7.75% to 7.25% which increased OCFA's annual retirement costs by \$7.5 million. This increase was phased in over a two-year period starting in FY 2014/15.

In October 2017, the OCERS Board voted to lower the interest rate assumption again from 7.25% to 7.0%. It also voted to update the mortality tables based on generational mortality. The updated mortality tables indicate that people are living longer which means they will collect a pension longer resulting in an increase in retirement costs. These new assumption changes increased OCFA's retirement contribution rates by 3.73% of pay or approximately \$5 million per year beginning in July 2019.

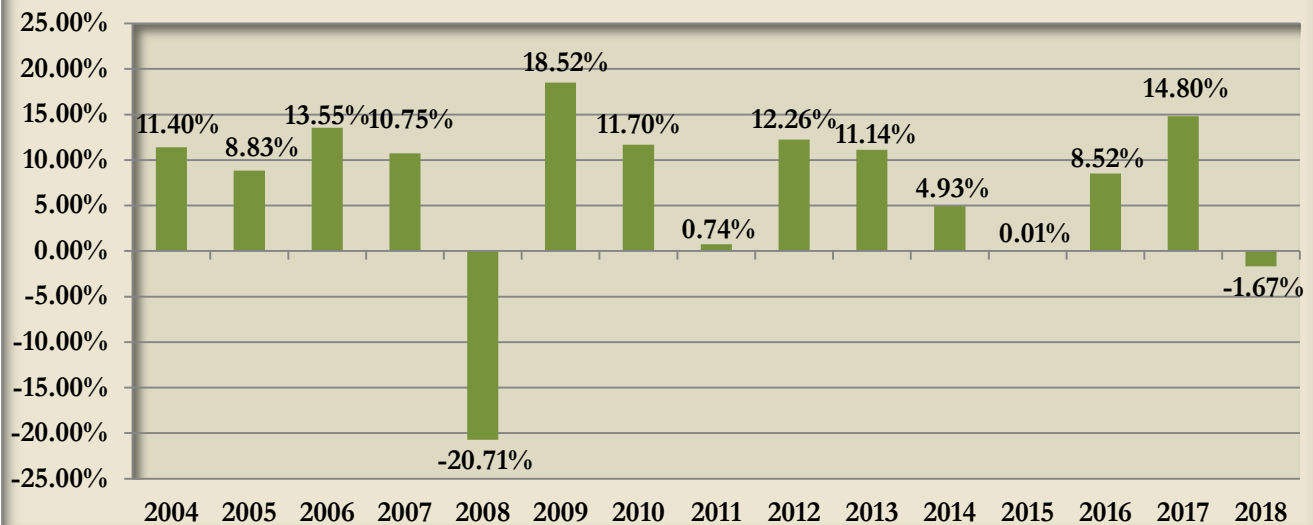
In 2018, OCERS investment return was negative 1.67% and less than its assumed rate of return of 7.0%. This resulted in an increase to OCFA's UAAL from \$400.6 million in 2017 to \$426.7 million in 2018.

The following chart shows a history of OCERS' investment performance over the past fifteen years. Although there have been years in which OCERS exceeded its assumed rate of return, the years in which OCERS incurred significant losses, such as the 21% loss in 2008, have a dramatic negative impact. OCERS' average return for the 15 years reflected below is 6.98%, which is slightly below its assumed rate of return of 7.0%. When OCERS' actual return falls below its assumed rate of return, OCFA incurs higher retirement rates/costs.

OCERS' History of Performance

December 2004-December 2018

The average rate of return over the last 15 years is 6.98%



OCERS' investment return also impacts the funding level of the entire system, as demonstrated in the following chart. After the 21% loss in 2008, OCERS UAAL increased and its funding level began to drop. The funding level started to improve in 2013 when OCERS rate of return exceeded the assumed rate of return. There was only a small increase to the funding level in 2018.

OCERS' Schedule of Funding Progress

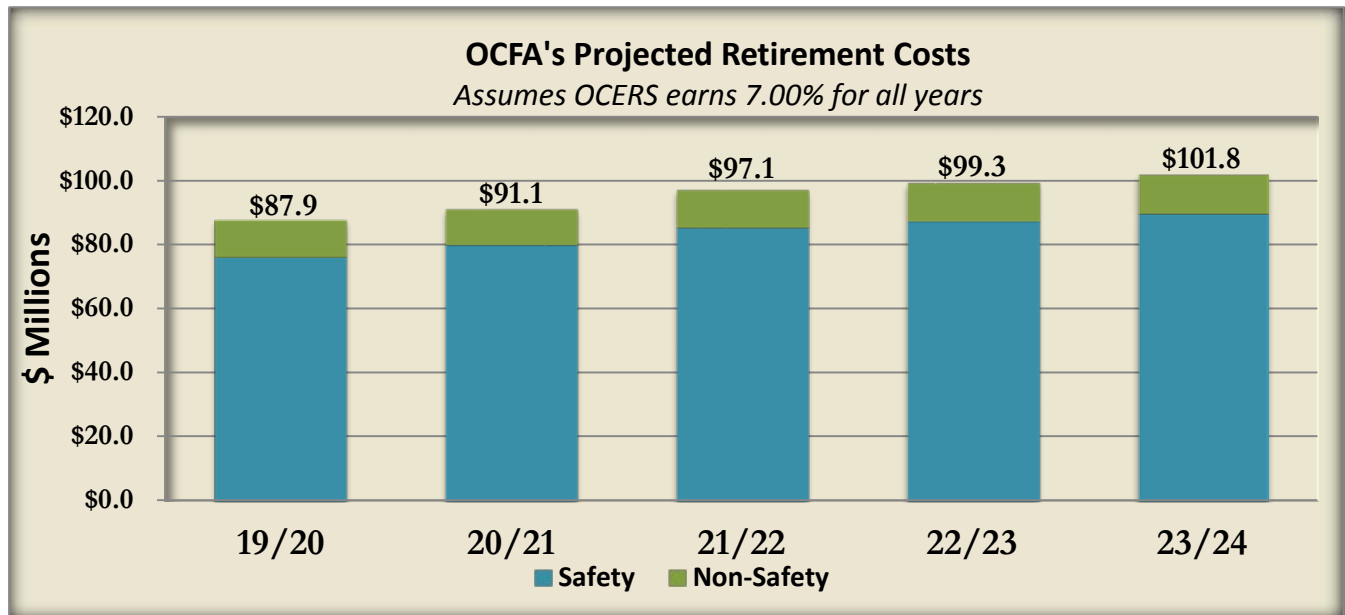
(Dollars in Thousands)

OCERS' funding level increased slightly

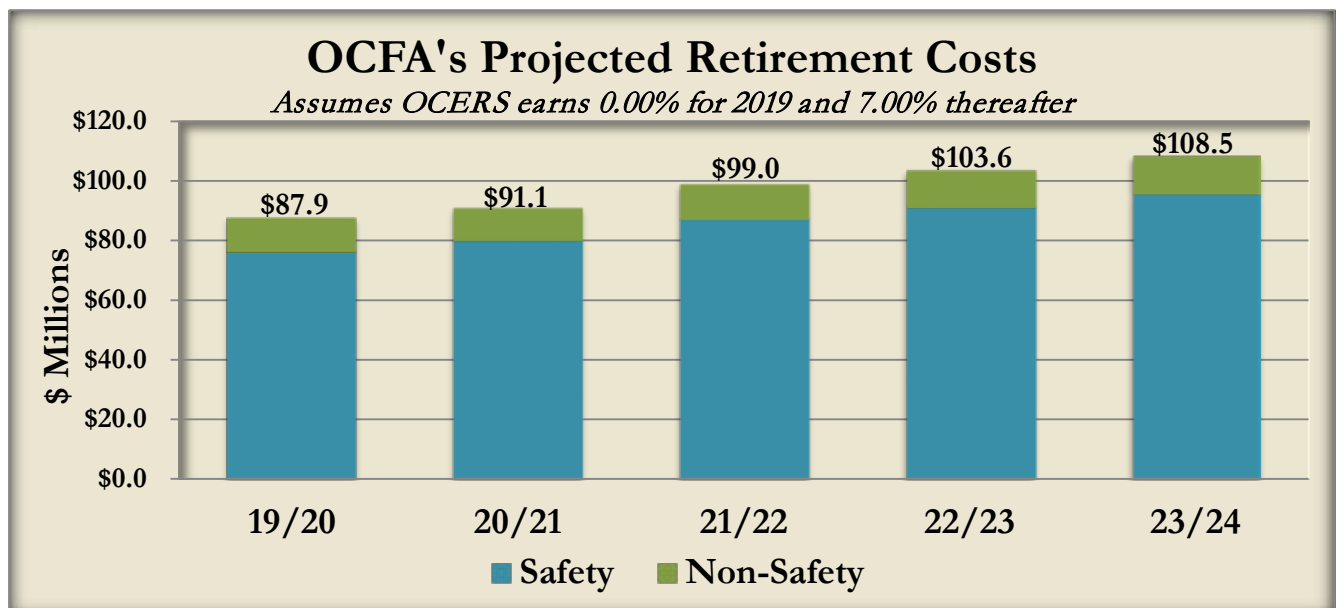
Actuarial Valuation Date December 31	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Total UAAL (b-a=c)	Funded Ratio (a/b)
2001	\$4,586,844	\$4,843,899	\$257,055	94.69%
2002	4,695,675	5,673,754	978,079	82.76%
2003	4,790,099	6,099,433	1,309,334	78.53%
2004	5,245,821	7,403,972	2,158,151	70.85%
2005	5,786,617	8,089,627	2,303,010	71.53%
2006	6,466,085	8,765,045	2,298,960	73.77%
2007	7,288,900	9,838,686	2,549,786	74.08%
2008	7,748,380	10,860,715	3,112,335	71.34%
2009	8,154,687	11,858,578	3,703,891	68.77%
2010	8,672,592	12,425,873	3,753,281	69.79%
2011	9,064,355	13,522,978	4,458,623	67.03%
2012	9,469,208	15,144,888	5,675,680	62.52%
2013	10,417,125	15,785,042	5,367,917	65.99%
2014	11,449,911	16,413,124	4,963,213	69.76%
2015	12,228,009	17,050,357	4,822,348	71.72%

2016	13,102,978	17,933,461	4,830,483	73.06%
2017	14,197,125	19,635,427	5,438,302	72.30%
2018	14,994,420	20,703,349	5,708,929	72.43%

The chart below assumes OCERS will earn its assumed rate of return of 7.0% in 2019 and future years. This chart should be contrasted with the second chart below to demonstrate the significant impact on retirement contribution rates, when OCERS does not earn its assumed rate of return.



The chart below assumes OCERS will not earn its assumed rate of return, and instead will earn 0.0% in 2019 and 7.0% in future years. Note the increased retirement contributions that would result starting in FY 2021/22 in the event OCERS has a 0.00% return in that one year. This data is presented to demonstrate the potential negative impacts that can (and do) occur from time to time when the system earns less than assumed. OCERS' year-to-date 2019 preliminary return as of September is 10.36%. It has an assumed rate of 7.0% and is on a calendar year basis.



OCFA has taken steps to increase employee contributions, reduce benefits by establishing new tiers, and accelerate the paydown of the UAAL with the long-term goal to ensure adequate pension funding. However, other factors (such as OCERS' investment performance) are beyond the OCFA's control, yet these factors have a significant impact on determining retirement rates, and ensuring adequate funding.

Accelerated Pension UAAL Payment Plan

In September 2013, the OCFA Board of Directors approved an Accelerated Pension UAAL Payment Plan. The accelerated plan has the following benefits:

- Results in OCFA's pension liability being paid off sooner
- Earlier and larger contributions into the pension system result in greater investment income earned
- Greater investment income earned results in less money paid by the employer over the long term

OCFA's accelerated payment plan originally involved three components including (1) use of year-end fund balance available, (2) contributing additional funds each year using savings achieved under PEPRA or other annual actuarial gains, and (3) contributing an additional \$1 million per year in budgeted funds, with the annual budget allocation building to \$5 million per year by year five.

In FY15/16, the plan was modified to include the following:

- Contributing an additional \$1 million each year starting in 2016/17 and increasing by \$2 million each year until it reaches \$15 million and continuing at \$15 million thereafter
- Contributing \$1 million per year from surplus fund balance available in the Workers' Compensation Self Insurance Fund starting in 2016/17 for five years

In FY16/17, the plan was modified again to include the following:

- Contributing \$7,633,021 in FY 2017/18 from General Fund surplus and continuing in different amounts until OCFA's funding goal is achieved
- Reduced the accelerated funding goal from 100% to 85% for OCFA's pension liability with the added policy to redirect expedited payment dollars to OCFA's retiree medical liability after achieving the 85% target for the pension liability.

To date, OCFA has made the following additional payments towards its UAAL:

FY 13/14	\$ 5.5 million
FY 14/15	21.3 million
FY 15/16	15.4 million
FY 16/17	13.5 million
FY 17/18	19.9 million
<u>FY 18/19</u>	<u>19.2 million</u>
Total	\$94.8 million

The outcomes from the accelerated payment plan implementation in FY 2013/14 through Fiscal year 2018/19 along with OCFA's anticipated future year accelerated payments were submitted to OCERS' actuary to determine:

1. How much OCFA saved in interest annually since 2013 by making additional payments towards its UAAL?
2. When would OCFA achieve 85% funding and 100% funding if it continued to make additional UAAL payments under its Snowball Plan?

The actuary reported back that OCFA has saved \$24.6 million in interest by making additional payments towards its UAAL. The noted \$24.6 million in interest savings has accumulated, as shown below, in correlation with our accelerated payments:

CY 2014	\$ 1,012,937
CY 2015	2,084,402
CY 2016	3,295,068
CY 2017	4,322,897
CY 2018	6,059,497
CY 2019	7,807,975
Total	\$24,582,776

The actuary projects OCFA will achieve 85% funding by December 31, 2022 and 100% funding by December 31, 2028, assuming all other actuarial inputs are held constant. Last year, the actuary projected that OCFA would achieve 85% funding by December 2020 and 100% funding by December 2026. The reason for the two-year delay is primarily due to the 2018 investment return being lower than the 7.00% return assumption in the December 31, 2018 valuation. OCERS had a net loss of 1.67%.

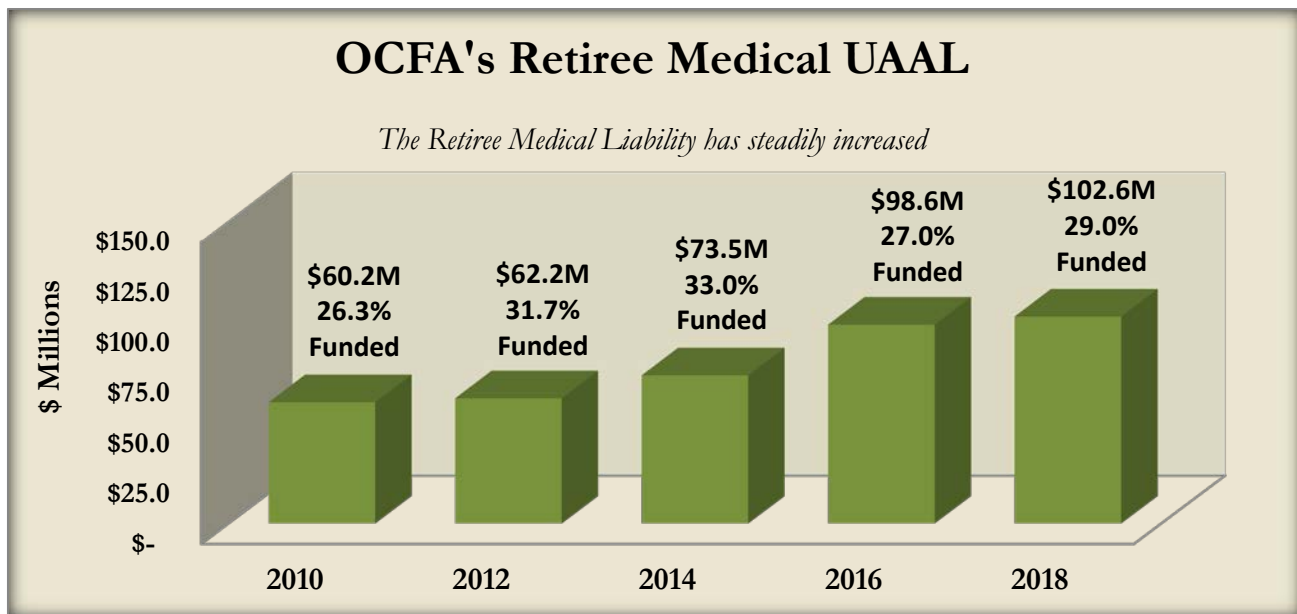
All of the above strategies will reduce the OCFA's existing UAAL more rapidly, and effectively shorten the weighted-average amortization period. Shortening the amortization period will have many benefits to OCFA. Although it causes our employer contributions to rise during the expedited payment period, it results in our liability being paid off sooner. Earlier payments of contributions will result in greater investment income earned and less money paid from the employer over the long-term.

DEFINED *BENEFIT* RETIREE MEDICAL PLAN

In addition to the OCFA's retirement plan administered by OCERS, the OCFA provides a post-employment medical retirement plan (Retiree Medical Plan) for certain employees. Employees hired prior to January 1, 2007, are in a *defined benefit plan* that provides a monthly grant toward the cost of retirees' health insurance coverage based on years of service. The Plan's assets are held in an irrevocable trust for the exclusive benefit of Plan participants and are invested by OCERS. As such, if OCERS does not earn its assumed rate of return of 7.0%, the UAAL increases. Current active employees hired prior to January 1, 2007, are required to contribute 4% of their gross pay toward the Retiree Medical Plan.

Based on an actuarial study prepared by Nyhart Epler, a third-party actuary, as of July 1, 2018, the OCFA's Unfunded Actuarial Accrued Liability (UAAL) for the Retiree Medical defined benefit plan is \$102.6 million. The UAAL is impacted by future retirees, spouses of retirees, a maximum 5% annual increase in the medical grant, the investment return of the trust, and the underlying assumptions such as the mortality tables.

Under the Government Accounting Standards Board (GASB) Statement No. 45, OCFA was required to have an actuarial valuation performed on its Retiree Medical Plan every two years. Even though GASB 45 has now been replaced by GASB 74 and 75, OCFA will continue its practice of updating the funding analysis every two years.



Note: Does not include implicit subsidy and uses OCERS assumed rate of return of 7.75% up to 2012, 7.25% up to 2016, and 7.00% thereafter.

The benefit provided under the OCFA's Retiree Medical Plan is a negotiated benefit included in the various Memorandums of Understanding and the Personnel & Salary Resolution for employees hired prior to January 1, 2007.

The OCFA has previously approached funding issues and plan sustainability issues relating to this Plan collaboratively with its labor groups in order to identify options for improving the funding status. Similar to previous approaches, following receipt of the 2012 Actuarial Study for this Plan, management met with representatives of all three labor groups to review the findings. In 2013, we gathered ideas from labor for options that may be considered in the future to improve the funding status of the Plan and had the actuary perform a special actuarial study to evaluate the various options and associated impacts on plan funding. The results of the special study were shared with each of the labor groups.

On November 17, 2016, the OCFA Board directed staff to continue the Accelerated Pension Payment Plan as indicated in the Updated Snowball Strategy, with a modification to alter the funding target from 100% to 85%, and redirect expedited payment dollars to Retiree Medical after achieving the 85% target.

In April 2017, the OCFA Board approved the renewed Health Plan Agreement with the Orange County Professional Firefighters Association. The 5 year term of the Agreement is from January 1, 2017 to December 31, 2021. One of the related provisions is as follows:

... to continue return of "excess fund balance" to OCFA with returned funds to be allocated to OCFA's Retiree Medical Trust Fund.

2016 Firefighter Medical Trust Review: An excess fund balance in the amount of \$2,275,829 was credited to OCFA and used as a payment to the Retiree Medical Trust per the Firefighter Medical Agreement. The payment was approved by the Board as part of the FY 2017/18 Mid-Year Budget Adjustments.

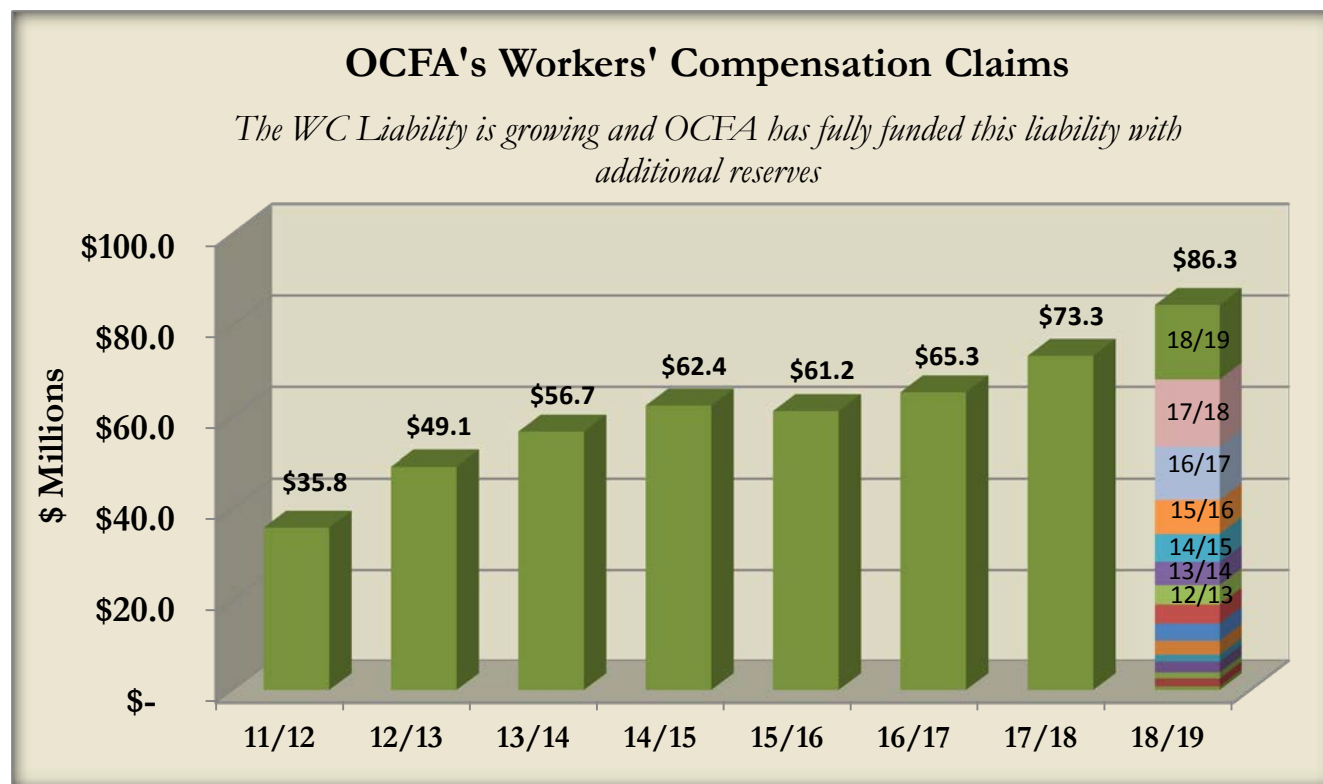
Management and labor will continue to meet on this topic as needed.

DEFINED *CONTRIBUTION* RETIREE MEDICAL PLAN

For employees hired on or after January 1, 2007, the OCFA created a *defined contribution plan* that is administered by Further. The Plan provides for the reimbursement of medical, dental, and other healthcare expenses of retirees. Employees are required to contribute 4% of their gross pay. Account assets are invested as directed by the participant and all contributions, investment income, realized gains and losses are credited to the individual's account. Under this plan structure, there is no UAAL.

WORKERS' COMPENSATION CLAIMS

In March 2002, OCFA implemented a workers' compensation self-insurance program. A separate fund called Fund 190: Self Insurance was established in May 2003 to track funding and expenditures for workers' compensation claims liability. The funding sources include revenue from the General Fund and interest earnings. The required funding levels are determined by an independent actuarial study. As of June 30, 2019, OCFA's total workers' compensation liability is \$86.3 million. Although the workers' compensation program represents a large liability for OCFA, it is important to note that it is a **fully-funded** liability. OCFA has \$97.7 million set-aside in reserves to pay this liability as the various medical claims and bills become due, reflecting a funding surplus of \$11.4 million.



The outstanding liability reflected in the above chart reflects the fact that although the entire future cost of claims are recorded in the year of injury, the actual payment of that claim does not occur immediately. The cash flow payments for many workers' compensation cases occur slowly over time; therefore, it is a natural occurrence that the unpaid liability for a self-insured system will grow as the unpaid liabilities stack on top of each other over the years (as demonstrated by the color-coding of the FY 18/19 bar in the above chart). Upon maturity of a self-insured system, the amount of unpaid liability should level out (as demonstrated in

the above chart in the most recent years), and continued increases at that point in time are more likely driven by other forces, such as increased medical costs, increased claim activity, legislative changes and case law.

The workers' compensation liability reflects the present value of estimated outstanding losses at the 50% confidence level. 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 out of ten years. OCFA's Board-adopted Workers' Compensation Funding Policy sets the funding at the 50% confidence level

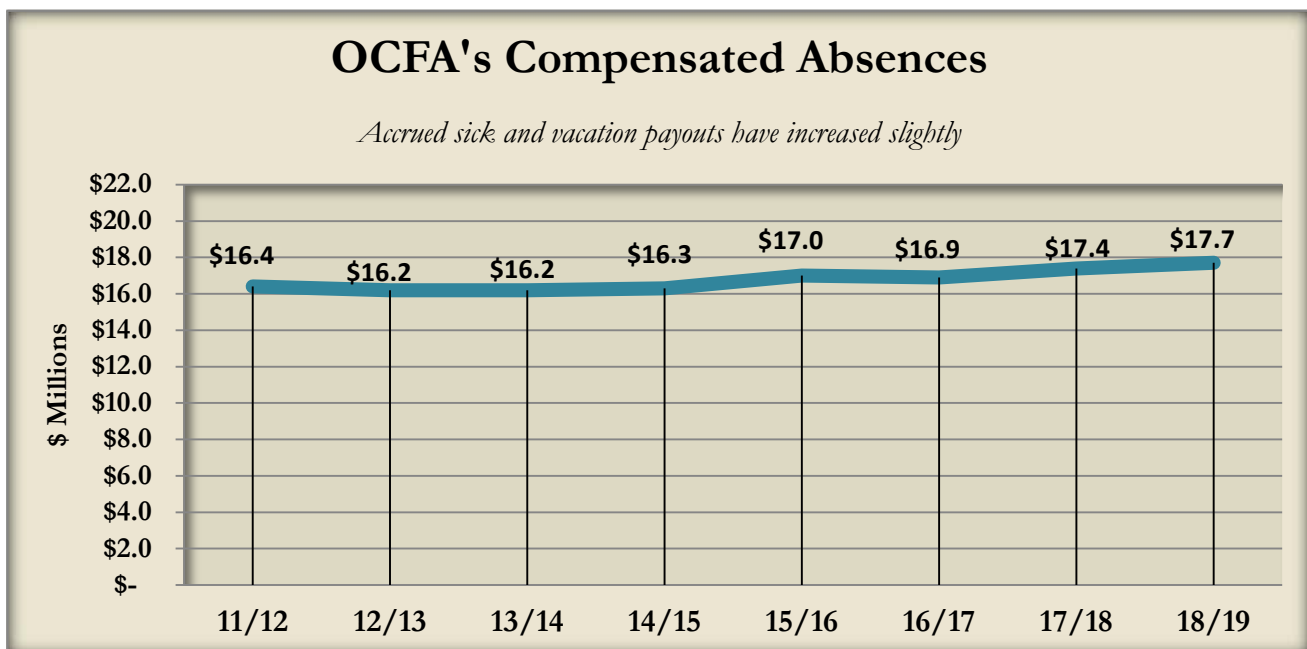
There are several factors that contribute to the liability including workers' compensation reform that increased the statute of limitation for cancer from five to ten years; injury presumption for safety personnel; an aging workforce which contributes to a longer recovery time and higher permanent disability benefits; increased medical costs; and an increase to the workforce in 2012 with the addition of the City of Santa Ana. Santa Ana reimburses OCFA for injuries that initially occurred on or before April 20, 2012.

ACCRUED COMPENSATED ABSENCES

Compensated absences are commonly described as paid time off made available to employees in connection with sick and vacation time. If employees do not use all of such compensated absences, a liability is accrued for the unused portion. The OCFA's policy allows employees to accumulate earned but unused sick and vacation pay benefits.

OCFA's labor agreements allow employees to cash out sick and vacation time throughout their career with the exception of Local 3631 Firefighter unit which can only cash out vacation time. However, the majority of sick and vacation payouts occur at the time an employee retires.

The OCFA has budgeted \$6.2 million for sick and vacation payouts in FY 2019/20 based on historical trends and expected retirements. OCFA's total liability for compensated absences as of June 30, 2019, is \$17.7 million.



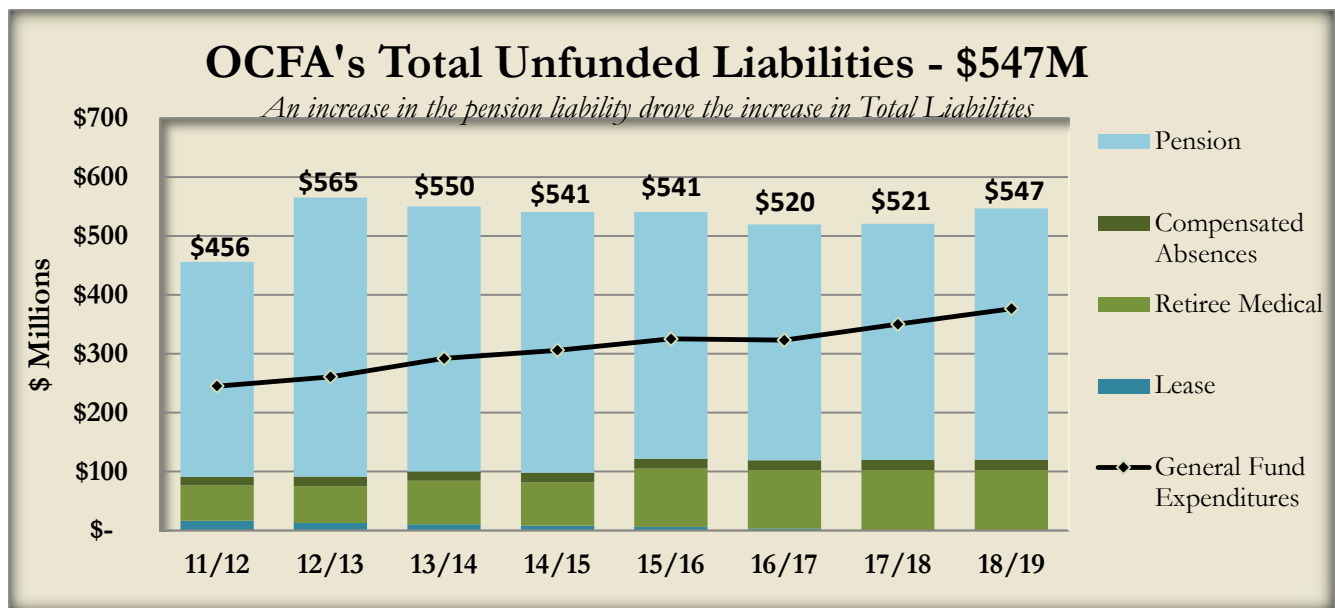
III. SUMMARY

OCFA's total long term, unfunded liabilities as of June 30, 2019,* are as follows:

	<i>\$ Amount in Millions</i>	<i>% of Total</i>
Defined Benefit Pension Plan *	\$ 426.7	78.0%
Defined Benefit Retiree Medical Plan	102.6	18.8
Accrued Compensated Absences	17.7	3.2
Total	\$ 547.0	100.0%

*Note: the valuation date for the pension plan is December 31, 2018, instead of June 30, 2019, consistent with OCERS' calendar year basis for financial reporting.

When OCFA presented its first Liability Study to the Board in September 2012, the Board directed staff to identify strategies to lower and/or mitigate OCFA's long term liabilities. As shown in the chart below, as some of these strategies were implemented, OCFA was able to reduce its total long term, unfunded obligations. The increase in total liabilities this year is being driven by the increase in the pension liability as discussed on Page 4.



Note: Workers Compensation was removed since it is fully funded by a reserve fund.

ACTIONS TAKEN

OCFA has taken several additional steps to manage its long-term obligations:

1. As part of the 2019 Irvine Settlement Agreement, OCFA agreed to establish a 115 Trust and to make annual deposits of \$2 million, dedicated solely for future application to OCFA's pension liability.
2. In 2017, OCFA negotiated a five year Health Plan Agreement with the firefighter labor group which contained a provision to return excess fund balance and allocate those funds to the Retiree Medical Trust Fund.
3. In FY 2015/16 and again in FY 2016/17, OCFA modified its Accelerated Pension Paydown Plan to include additional sources of funding.
4. During 2015 and 2016, OCFA completed negotiations with all four labor groups resulting in increased employee contributions towards retirement.
5. On June 26, 2014, the Board approved an Alternative Dispute Resolution process for disputed workers' compensation cases, also known as a Carve-Out program. The State has approved the program and it was implemented on October 1, 2014.
6. On September 26, 2013, the Board approved a strategy to accelerate the pay down of OCFA's pension liability. Under this Plan, the actuary, the Segal Company, estimates this liability will be paid by 2026/27. To date, OCFA has made an additional \$94.8 million in payments to OCERS to lower its UAAL.
7. Completed a special actuarial study relating to the OCFA's Retiree Medical Defined Benefit Plan to evaluate options for potential plan amendments which could improve plan funding, subject to future negotiation with OCFA's labor groups. The results of the study were shared with the labor groups.
8. Evaluated the financial feasibility of paying off the outstanding lease financing obligations associated with the OCFA's helicopters, as part of the 2014/15 budget development process.
9. Directed staff to evaluate options for mitigating the budget and liability impacts of payouts for accumulated sick and vacation balances, subject to future negotiation with OCFA's labor groups.
10. Used a trigger formula during down economic cycles to connect pay raises for all OCFA employees to OCFA's financial health.
11. Implemented lower retirement formulas for all labor groups.
12. Refinanced the helicopter lease to lower the interest rate.
13. Implemented annual prepayment of retirement contributions to achieve a discount.
14. Provided a study to the Board of Directors regarding the feasibility of Pension Obligation Bonds.
15. Provided a study to the Board of Directors regarding the feasibility of changing automatic Cost of Living Allowance (COLA) increases for pensions; transmitted a copy of the report to the County Board of Supervisors and OCERS Board of Retirement, for their consideration of potential cost-containment actions relating to Pension COLAs under the authority granted by the '37 Act.

RECOMMENDATIONS

Recommended actions pending approval of this staff report include:

1. Direct staff to continue the Accelerated Pension Payment Plan as indicated in the Updated Snowball Strategy.
2. Direct staff to adjust the FY 2019/20 General Fund budget to increase expenditures by \$5,037,714 million, the amount identified as the unencumbered fund balance identified in the FY 2018/19 financial audit for the purpose of making a payment towards OCFA's unfunded pension liability.

CONCLUSION

In order to strategically fund long-term liabilities, OCFA must continue to strategically balance present-day needs with future commitments. The goal is for OCFA's budget over the long-term to fund all of its long-term liabilities

Exhibit A

OCFA Member Retirement Contributions

Safety Members' Retirement

Firefighter Safety members:

Effective September 2016, 2017, 2018, and 2019, employees will pay an additional 3.50%, 3.49%, 2.00%, and 0.54% in employee retirement contributions, respectively, increasing their employee contributions depending on age of entry. Employee rates from the most recent actuarial valuation are footnoted on Page 3. Employees hired on or after January 1, 2013, when PEPRAs were enacted will continue to be subject to PEPRAs requirements of 50% of normal cost for employee retirement contributions, which vary based on age of entry.

Chief Officer Safety members:

Effective July 2016, 2017, 2018, and 2019, employees will pay an additional 3.50%, 3.49%, 3.30%, and 0.93% in employee retirement contributions, respectively, increasing the employee contributions depending upon their age of entry. Thereafter, these employees will pay any subsequent increases in the employee retirement contributions. Employee rates from the most recent actuarial valuation are footnoted on Page 3. Employees hired on or after January 1, 2013, when PEPRAs were enacted will continue to be subject to PEPRAs requirements of 50% of normal cost for employee retirement contributions, which vary based on age of entry.

General Members' Retirement

OCEA members:

Effective March 2015, 2016 and 2017, employees hired prior to January 1, 2013, will pay an additional 2%, 2.5% and 3% in employee retirement contributions, respectively, increasing the employee contributions depending upon their age of entry. Thereafter, these employees will pay any subsequent increases in the cost for employee retirement contributions. Employee rates from the most recent actuarial valuation are footnoted on Page 3. Employees hired after PEPRAs were enacted will continue to be subject to PEPRAs requirements of 50% of normal cost for employee retirement contributions, which vary based on age of entry.

Administrative Management members:

Effective July 2015, January 2016, and January 2017, employees hired prior to January 1, 2013, will pay an additional 4%, 2%, and 2.25% in employee retirement contributions, respectively, increasing the employee retirement contributions depending upon their age of entry. Thereafter, these employees will pay any subsequent increases in the cost for employee retirement contributions. Employee rates from the most recent actuarial valuation are footnoted on Page 3. Employees hired after PEPRAs were enacted will continue to be subject to PEPRAs requirements of 50% of normal cost for employee retirement contributions, which vary based on age of entry.

Executive Management:

Some members of Executive Management fall under Safety and others fall under General member categories. Regardless, all Executive Management employees who are not subject to the provisions of PEPRAs were paying 9% in employee retirement contributions prior to March 2015. Effective March 2015, they began phased-in increases to their contribution rate with a 2% increase in employee contributions in year one, a 2.5% increase in year two and payment of full member contributions in year three, which vary based on age of entry.

Orange County Fire Authority
Accelerated Payment of UAAL
Snowball Effect of Multiple Strategies
Updated July 1, 2019

Attachment 2

			Estimated Annual UAAL Payments from Various Strategies / Sources						
Years From Start of Plan	Remaining Years to Completion	Fiscal Year	Unencumbered Fund Balance Available	Annual Savings from PEPRA Reductions to Retirement Contribution Rates	Budget Increase of \$1M, grows by \$2M/year to \$15M	Budget Increase of \$1M/year Funded by Excess W/C Reserves	50% of General Fund Surplus	Annual Snowball Amount	Cumulative Accelerated UAAL Payment
			Part A	Part B	Part C	Part D	Part E		
1		13/14	3,000,000	2,500,000	-	-	-	5,500,000	5,500,000
2		14/15	21,290,238	-	-	-	-	21,290,238	26,790,238
3		15/16	12,609,380	2,802,122	-	-	-	15,411,502	42,201,740
4		16/17	9,814,477	1,653,114	1,000,000	1,000,000		13,467,591	55,669,331
5		17/18	13,174,516	1,886,420	3,000,000	1,000,000	870,041	19,930,977	75,600,308
6		18/19	10,000,000	3,167,397	5,000,000	1,000,000		19,167,397	94,767,705
7	1	19/20	3,000,000	1,648,658	7,000,000	1,000,000		12,648,658	107,416,363
8	2	20/21	3,000,000	2,368,859	9,000,000	1,000,000		15,368,859	122,785,222
9	3	21/22	3,000,000	3,279,280	11,000,000			17,279,280	140,064,502
10	4	22/23	3,000,000	4,787,217	13,000,000			20,787,217	160,851,719
11	5	23/24	3,000,000	5,772,547	15,000,000			23,772,547	184,624,266
12	6	24/25	3,000,000	6,814,115	15,000,000			24,814,115	209,438,381
13	7	25/26	3,000,000	14,242,631	15,000,000			32,242,631	241,681,012
14	8	26/27	3,000,000	19,647,456	15,000,000			37,647,456	279,328,468
15	9	27/28	3,000,000	20,807,106	15,000,000			38,807,106	318,135,574
16	10	28/29	3,000,000	26,075,871	15,000,000			44,075,871	362,211,445
17	11	29/30	3,000,000	26,858,147	15,000,000			44,858,147	407,069,592
			102,888,611	144,310,940	154,000,000	5,000,000	870,041	407,069,592	

Orange County Fire Authority
Distribution of Liabilities by Member Agency
As of June 30, 2019

Attachment 3

Member Agency	# of EEs	2018 Incidents	% of Total EEs	Proportional Share		Total
				Pension UAAL	Retiree Medical	
County Unincorporated (SFF) Station 8, 15, 18, 21, 25, 33, 40, 58, 56	105		12.54%	53,539,839	12,869,501	66,409,339
Aliso Viejo (SFF) Station 57	15		1.79%	7,648,548	1,838,500	9,487,048
					-	
					-	
Buena Park (CCC) Stations 61, 62, 63	48		5.73%	24,475,355	5,883,200	30,358,555
					-	
					-	
Cypress (SFF) Station 17	24		2.87%	12,237,677	2,941,600	15,179,278
					-	
					-	
Dana Point (SFF) Stations 29, 30	24		2.87%	12,237,677	2,941,600	15,179,278
					-	
					-	
Placentia (CCC) Stations 34, 35	36		4.30%	18,356,516	4,412,400	22,768,916
					-	
					-	
Irvine (SFF) Stations 4, 6, 20, 26, 27, 28, 36, 38, 47, 51, 55	174		20.79%	88,723,161	21,326,601	110,049,762
					-	
					-	
Laguna Hills (SFF) Station 22 (serving both LGH & LGW)	36	3,947	1.83%	7,807,454	1,876,697	9,684,150
					-	
					-	
Laguna Woods (SFF) Station 22 (serving both LGH & LGW)		5,333	2.47%	10,549,063	2,535,704	13,084,766
					-	
					-	
Laguna Niguel (SFF) Stations 5, 39, 49	36		4.30%	18,356,516	4,412,400	22,768,916
					-	
					-	
Lake Forest (SFF) Stations 19, 42, 54	33		3.94%	16,826,806	4,044,700	20,871,507
					-	

Orange County Fire Authority
Distribution of Liabilities by Member Agency
As of June 30, 2019

Attachment 3

Member Agency	# of EEs	2018 Incidents	% of Total EEs	Proportional Share		Total
				Pension UAAL	Retiree Medical	
La Palma (SFF) Station 13	12		1.43%	6,118,839	- 1,470,800	7,589,639
Los Alamitos (SFF) Station 2	12		1.43%	6,118,839	- 1,470,800	7,589,639
Mission Viejo (SFF) Stations 9, 24, 31	48		5.73%	24,475,355	- 5,883,200	30,358,555
Rancho Santa Margarita (SFF) Station 45	27		3.23%	13,767,387	- 3,309,300	17,076,687
San Clemente (CCC) Stations 50, 59, 60	36		4.30%	18,356,516	- 4,412,400	22,768,916
San Juan Capistrano (SFF) Station 7	15		1.79%	7,648,548	- 1,838,500	9,487,048
Seal Beach (CCC) Stations 44, 48	24		2.87%	12,237,677	- 2,941,600	15,179,278
Stanton (CCC) Station 46	15		1.79%	7,648,548	- 1,838,500	9,487,048
Tustin (CCC) Stations 37, 43	24		2.87%	12,237,677	- 2,941,600	15,179,278
Villa Park (SFF) Station 23	12		1.43%	6,118,839	- 1,470,800	7,589,639
Westminster (CCC) Stations 64, 65, 66	48		5.73%	24,475,355	- 5,883,200	30,358,555

Orange County Fire Authority
Distribution of Liabilities by Member Agency
As of June 30, 2019

Attachment 3

Member Agency	# of EEs	2018 Incidents	% of Total EEs	Proportional Share		Total
				Pension UAAL	Retiree Medical	
Yorba Linda (SFF) Stations 10, 32, 53	33		3.94%	16,826,806	- 4,044,700	20,871,507
Totals	837		100.00%	426,789,000	102,588,305	529,377,305

Orange County Fire Authority
Final Equity Share Calculation
Simplified Option 2A - One Region

Attachment 4

Updated FY 2017/18 Taxes, 3-FY Average Use, AV, POP

Agency	2018-19 Taxes/Fees	Equity %	Equity Share Simplified Option One Region	Amount Over/ (Under)	Amount Over	% of Total Over Funded	Allocation of 115 Trust - Fund 139 Including Interest
Contract Members:							
Buena Park**	\$11,049,518	3.77%	\$13,746,296	(\$2,696,778)			
Placentia	6,258,959	2.79%	10,172,988	(3,914,029)			
San Clemente	8,570,835	4.75%	17,319,604	(8,748,769)			
Santa Ana	38,845,152	13.73%	50,062,771	(11,217,619)			
Seal Beach	5,371,942	1.94%	7,073,691	(1,701,749)			
Stanton*	4,181,835	1.74%	6,344,444	(2,162,609)			
Tustin*	7,909,833	3.87%	14,110,919	(6,201,086)			
Westminster	11,693,717	4.81%	17,538,378	(5,844,661)			
Structural Fire Fund Members:							
Aliso Viejo	11,889,333	3.03%	11,048,084	841,249	\$841,249	1.64%	33,313
Cypress**	6,253,798	2.30%	8,386,335	(2,132,537)	-	0.00%	0
Dana Point	14,440,383	2.42%	8,823,882	5,616,501	5,616,501	10.94%	222,223
Irvine**	94,888,210	18.10%	65,996,808	28,891,402	28,891,402	56.31%	1,143,817
La Palma**	1,959,684	0.75%	2,734,674	(774,990)	-	0.00%	0
Laguna Hills	7,407,349	2.19%	7,985,249	(577,900)	-	0.00%	0
Laguna Niguel	16,684,439	3.93%	14,329,693	2,354,746	2,354,746	4.59%	93,236
Laguna Woods	3,675,326	1.74%	6,344,444	(2,669,118)	-	0.00%	0
Lake Forest**	17,777,440	4.44%	16,189,272	1,588,168	1,588,168	3.09%	62,767
Los Alamitos	2,082,054	0.79%	2,880,524	(798,470)	-	0.00%	0
Mission Viejo**	18,890,644	5.36%	19,543,806	(653,162)	-	0.00%	0
Rancho Santa Margarita	10,615,818	2.72%	9,917,752	698,066	698,066	1.36%	27,625
San Juan Capistrano**	8,612,271	2.61%	9,516,667	(904,396)	-	0.00%	0
Villa Park	1,869,864	0.42%	1,531,418	338,446	338,446	0.66%	13,406
Yorba Linda**	14,594,551	4.09%	14,913,091	(318,540)	-	0.00%	0
Unincorporated**	39,100,286	7.71%	28,112,452	10,987,834	10,987,834	21.41%	434,898
Grand Total	\$364,623,240	100.00%	\$364,623,242	(\$2)	\$51,316,410	100.00%	2,031,286

Footnotes:

* Property tax pass through for annexation included.

** RDA pass-through and residual revenues included.



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
November 13, 2019

Agenda Item No. 4D
Discussion Calendar

Amendment to the Board Rules of Procedure for All
Monthly Board Committee Meetings to Go Dark in August

Contact(s) for Further Information

Robert Cortez, Assistant Chief
Business Services Department

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714.573.6012

Sherry Wentz, Clerk of the Authority

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Summary

This item is submitted for approval to have monthly Board Committee's meetings go dark in August to afford Board Members and staff the ability to take time off during the summer with minimal impact to the agency.

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of November 21, 2019, with the Budget and Finance Committee's recommendation that the Board adopt the proposed Resolution entitled A RESOLUTION OF THE ORANGE COUNTY FIRE AUTHORITY BOARD OF DIRECTORS AMENDING THE BOARD RULES OF PROCEDURE TO HAVE ALL MONTHLY BOARD COMMITTEE MEETINGS TO GO DARK IN AUGUST.

Impact to Cities/County

Not Applicable.

Fiscal Impact

There would be some fiscal savings realized with going dark in the month of August based upon the reduction of agenda/posting process, reduced hourly costs associated with General Counsel's agenda review/meeting attendance, reduction in committee member stipend payments, and reduction to the follow-up processes associated with public meetings.

Background

During the summer months, several of our member agencies governing bodies go dark to afford its public officials and staff the ability to take time off with minimal impact to the agency. By law, each agency always has the option to call for a special meeting, should an unexpected issue need action prior to its next regularly scheduled meeting. Over the years, OCFA Board Members have inquired into the potential of having OCFA Board/Committees consider this summer practice.

Per the Board Rules of Procedure, OCFA's regular Board of Directors meeting are held every other month during the months of January, March, May, July, September, and November. This action would have no impact on the regular Board meeting schedule. The Budget and Finance Committee (BFC) and Executive Committee (EC) meets on a monthly-basis with the exception of December. The Human Resources Committee (HRC) meets on a quarterly-basis in the months of February, May, August, and November. Staff suggests that the HRC continue to meet in August, since it only meets on a quarterly-basis, the meeting is held very early in the month (first Tuesday), and has the ability to cancel its meeting should there be a lack of business.

After reviewing the past five years of August BFC and EC meetings, staff is recommending the Board consider having the BFC and EC meetings to go dark during the month of August, as historically the number of agenda items for August have been relatively low. In some cases, the August BFC meetings have been cancelled, due to a lack of business. Both Committees' attendance has also been impacted during August, regularly missing from 1-3 members, due to preplanned vacations and scheduling conflicts.

Recommended Action

Staff recommends that the Board of Directors approve the proposed amendment to the Board Rules of Procedure for all monthly Board Committee meetings to go dark during the month of August.

Attachment(s)

Proposed Amended Board Rules of Procedure

RESOLUTION NO. 2019-XX

**A RESOLUTION OF THE ORANGE COUNTY FIRE AUTHORITY
AMENDING THE BOARD OF DIRECTORS RULES OF PROCEDURE**

WHEREAS, the Orange County Fire Authority Board of Directors adopted Resolution No. 99-04, on January 28, 1999, establishing the Board of Directors Rules of Procedure, and

WHEREAS, the Board of Directors has periodically amended said Rules, the most recent amendment occurring on January 24, 2019; and

WHEREAS, the Board is considering amendments to these Rules.

NOW, THEREFORE, BE IT RESOLVED as follows:

The Board of Directors Rules of Procedures is amended as indicated by the redline version attached hereto as Exhibit A.

PASSED, APPROVED and ADOPTED this 21st day of November 2019.

JOSEPH MULLER, CHAIR
Board of Directors

ATTEST:

SHERRY A.F. WENTZ, CMC
Clerk of the Authority

OCCA BOARD OF DIRECTORS



ORANGE COUNTY FIRE AUTHORITY BOARD OF DIRECTORS RULES OF PROCEDURE (Last Revision: ~~01/24/19~~11/21/19)

- Rule 1 Time and Place of Meetings of the Board of Directors and the Executive Committee
- Rule 2 Agendas/Minutes for Meetings of the Board of Directors
- Rule 3 Order of Business for Meetings of the Board of Directors
- Rule 4 Motions During Meetings of the Board of Directors
- Rule 5 Decorum for Public Meetings
- Rule 6 Election of Chair and Vice Chair of the Board of Directors/
Absence of Presiding Officer
- Rule 7 Retention of Exhibits and Documentary Material received in
Hearings Before the Board of Directors
- Rule 8 Ceremonial Functions and Proclamations
- Rule 9 The Executive Committee
- Rule 10 The Standing Committees
- Rule 11 Designated Labor Negotiators
- Rule 12 Provision of Requested Materials by Board Members
- Rule 14 Disclosure of Closed Session Information
- Rule 15 Amendment of Rules of Procedure

RULE 1. TIME AND PLACE OF MEETINGS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE

- (a) Except as otherwise provided in this Rule or by Resolution of the Board, a regular meeting of the Board of Directors shall be held on the fourth Thursday of each odd-numbered month, commencing at the hour of 6:00 p.m. in the Board Meeting Room, Regional Fire Operation and Training Center (RFOTC), One Fire Authority Road, Irvine. The meeting for the month of November shall be scheduled for the third Thursday, commencing at the hour of 5:30 p.m. in the Board Meeting Room, RFOTC, One Fire Authority Road, Irvine. Special meetings may occur on other dates, times, and/or locations as noticed.

- (b) Except as otherwise provided in this Rule, a regular meeting of the Executive Committee shall be held on the fourth Thursday of each month, with the exception of August and December, commencing at the hour of 5:30 p.m. in the Board Meeting Room, RFOTC, One Fire Authority Road, Irvine. Due to the Thanksgiving holiday, the regular November Executive Committee meeting business will be combined with the Board of Director's meeting. Special meetings may occur on other dates, times, and/or locations as noticed.
- (c) The Clerk of the Authority shall maintain the official meeting calendar, and shall post same in the display case located in the lobby of the Board Meeting Room and posting case outside main entry gate, RFOTC, One Fire Authority Road, Irvine.
- (d) Any meeting of the Board may be adjourned to any other date and time when necessary for the transaction of business. Any adjourned meeting of the Board is part of a regular meeting.
- (e) Special meetings of the Board may be called pursuant to and in accordance with Section 54956 of the Government Code. The Clerk shall prepare the notice and call of any special meeting. The notice shall specify the time and place of the special meeting and the business to be transacted. No other business shall be considered at such special meeting. A copy of the notice of the special meeting shall also be posted at the places designated in subsection (c) of Rule 1.
- (f) In the event the Board or Executive Committee, or their respective Chairs, determine it advisable to hold a regular meeting at a location other than the Board Meeting Room, RFOTC, One Fire Authority Road, Irvine, a notice specifying the location of such meeting shall be posted in the display case in the lobby of the Board Meeting Room and posting case outside main entry gate, RFOTC, One Fire Authority Road, Irvine. Additional notices shall be posted and maintained as set forth in (c) above.

RULE 2. AGENDAS/MINUTES FOR MEETINGS OF THE BOARD OF DIRECTORS

- (a) Items for the agenda for any regular meeting of the Board may be included on the agenda only with the approval of the Fire Chief or the Chair of the Board.
- (b) During the Board Member Comments portion of a Board meeting, any member may request that an item be placed on a future agenda of the Board of Directors. Staff will prepare reports as appropriate and place the item on the agenda for the next meeting of the Board of Directors. At any other time, any Board Member may contact the Chair to request that an item be placed on the agenda of the next meeting of the Board of Directors. This item will be placed on the Board Discussion Calendar portion of the agenda for concurrence by the Board. No staff reports or materials will be prepared until the full Board directs that the item be placed on an agenda.
- (c) As required by the Ralph M. Brown Act, items not on the posted agenda for a meeting shall not be considered by the Board except as follows:

- (1) Upon determination by a majority vote of the Board that an emergency situation exists. The determination shall be made prior to Board consideration of the emergency item. An emergency situation is limited to:
 - (a) Work stoppage or other activity which severely impairs public health, safety or both.
 - (b) Crippling disaster which severely impairs public health, safety or both.
- (2) Upon determination by a two-thirds vote of the Board Members present, or a unanimous vote if less than two-thirds of the Members are present, that there is a need to take immediate action and that the need came to the attention of the Authority subsequent to the agenda being posted. The determination shall be made prior to Board consideration of the item.
- (3) The item was posted for a prior meeting occurring not more than five calendar days prior to the date action is taken on the item and at which prior meeting, the item was continued to the meeting at which action is being taken.
- (d) The OCFA Board has adopted the use of Robert's Rules of Order as its official guideline in the creation of minutes. All Board/Committee meeting will be documented using action-type minutes. Minutes will document the record of what actions were taken by the governing body, not what was said. The minutes will not contain personal comments or someone's opinion about what happened.
 - (1) The minutes shall document the items identified in Rule 3 in the Board's Order of Business.
 - (2) Public comments will identify the name of the speaker, their city of residences/or organization they represent (if provided by the speaker), and identify the subject to which their comments are being submitted. If commenting on a specific agenda item, the minutes will record the speaker's name, their city of residences/or organization they represent (if provided), and identify if they are speaking in support or opposition of that item.
- (e) "Notwithstanding any provision in these Rules to the contrary, no Memorandum of Understanding, or amendment, codicil, side letter, or any other modification to a Memorandum of Understanding, including any such documents negotiated pursuant to a reopener clause, between the Orange County Fire Authority and any employee bargaining unit ("proposed labor agreement"), shall be heard as an item on a Board agenda until and unless, at the time of the meeting during which the matter is heard by the Board, seven days has passed since the later of the following to occur: (1) the Clerk of the Authority has published a copy of the proposed document on the OCFA public website; and (2) the members of the employee bargaining unit have ratified the proposed labor agreement."

RULE 3. ORDER OF BUSINESS FOR MEETINGS OF THE BOARD OF DIRECTORS

(a) The business for regular meetings of the Board shall include:

Invocation
Pledge of Allegiance
Roll Call
Presentations
Committee Reports
Fire Chief's Report
Public Comments
Minutes
Consent Calendar

(1) Agenda review at call of the Chair to identify those items on the Consent Calendar which a member of the Board or public requests the opportunity to discuss.

(2) Approval at the call of the Chair of those items for which there is no request for discussion.

(3) Discussion of items that the public has requested an opportunity to discuss shall be taken in sequential order.

Public Hearing(s)
Discussion Calendar
Closed Session
Closed Session Report
Adjournment

The Chair may alter or deviate the order of business.

(b) 9:30 p.m. Rule: At the hour of 9:30 p.m. the meeting will take a brief moment from the agenda at hand and make a determination as to which items will be considered and those that may be continued to the next regular meeting.

(c) 10:30 p.m. Curfew: All meetings will end business at 10:30 p.m. unless the hearing body elects to extend the curfew by a three-fifths vote of all members present.

RULE 4. MOTIONS DURING MEETINGS OF THE BOARD OF DIRECTORS

(a) Action of the Board shall be taken by motion. Any action of the Board may be proposed by the motion of any Member. Such a motion, if seconded by any member, shall be on the floor and must be considered, unless a substitute motion has been made, seconded, and adopted. If a motion is not seconded, the motion fails for lack of a second, and shall be so declared by the Chair.

(b) A motion may be withdrawn or amended by its maker at any time before adoption or rejection, with the consent of the second. Absent the consent of the second, the original motion shall remain on the floor. The second to a motion may be withdrawn by the seconder at any time before adoption or rejection of the motion. Upon withdrawal of the second, the motion will be lost for lack of a second and so declared by the Chair unless seconded by another Member.

- (c) After a motion has been seconded, any Member may discuss the subject of the motion. The Chair may, on any motion, call for the vote if it appears that further discussion will be repetitious or that a majority of the Members present concur in the call.
- (d) A motion to reconsider the vote on an agenda item may be made at the meeting at which the item was acted upon, or any adjourned session of the same meeting.

RULE 5. DECORUM FOR PUBLIC MEETINGS

- (a) Members of the Board shall conduct themselves in an orderly and business-like manner to ensure that the business of the Authority shall be attended to efficiently and thoroughly and to ensure that the integrity of the deliberative process of the Board is maintained at all times. Members of the Board shall maintain a polite, respectful, and courteous manner when addressing one another, Authority staff, and members of the public during the meetings.
- (b) Subject to direction by a majority of the Board, the Chair, or in the Chair's absence the Vice Chair, or in their absence any other member designated by the Board, shall be responsible for resolving all procedural issues and for maintaining the orderly conduct and decorum of meetings. It shall be the duty of the Chair to ensure that the rules of decorum contained herein are observed. The Chair shall maintain control of communication among Board Members, and between Board Members and the public.
- (c) Communication by Board Members
 1. Board Members should be recognized by the Chair before speaking.
 2. A Board Member who is speaking shall remember that the purpose of the meeting is to attend to and resolve Authority business. Board Members shall avoid repetition and shall endeavor to limit their comments to the subject matter at hand. Board Members shall endeavor to express their views without engaging in lengthy debates.
 3. When one Board Member is speaking, other Board Members shall not interrupt or otherwise disturb the speaker.
- (d) Communication with members of the public addressing the Board.
 1. Board Members may question the person addressing the Board at the conclusion of the person's comments. A Board Member wishing to ask questions of a member of the public should first be recognized by the Chair.
 2. Board Members shall not engage the person addressing the Board in a dialogue, but shall confine communication to a question and answer format.
 3. If a member of the audience has addressed the Board on matters which are not on the agenda, Board Members shall refrain from extended discussions of the matter. If a Board Member so wishes, he/she may, during the Board Member Comments portion of the meeting, request that the matter be placed on a future agenda.

- (e) Authority Staff shall not engage in a dialogue with members of the public during Board meetings. When addressed by the Board, staff shall respond in a polite and respectful manner.
- (f) Members of the Audience shall not engage in disorderly or boisterous conduct, including the utterance of loud, threatening or abusive language, clapping, whistling, and stamping of feet or other acts which disturb, disrupt, impede or otherwise render the orderly conduct of the Board meeting unfeasible. A member of the audience engaging in any such conduct shall, at the discretion of the Chair or a majority of the Board Members, be subject to removal from that meeting.
- (g) Members of the public may address the Board of Directors during the Public Comment Period and prior to the consideration of any agenda item. Any person wishing to speak, whether during the Public Comment Period or on an agenda item, shall first complete a request to speak form slip and submit the form to the Authority Clerk prior to the calling to order of the meeting or as soon as possible thereafter.
- (h) No person shall address the Board of Directors without first being recognized by the Chair.
- (i) The purpose of addressing the Board of Directors is to formally communicate to the Board on matters relating to Authority business or citizen concerns within the subject matter jurisdiction of the Board. Persons addressing the Board on an agenda item shall confine the subject matter of their remarks to the particular matter before the Board.
- (j) Each person addressing the Board of Directors shall do so in an orderly manner and shall not engage in any conduct, which disrupts, disturbs, or otherwise impedes the orderly conduct of the Board meeting. Any person, who so disrupts the meeting shall, at the discretion of the Chair or a majority of the Board Members, be subject to removal from that meeting.
- (k) Persons addressing the Board of Directors shall address the Board as a whole and shall not engage in a dialogue with individual Board Members, Authority staff, or members of the audience.
- (l) A time limit of approximately three minutes per person shall be allocated to all persons addressing the Board of Directors, however, at the discretion of the Chair, an individual speaking on behalf of a group sharing common concerns or opinions may be allocated additional time to speak for the group. A total of approximately thirty minutes will be allocated at the beginning of the meeting for Public Comments, with additional time granted at the discretion of the Chair. If needed, additional time for Public Comments will be provided at the conclusion of the normal business of the Board.
- (m) Upon a violation of the rules of decorum established herein, the procedure to enforce the rules is as follows:
 - 1. Warning The Chair shall first request that a person who is violating the rules cease such conduct. If, after receiving a request from the Chair, the person persists in violating these rules, the Chair shall order a recess. Any representative of the local assigned law enforcement personnel who is present

at the meeting when the violation occurred shall be authorized to warn the person that his/her conduct is violating the rules and that he/she is requested to cease such conduct. If upon resumption of the meeting the violation persists, the Chair shall order another recess, whereupon the local assigned law enforcement personnel shall have the authority to order the person removed from the meeting and/or cited in violation of Penal Code Section 403.

2. Motion to Enforce If the Chair of the Board fails to enforce the rules of decorum set forth herein, any Board Member may move to require the Chair to do so, and an affirmative vote of a majority of the Board shall require the Chair to do so. If the Chair fails to carry out the will of the majority of the Board, the majority may designate another Board Member to act as Chair for the limited purpose of enforcing the rules of decorum established herein.
3. Clearing the Room Pursuant to Government Code Section 54957.9, in the event that any meeting is willfully interrupted by a person or groups of persons so as to render the orderly conduct of such meeting unfeasible and order cannot be restored by the removal of the individuals who are willfully interrupting the meeting, by a majority vote of the Board Members the meeting room may be ordered cleared and the meeting shall continue in session. Only matters appearing on the agenda may be considered in such a session. Representatives of the press or other news media, except those participating in the disturbance, shall be allowed to attend any session held pursuant to this Section 54957.9.
4. Violation of the California Penal Code A person or persons who substantially impair(s) the conduct of a Board meeting by knowingly and intentionally violating these rules of decorum may be prosecuted under Penal Code Section 403 for disturbing a public meeting. Every person who violates Penal Code Section 403 is guilty of a misdemeanor.

RULE 6. ELECTION OF CHAIR AND VICE CHAIR OF THE BOARD OF DIRECTORS/ABSENCE OF PRESIDING OFFICER

- (a) The officers of the Board are the Chair and Vice Chair.
- (b) Elections for Chair and Vice Chair shall be held at the first meeting of each calendar year.

The method of nomination and election of the Chair and Vice Chair will be at the discretion of the Board.

- (c) The Presiding Officer of the Board shall be the Chair, or in the Chair's absence the Vice Chair, followed by the Immediate Past Chair, then the Budget and Finance Committee Chair.

RULE 7. RETENTION OF EXHIBITS AND DOCUMENTARY MATERIAL RECEIVED IN HEARINGS BEFORE THE BOARD OF DIRECTORS

All exhibits, including documentary materials such as photographs, drawings, maps, letters, petitions, and other physical evidence received by the Board at hearings shall be retained by the Clerk as part of the record of the hearings. To the extent possible, the

Clerk may furnish copies of such materials to persons requesting them upon payment of the fee prescribed for copies of public records.

RULE 8. CEREMONIAL FUNCTIONS AND PROCLAMATIONS

The Chair is authorized to represent the Authority at ceremonial functions, proclamation ceremonies, and other similar events when the Board has not otherwise designated one of its Members to represent the Authority.

RULE 9. THE EXECUTIVE COMMITTEE

- (a) The Executive Committee shall conduct all business of the Authority, with the exception of policy issues, including labor relations, budget issues, and other matters specifically retained by the Board of Directors.
- (b) The Executive Committee shall consist of no more than nine members of the Board of Directors. Members of the Executive Committee shall serve until a new member is seated in their stead by virtue of appointment or assumption of one of the designated positions. The Executive 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, membership as constituted, shall include at least one member of the County Board of Supervisors. The Chair shall appoint the remaining at-large members, who shall serve subject to approval by majority vote of the Directors present at a subsequent meeting. Said members are authorized to serve pending such vote of the Board. In the selection of at-large members, appointments shall be made in such a manner as to achieve approximately the ratio of cash contract cities to total member agencies of the Authority. The Chair of the City Managers Technical Advisory Committee shall serve as the ex officio non-voting member of the Executive Committee and shall not be included in the determination of a quorum for any meeting.
- (c) The Chair shall appoint a three-member panel of structural fire fund Alternate Directors and a three-member panel of cash contract city Alternate Directors. If an at-large member of the Executive Committee notifies the Clerk of the Authority that he or she cannot attend an Executive Committee meeting, the Clerk shall call, on a rotating basis, Alternate Directors from the respective panels in an attempt to replace a structural fire fund Director with a structural fire fund Alternate and/or a cash contract city Director with a cash contract city Alternate, as the case may be.

In the absence of the member of the Executive Committee representing the County Board of Supervisors, the Alternate voting member shall be the second regular member of the Board of Directors representing the County Board of Supervisors.

In the absence of the Budget and Finance Chair, the Alternate voting member shall be the Vice Chair of the Budget and Finance Committee.

Should the position of Immediate Past Chair on the Executive Committee become vacant, the most recent past Chair, who is a Director and who is not currently seated on the Executive Committee, shall serve in that capacity. Should there be no prior Board Chair on the Board of Directors, the current Director with the most tenure

and not currently seated as a member of the Executive Committee will be seated on the Executive Committee and shall serve in the interim until there is an Immediate Past Chair.

There shall be no Alternate Directors appointed in the absence of the Chair, Vice Chair, or immediate past Chair.

Should the Board Chair or Vice Chair be unable to officiate over a Board and/or Executive Committee meeting that the Immediate Past Chair followed by the Budget and Finance Committee Chair assume the duty of presiding over the meeting.

RULE 10. THE STANDING COMMITTEES

- (a) Standing Committees may be established by the Board of Directors for the purpose of facilitating a thorough review of various issues before presentation to and action by the full Board. Alternate Directors shall not act as alternates for Directors on standing committees.
- (b) The Budget and Finance Committee shall be established as a standing committee. The regular meetings of the Budget and Finance Committee will be on the second Wednesday of each month, with the exception of August and December, at 12 noon located in Classroom 1 (Board Breakout Room) at the RFOTC. Special meetings may occur on other dates, times, and/or locations as noticed.
 - (1) The Chair shall make all appointments to the Budget and Finance Committee. Appointments to the Budget and Finance Committee shall be made in such a manner as to achieve, as close as reasonably possible, a balance between the number of members representing Structural Fire Fund and Cash Contract cities.
 - (2) At the first meeting of the Budget and Finance Committee following the annual election of the Chair and Vice Chair of the Board of Directors, the Directors assigned to the Budget and Finance Committee shall elect from their members a Chair and Vice Chair of the Committee.
 - (3) The Chair, or in his/her absence, the Vice Chair, of the Budget and Finance Committee shall serve as a member of the Executive Committee.
 - (4) Items for the agenda for any regular meeting of the Budget and Finance Committee shall be included on the agenda only with the approval of the Committee Chair or the Staff Liaison.
 - (5) The Board of Directors, through the Chair, shall appoint one City Manager to the Budget and Finance Committee. The City Manager shall serve as an ex officio non-voting member of the Budget and Finance Committee. As an ex officio member, the City Manager shall not be included in the determination of a quorum for any meeting.
- (c) The Human Resources Committee shall be established as a standing committee. The regular meetings of the Human Resources Committee will be established by the Committee. The date and time selected by the Human Resources Committee is to meet on a quarterly basis on the first Tuesday during the months of February, May, August, and November at 12 noon. The Human Resources Committee will

meet in Classroom 1 (Board Breakout Room) at the RFOTC. Special meetings may occur on other dates, times, and/or locations as noticed.

- (1) The Human Resources Committee shall not exceed seven members of the Board of Directors. The Chair shall make all appointments to the Human Resources Committee. Appointments to the Human Resources Committee shall be made in such a manner as to achieve, as close as reasonably possible, a balance between the number of members representing Structural Fire Fund and Cash Contract cities.
- (2) At the first meeting of the Human Resources Committee following the annual election of the Chair and Vice Chair of the Board of Directors, the Directors assigned to the Human Resources Committee shall elect from its members a Chair and Vice Chair of the Committee.
- (3) Staff to the Committee will be the Human Resources Director or his or her designee. Additional subject matter experts may attend Committees as necessary.
- (4) The Human Resources Committee shall advise OCFA staff and make recommendations to the Board of Directors on matters regarding human resources policies; job class specifications, compensation programs; benefit changes and renewals; labor negotiations; staff training, development and recognition programs; succession planning; risk management and workers' compensation policies; and development of management/performance evaluation and information systems.

RULE 11. DESIGNATED LABOR NEGOTIATORS

- (a) For purposes of holding a closed session concerning compensation and benefits for the Fire Chief, the Board of Directors' designated representatives shall be the Chair, the Vice Chair, the Immediate Past Chair, and the Budget and Finance Committee Chair. Should the Board and/or Budget and Finance Committee reorganize prior to the completion of the Fire Chief's evaluation process the negotiators that began the process will complete the evaluation.
- (b) For purposes of holding a closed session concerning compensation and benefits for all other represented and unrepresented employees, the Board of Directors' designated representatives shall be the Fire Chief's designee, the Human Resources Director and any other representative so designated at a meeting of the Board of Directors.

RULE 12. PROVISION OF REQUESTED MATERIALS BY BOARD MEMBERS

- (a) Should an individual Board Member request information or materials that: (i) are not currently maintained by the OCFA in its normal course of business, and (ii) would require significant staff resources for research or analysis to create a document or to prepare or compile the information, then the requesting Board Member shall seek approval from the Board Chair who shall either approve the request or agendaize the consideration to authorize the request at the next Board meeting.

(b) Should a Board Member or a member agency make a Public Records Act request for official business purposes, in keeping with the current fee schedule, the Board Member or its member agency will not be charged a fee for this service. This privilege is not to be used as a means for members of the public to circumvent the fees approved by the Board of Directors associated with records requests. Any records produced in response to a Board Member or member agency official business requests shall be made available to all Board Members along with a summary of the hard and soft costs involved in the provision of the requested records.

(c) Any Board Member requesting records for purposes other than official use will be charged any applicable fees approved by the Board of Directors that are associated with the request.

RULE 13. COMPENSATION/REIMBURSEMENT FOR EXPENSES

(a) Compensation: Members of the Board of Directors are entitled to receive \$100 per meeting per day, with a maximum of \$300 per month, for voting member attendance at OCFA publicly noticed (Brown Act compliant) meetings and the monthly Chair/Chief meeting.

(b) Authorized Expenses: OCFA funds, equipment, supplies (including letterhead), titles, and staff time must only be used for authorized OCFA business. The following types of occurrences qualify a Board Member to receive payment and/or reimbursement of expenses relating to travel, meals, lodging, and other actual and necessary expenses, and generally constitute authorized expenses, as long as the other requirements of this policy are met:

- 1) Communicating with representatives of regional, state and national government on OCFA adopted policy positions;
- 2) Attending conferences designed to improve Board Member's expertise and information levels, including, but not limited to, ethics training required pursuant to California Government Code Section 53234;
- 3) Participating in regional, state and national organizations whose activities affect OCFA's interests;
- 4) Recognizing service to OCFA (for example, acknowledging a longtime employee with a retirement gift or celebration of nominal value and cost);
- 5) Attending OCFA events.

All other expenditures require prior approval by the OCFA Board of Directors at a public meeting. The following expenses also require prior Board of Directors' approval:

- 1) International travel;
- 2) Expenses exceeding \$2,500 per person, per trip.

Examples of personal expenses that OCFA will not reimburse include, but are not limited to:

- 1) The personal portion of any trip;
- 2) Political contributions or events;

- 3) Family expenses, including partner's expenses when accompanying a Board Member on OCFA-related business, as well as children or pet-related expenses;
- 4) Charitable contributions or events, unless the event has a direct relationship to OCFA business, (for example, acknowledging extraordinary deeds by OCFA personnel) is approved by the Fire Chief and does not exceed \$250;
- 5) Entertainment expenses, including theater, movies (either in-room or at the theater), sporting events (including gym, massage and/or golf related expenses), or other cultural events;
- 6) Non-mileage personal automobile expenses, including repairs, traffic citations, insurance or gasoline;
- 7) Personal losses incurred while on OCFA business.

Any questions regarding the propriety of a particular type of expense should be resolved before the expense is incurred.

- (c) Expense and Reimbursement Guidelines: To conserve OCFA resources and keep expenses within appropriate standards for public officials, expenditures, whether paid directly by OCFA or reimbursed to a Board Member, Members should adhere to the following guidelines. Unless otherwise specifically provided, reimbursement for travel, meals, lodging, and other actual and necessary expenses shall be at the Internal Revenue Service rates presently in effect as established in Publication 463 or any successor publication.

Transportation: The most economical mode and class of transportation reasonably consistent with scheduling needs and space requirements must be used, using the most direct and time-efficient route. In the event that a more expensive transportation form or route is used, the cost borne by OCFA will be limited to the cost of the most economical, direct, efficient and reasonable transportation form. Government and group rates offered by a provider of transportation services shall be used when available.

Automobile mileage is reimbursable at Internal Revenue Service rates in effect at the time of travel (see www.irs.gov). These rates are designed to compensate the driver for gasoline, insurance, maintenance, and other expenses associated with operating the vehicle. This amount does not include bridge and road tolls, which are also reimbursable.

Reasonable and necessary charges for public transportation, taxi, or shuttle service are reimbursable at actual cost with receipts.

Rental vehicles may be used during out-of-county travel and will be reimbursed at actual cost. Rental vehicles may be used when the efficient conduct of OCFA business precludes the use of other means of transportation or when car rental is the most economical mode available. Itemized original receipts must be submitted with vehicle rental claims.

Lodging: Actual lodging costs will be reimbursed or paid for when travel on official OCFA business reasonably requires an overnight stay. If such lodging is in connection with a conference or organized educational activity, lodging costs shall not exceed the group rate published by the conference or activity sponsor for

the meeting in question, provided that the group rate is available at the time of booking. Government and group rates offered by a provider of lodging services shall be used when available.

Non-reimbursable lodging-related expenses include, but are not limited to, costs for an extra person staying in the room, costs related to late checkout or uncanceled reservations, in-room pay-per-view movie rentals, and non-OCFA business related phone calls. Itemized receipts must accompany claims for lodging reimbursements.

Meals: Meal expenses and associated gratuities should be moderate, taking into account community standards and the prevailing restaurant costs of the area. OCFA will pay the actual cost of the meals, but will not pay for alcohol/personal bar expenses.

Telephone/Fax/ Cellular: Board Members will be reimbursed for actual telephone and fax expenses incurred on OCFA business. Telephone bills should identify which calls were made on OCFA business. For cellular calls when the Board Member has a particular number of minutes included in the Board Member's plan, the Board Member can identify the percentage of calls made on OCFA business.

Airport Parking: Long-term parking should be used for travel exceeding 24-hours. OCFA will pay the actual cost of long-term parking.

Other: Baggage handling at then current airport baggage rates per bag and gratuities of up to 15 percent will be reimbursed.

Miscellaneous: Actual expenses for registration, tuition, and parking are reimbursable for OCFA authorized business. Miscellaneous expenses must be supported with itemized receipts.

Expenses for which Board Members receive reimbursement from another agency are not reimbursable.

- (d) Expense Report Content and Submission Deadline: Expense reports must document that the expense in question meet the requirements of the policy. For example, if the meeting is with a legislator, the Board Member should explain whose meals were purchased, what issues were discussed and how those relate to the Authority's adopted legislative positions and priorities.

Board Members must submit their expense reports within 30 days of an expense being incurred, accompanied by receipts documenting each expense. Restaurant receipts, in addition to any credit card receipts, are also part of the necessary documentation. Receipts for gratuities and tolls under \$5 are not required.

- (e) Audits of Expense Reports: All expenses are subject to verification of compliance with this policy.
- (f) Reports to Governing Board: At the following Board of Directors' meeting, each Board Member shall briefly report on meetings attended at OCFA expense. If multiple Board Members attended, a joint report may be made.
- (g) Compliance with Laws: Board Members should keep in mind that some expenditures may be subject to reporting under the Political Reform Act and other

laws. All documents related to reimbursable agency expenditures are public records subject to disclosure under the California Public Records Act.

- (h) Violation of this Policy: Misuse of public resources or falsifying expense reports in violation of this policy may result in any or all of the following: 1) loss of reimbursement privileges, 2) a demand for restitution to OCFA, 3) OCFA's reporting the expenses as income to the elected official to state and federal tax authorities, and 4) prosecution for misuse of public resources.

RULE 14. DISCLOSURE OF CLOSED SESSION INFORMATION

All information presented to the Board in closed session shall be confidential. However, a Board Member may disclose information obtained in a closed session that has direct financial or liability implications for the Board Member's local agency to the following individuals:

- (a) Legal counsel of the Board Member's local agency for purposes of obtaining advice on whether the matter has direct financial or liability implications for that local agency; and/or
- (b) Other members of the legislative body of the Board Member's local agency present in a closed session of that local agency.

Prior to disclosing any information obtained in a closed session to legal counsel of the Board Member's local agency or other members of the legislative body of the Board Member's local agency, the Board Member shall notify OCFA General Counsel of the intention to discuss the matter with their local agency's legal counsel or other members of the legislative body in order to afford General Counsel the opportunity to discuss with their local agency's legal counsel whether the matter has direct financial or liability implications for the Board Member's local agency.

RULE 15. AMENDMENT OF RULES OF PROCEDURE

No rule of the Board shall be adopted or amended except by resolution adopted by the Board.