



ORANGE COUNTY FIRE AUTHORITY AGENDA

Budget and Finance Committee Special Meeting

Wednesday, November 4, 2020

12:00 Noon

Regional Fire Operations and Training Center

Board Room

1 Fire Authority Road
Irvine, California 92602

Gene Hernandez, Chair

Elizabeth Swift, Vice Chair

Ed Sachs • Shelley Hasselbrink • Joe Muller
Sergio Farias • Don Sedgwick • Tri Ta • Vince Rossini
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 the 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>



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 and identify the need and the requested modification or accommodation. Please notify us as soon as is feasible, however 48 hours prior to the meeting is appreciated to enable the Authority to make reasonable arrangements to assure accessibility to the meeting.

NOTICE REGARDING PUBLIC PARTICIPATION DURING COVID-19 EMERGENCY

During the Statewide COVID-19 Emergency, the public is not permitted to convene in person for this public meeting. However, the public may still view and comment on the meeting as follows:

- To watch the meeting online, please go to website at www.OCFA.org
- To submit an e-comment, please email to PublicComments@ocfa.org.

You may comment on items on the agenda or not on the agenda. Your comments will be forwarded electronically and immediately to the members of the Committee. Comments related to a particular agenda item will only be considered prior to the close of public comments on that item.

CALL TO ORDER

PLEDGE OF ALLEGIANCE by Director Sachs

ROLL CALL

1. PRESENTATIONS

No items.

PUBLIC COMMENTS

Please refer to instructions on how to submit a public comment during COVID-19 Emergency on Page 1 of this Agenda.

2. CONSENT CALENDAR

All matters on the consent calendar are considered routine and are to be approved with one motion unless a Director or a member of the public requests separate action on a specific item.

A. Minutes for the October 14, 2020, Budget and Finance Committee Meeting

Submitted by: Maria Huizar, Clerk of the Authority

Recommended Action:

Approve as submitted.

B. 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 19, 2020, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

C. First Quarter Financial Newsletter

Submitted by: Robert Cortez, Assistant Chief/Business Services Department, Tricia Jakubiak, Treasurer, and Stuart Lam, Budget Manager

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of November 19, 2020, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

D. 2019 Homeland Security Grant Program

Submitted by: Shane Sherwood, Division Chief and Jay Barkman, Legislative Analyst

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 19, 2020, 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 2019 Homeland Security Grant Program.
2. Approve a budget adjustment to the FY 2020/21 General Fund (121) budget to increase revenues and expenditures by \$180,000 for the grant program award.

E. 2019 Urban Areas Security Initiative Grant Program Agreement to Transfer Property or Funds

Submitted by: Shane Sherwood, Division Chief and Jay Barkman, Legislative Analyst

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 19, 2020, with the Budget and Finance Committee's recommendations that the Board of Directors:

1. Approve and authorize the Fire Chief to execute the agreement and any necessary attachments to accept and administer the Urban Area Security Initiative (UASI) Grant Program award.
2. Approve a Budget Adjustment to the FY 2020/21 General Fund (121) budget to increase revenue and expenditures by \$48,600 for the grant program award.

3. DISCUSSION CALENDAR

A. Audited Financial Reports for the Fiscal Year Ended June 30, 2020

Submitted by: Robert Cortez, Assistant Chief/Business Services Department, Julie Nemes, Finance Manager/Auditor and Tammie Pickens, General Accounting Manager

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 19, 2020, 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.

B. FY 2020/21 Fiscal Update & Snowball Pension Paydown Payment

Submitted by: Robert Cortez, Assistant Chief/Business Services Department, Tricia Jakubiak, Treasurer and Stuart Lam, Budget Manager

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 19, 2020, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Receive and file the FY 2020/21 Fiscal Update.
2. Direct staff to remit the FY 2020/21 budgeted Snowball pension paydown payment of \$12.4 million to OCERS prior to December 31, 2020.

REPORTS

No Items.

COMMITTEE MEMBER COMMENTS

ADJOURNMENT – The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, January 13, 2021, at 12:00 noon.

AFFIDAVIT OF POSTING

I hereby certify under penalty of perjury and as required by the State of California, Government Code § 54954.2(a), 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.

Maria D. Huizar, CMC
Clerk of the Authority

UPCOMING MEETINGS:

Human Resources Committee Meeting
Executive Committee Meeting
Board of Directors Meeting

Tuesday, November 10, 2020 at 12 noon
Thursday, November 19, 2020, 5:30 p.m.
Thursday, November 19, 2020, 6:00 p.m.

MINUTES ORANGE COUNTY FIRE AUTHORITY

Budget and Finance Committee Meeting
Wednesday, October 14, 2020
12:00 Noon

Regional Fire Operations and Training Center
Board Room
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 14, 2020, at 12:00 p.m. by Chair Hernandez.

PLEDGE OF ALLEGIANCE

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

ROLL CALL

Present: Gene Hernandez, Yorba Linda, Chair*
Beth Swift, Buena Park, Vice Chair*
Shelley Hasselbrink, Los Alamitos*
Joseph Muller, Dana Point*
Vince Rossini, Villa Park*
Tri Ta, Westminster*
Don Sedgwick, Laguna Hills*
Ed Sachs, Mission Viejo*

Absent: Sergio Farias, San Juan Capistrano

Also present were:

Fire Chief Brian Fennessy
Assistant Chief Lori Smith
Assistant Chief Randy Black
Assistant Chief Jim Ruane
Colleen Windsor Corp. Communications

Deputy Chief Lori Zeller
Assistant Chief Robert Cortez
Assistant Chief Kenny Dossey
Clerk of the Authority Maria Huizar

1. PRESENTATIONS

No items.

PUBLIC COMMENTS

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

2. CONSENT CALENDAR

On motion of Director Sachs and second by Director Ta, and following a roll call vote, declared passed 8-0 (Director Farias was absent, Director Muller abstained) to approve Item 2A as submitted.

A. Minutes for the September 9, 2020, Budget and Finance Committee Meeting (FILE 12.02D1)

Action: Approve as submitted.

3. DISCUSSION CALENDAR

A. Monthly Investment Reports (FILE 11.10D2)

Treasurer Tricia Jakubiak presented the Monthly Investment Reports.

On motion of Director Swift and second by Director Ta, and following a roll call vote, declared passed 8-0 (Director Farias was absent) to review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of October 22, 2020, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

B. Approval of Annual Statement of Investment Policy, Broker/Dealer List and Investment Authorization (FILE 11.10D1)

Treasurer Tricia Jakubiak presented the Approval of Annual Statement of Investment Policy, Broker/Dealer List and Investment Authorization.

On motion of Director Hasselbrink and second by Director Sachs, and following a roll call vote, declared passed 8-0 (Director Farias was absent) to review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of October 22, 2020, 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, 2021.
2. Review and approve the Broker/Dealer list for a term of three years through October 31, 2023.
3. 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, 2021.

REPORTS (FILE 12.02B6)

Assistant Chief Robert Cortez provided a forecast of the forthcoming November Budget and Finance Committee meeting agenda items.

COMMITTEE MEMBER COMMENTS (FILE 12.02B4)

Director Swift noted the impressive videos produced of the Helitanker and the OCFA 25th Anniversary provided to the Board Members by Communications Director Colleen Windsor.

ADJOURNMENT – Chair Hernandez adjourned the meeting at 12:16 p.m. The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, November 4, 2020, at 12:00 noon.

Maria D. Huizar, CMC
Clerk of the Authority



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
November 4, 2020

Agenda Item No. 2B
Consent Calendar

Monthly Investment Reports

Contact(s) for Further Information

Robert Cortez, Assistant Chief,
Business Services Department

robertcortez@ocfa.org

714.573.6012

Tricia Jakubiak, Treasurer
Treasury & Financial Planning

triciajakubiak@ocfa.org

714.573.6301

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 19, 2020, 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, 2020. A preliminary investment report as of October 16, 2020, 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 2020/Preliminary Report – October 2020

Orange County Fire Authority Monthly Investment Report



Final Report – September 2020

Preliminary Report – October 2020



Monthly Investment Report Table of Contents

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Orange County Fire Authority

Final Investment Report

September 30, 2020



EXECUTIVE SUMMARY

Portfolio Activity & Earnings

During the month of September 2020, the size of the portfolio decreased by \$10.6 million to \$140.0 million. Significant receipts for the month included monthly and quarterly cash contract payments, two apportionments of property taxes, intergovernmental agency and grant payments and other charges for current services totaling \$22.0 million. Significant disbursements for the month included primarily two biweekly payrolls which were approximately \$15.4 million each with related benefits. Total September cash outflows amounted to approximately \$33.1 million. The portfolio's balance is expected to continue declining as there are no major receipts scheduled for October.

In September, the portfolio's yield to maturity (365-day equivalent) declined by 4 basis points to 0.45%. The effective rate of return decreased by 1 basis point to 0.42% for the month, and the average maturity of the portfolio shortened by 2 days to 14 days to maturity.

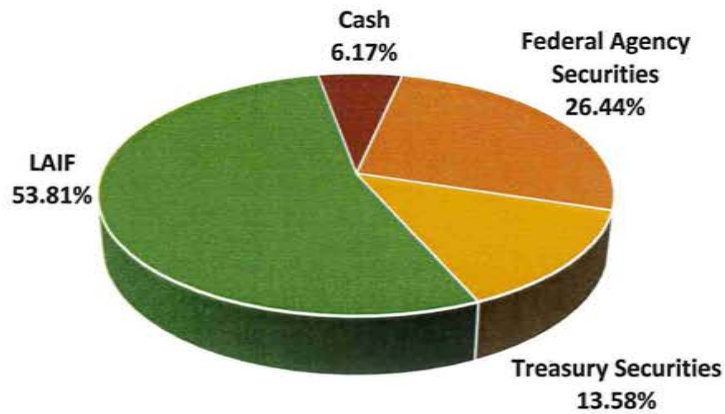
Economic News

The U.S. economic recovery is showing signs of slowing down. A weaker than expected employment report indicated the US labor market added 661,000 jobs, and the unemployment rate fell for the fifth straight month from 8.4% to 7.9%. Retail sales rose 1.9% from the prior month. Consumer confidence posted a better-than-expected gain in September but remains well below the level reached before the pandemic struck. Both manufacturing and non-manufacturing/service sectors continued to expand. Industrial production – the combined output of factories, utilities, and mines – fell 0.6%, its first decline after four consecutive months of gains. The Consumer Price Index rose 1.7% from last year. Home sales remain strong with low mortgage rates and a desire for more living space. The only thing hampering sales is the shortage of supply.

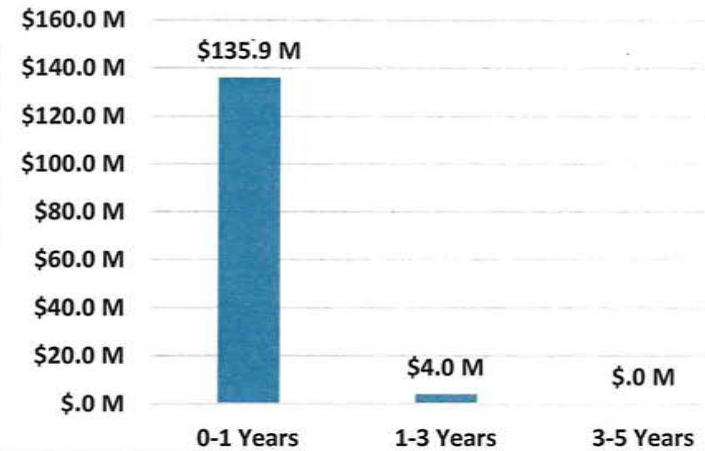


PORTFOLIO HAS AMPLE LIQUIDITY AND IS EXCEEDING TREASURY BENCHMARKS AS OF SEPTEMBER 30, 2020

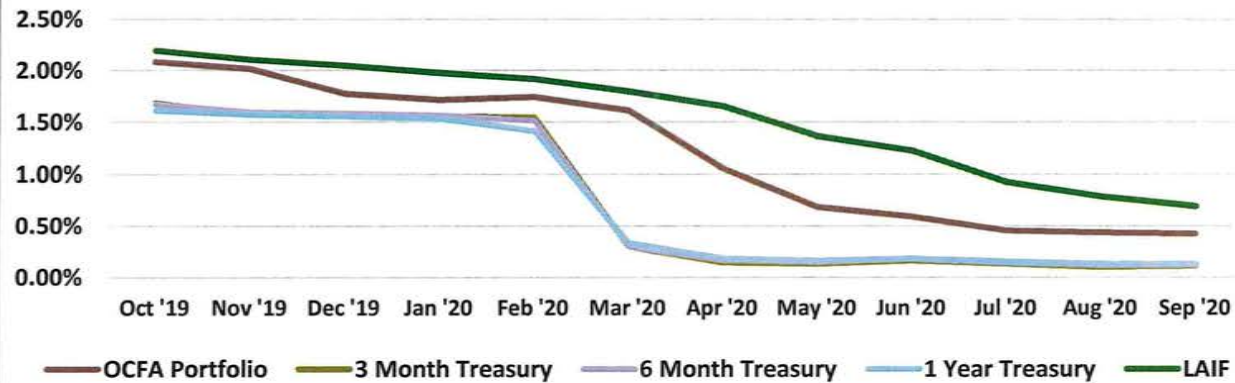
Market Value \$139,941,256



Aging Summary



12 Month Benchmarks



**BENCHMARK COMPARISON AS OF SEPTEMBER 30, 2020**

3 Month T-Bill: 0.11%

1 Year T-Bill: 0.13%

6 Month T-Bill: 0.12%

LAIF: 0.69%

OCFA Portfolio: 0.42%

PORTFOLIO SIZE, YIELD, & DURATION

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Book Value-	\$139,994,417	\$150,598,712	\$142,461,470
Yield to Maturity (365 day)	0.45%	0.49%	2.17%
Effective Rate of Return	0.42%	0.43%	2.28%
Days to Maturity	14	16	24



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
September 30, 2020

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

(See Note 1 on page 10)

(See Note 2 on page 10)

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Call / Maturity	YTM / Call 360 Equiv.	YTM / Call 365 Equiv.
Federal Agency Coupon Securities	4,000,000.00	4,001,000.00	4,000,716.20	3.05	1,092	19	0.404	0.410
Federal Agency Disc. -Amortizing	33,000,000.00	32,997,420.00	32,996,768.75	25.19	128	35	0.109	0.111
Treasury Discounts -Amortizing	19,000,000.00	18,998,590.00	18,998,473.42	14.50	95	30	0.114	0.116
Local Agency Investment Funds	75,000,000.00	75,308,590.05	75,000,000.00	57.25	1	1	0.676	0.685
Investments	131,000,000.00	131,305,600.05	130,995,958.37	100.00%	80	14	0.443	0.449
Cash and Accrued Interest								
Passbook/Checking (not included in yield calculations)	8,635,405.47	8,635,405.47	8,635,405.47		1	1	0.000	0.000
Accrued Interest at Purchase		250.00	250.00					
Subtotal		8,635,655.47	8,635,655.47					
Total Cash and Investments	139,635,405.47	139,941,255.52	139,631,613.84		80	14	0.443	0.449

Total Earnings	September 30 Month Ending	Fiscal Year To Date
Current Year	48,386.17	175,793.00
Average Daily Balance	138,902,104.18	159,122,751.07
Effective Rate of Return	0.42%	0.44%

"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, 2020. 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

10/21/20

Cash and Investments with GASB 31 Adjustment:

Book Value of Cash & Investments before GASB 31 (Above)	\$ 139,631,613.84
GASB 31 Adjustment to Books (See Note 3 on page 9)	\$ 362,803.09
Total	\$ 139,994,416.93

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
September 30, 2020

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	(See Note 1 on page 10)	(See Note 2 on page 10)	Stated Rate	YTM/C 365	Days	Maturity Date
						Market Value	Book Value			to Call / Maturity	
Money Mkt Mutual Funds/Cash											
SYS528	528	Federated Treasury Obligations		07/01/2020	0.00	0.00	0.00	0.010	0.010	1	
Subtotal and Average			10,706,107.57		0.00	0.00	0.00		0.000	0	
Federal Agency Coupon Securities											
3135G03D3	1005	Fed Natl Mortg Assoc (Callable on 10/20/20)		04/23/2020	4,000,000.00	4,001,000.00	4,000,716.20	0.750	0.410	19	04/20/2023
Subtotal and Average			4,001,262.78		4,000,000.00	4,001,000.00	4,000,716.20		0.410	19	
Federal Agency Disc. -Amortizing											
313396J20	1000	Freddie Mac		04/23/2020	12,000,000.00	12,000,000.00	11,999,963.33	0.110	0.113	1	10/02/2020
313384P45	1008	Fed Home Loan Bank		06/30/2020	12,000,000.00	11,999,040.00	11,998,136.67	0.130	0.134	43	11/13/2020
313384S83	1011	Fed Home Loan Bank		09/30/2020	9,000,000.00	8,998,380.00	8,998,668.75	0.075	0.077	71	12/11/2020
Subtotal and Average			32,296,725.74		33,000,000.00	32,997,420.00	32,996,768.75		0.111	35	
Treasury Discounts -Amortizing											
9127962R9	1009	US Treasury Bill		07/02/2020	12,000,000.00	11,999,640.00	11,999,393.33	0.130	0.134	14	10/15/2020
9127963B3	1010	US Treasury Bill		09/10/2020	7,000,000.00	6,998,950.00	6,999,080.09	0.083	0.085	57	11/27/2020
Subtotal and Average			16,898,008.09		19,000,000.00	18,998,590.00	18,998,473.42		0.116	30	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			75,000,000.00	75,308,590.05	75,000,000.00	0.685	0.685	1	
Subtotal and Average			75,000,000.00		75,000,000.00	75,308,590.05	75,000,000.00		0.685	1	
Total and Average			138,902,104.18		131,000,000.00	131,305,600.05	130,995,958.37		0.449	14	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
September 30, 2020

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		07/01/2020	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2020	8,615,405.47	8,615,405.47	8,615,405.47		0.000	1
Average Balance			0.00	Accrued Interest at Purchase		250.00	250.00			1
				Subtotal		8,635,655.47	8,635,655.47			
Total Cash and Investments			138,902,104.18		139,635,405.47	139,941,255.52	139,631,613.84		0.449	14

Orange County Fire Authority

In service of others!



ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of October 1, 2020

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	(10/01/2020 - 10/01/2020)	4 Maturities	0 Payments	83,635,405.47	59.90%	83,635,405.47	83,943,995.52
Aging Interval:	1 - 30 days	(10/02/2020 - 10/31/2020)	2 Maturities	0 Payments	24,000,000.00	17.19%	23,999,356.66	23,999,640.00
Aging Interval:	31 - 60 days	(11/01/2020 - 11/30/2020)	2 Maturities	0 Payments	19,000,000.00	13.61%	18,997,216.76	18,997,990.00
Aging Interval:	61 - 91 days	(12/01/2020 - 12/31/2020)	1 Maturities	0 Payments	9,000,000.00	6.45%	8,998,668.75	8,998,380.00
Aging Interval:	92 - 121 days	(01/01/2021 - 01/30/2021)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	122 - 152 days	(01/31/2021 - 03/02/2021)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	153 - 183 days	(03/03/2021 - 04/02/2021)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	184 - 274 days	(04/03/2021 - 07/02/2021)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	275 - 365 days	(07/03/2021 - 10/01/2021)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	366 - 1095 days	(10/02/2021 - 10/01/2023)	1 Maturities	0 Payments	4,000,000.00	2.86%	4,000,716.20	4,001,000.00
Aging Interval:	1096 days and after	(10/02/2023 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for			10 Investments	0 Payments		100.00	139,631,363.84	139,941,005.52



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, 2020 includes an increase of \$368,460 to the LAIF investment and a decrease of (\$5,657) 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, 2020, OCFA has \$75,000,000 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, 2020 is 1.004114534. When applied to OCFA's LAIF investment, the fair value is \$75,308,590 or \$308,590 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, 2020 is included on the following page.



State of California Pooled Money Investment Account Market Valuation 9/30/2020

		Carrying Cost Plus			
	Description	Accrued Interest Purch.	Amortized Cost	Fair Value	Accrued Interest
1*	United States Treasury:				
	Bills	\$ 37,417,824,629.29	\$ 37,474,728,617.52	\$ 37,487,632,500.00	NA
	Notes	\$ 24,217,353,058.19	\$ 24,217,068,836.30	\$ 24,537,427,000.00	\$ 100,593,584.00
1*	Federal Agency:				
	SBA	\$ 478,234,257.41	\$ 478,234,257.41	\$ 473,998,037.29	\$ 203,278.39
	MBS-REMICs	\$ 15,101,609.67	\$ 15,101,609.67	\$ 15,926,606.86	\$ 70,087.53
	Debentures	\$ 2,733,358,224.09	\$ 2,732,582,182.96	\$ 2,748,442,680.00	\$ 6,581,289.90
	Debentures FR	\$ -	\$ -	\$ -	\$ -
	Debentures CL	\$ 725,000,000.00	\$ 725,000,000.00	\$ 725,479,000.00	\$ 1,769,501.00
	Discount Notes	\$ 15,463,600,958.36	\$ 15,374,456,486.18	\$ 15,475,375,200.00	NA
1*	Supranational Debentures	\$ 515,860,149.28	\$ 515,678,738.16	\$ 517,238,400.00	\$ 2,195,871.75
1*	Supranational Debentures FR	\$ 200,097,007.00	\$ 200,097,007.00	\$ 200,087,081.70	\$ 118,962.61
2*	CDs and YCDs FR	\$ 600,000,000.00	\$ 600,000,000.00	\$ 600,157,000.00	\$ 139,847.22
2*	Bank Notes	\$ -	\$ -	\$ -	\$ -
2*	CDs and YCDs	\$ 13,700,405,817.10	\$ 13,700,183,594.88	\$ 13,699,564,192.25	\$ 15,421,222.21
2*	Commercial Paper	\$ 7,509,491,061.13	\$ 7,517,418,898.58	\$ 7,518,422,005.55	NA
1*	Corporate:				
	Bonds FR	\$ -	\$ -	\$ -	\$ -
	Bonds	\$ -	\$ -	\$ -	\$ -
1*	Repurchase Agreements	\$ -	\$ -	\$ -	\$ -
1*	Reverse Repurchase	\$ -	\$ -	\$ -	\$ -
	Time Deposits	\$ 4,929,000,000.00	\$ 4,929,000,000.00	\$ 4,929,000,000.00	NA
	AB 55 & GF Loans	\$ 694,298,000.00	\$ 694,298,000.00	\$ 694,298,000.00	NA
	TOTAL	\$ 109,199,624,771.52	\$ 109,173,848,228.66	\$ 109,623,047,703.65	\$ 127,093,644.61

Fair Value Including Accrued Interest

\$ 109,750,141,348.26

* 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 (1.004114534).
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 \$20,082,290.67 or \$20,000,000.00 x 1.004114534.



Orange County Fire Authority
Preliminary Investment Report
October 16, 2020



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
October 16, 2020

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

(See Note 1 on page 19)

(See Note 2 on page 19)

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Call / Maturity	YTM / Call 360 Equiv.	YTM / Call 365 Equiv.
Federal Agency Coupon Securities	4,000,000.00	4,000,040.00	4,000,113.08	3.74	1,092	3	0.404	0.410
Federal Agency Disc. -Amortizing	21,000,000.00	20,997,840.00	20,997,798.75	19.62	109	39	0.108	0.109
Treasury Discounts -Amortizing	7,000,000.00	6,999,230.00	6,999,338.31	6.54	78	41	0.084	0.085
Local Agency Investment Funds	75,000,000.00	75,308,590.05	75,000,000.00	70.10	1	1	0.676	0.685
Investments	107,000,000.00	107,305,700.05	106,997,250.14	100.00%	68	11	0.515	0.523
Cash and Accrued Interest								
Passbook/Checking (not included in yield calculations)	11,772,461.01	11,772,461.01	11,772,461.01		1	1	0.000	0.000
Accrued Interest at Purchase		250.00	250.00					
Subtotal		11,772,711.01	11,772,711.01					
Total Cash and Investments	118,772,461.01	119,078,411.06	118,769,961.15		68	11	0.515	0.523

Total Earnings	October 16 Month Ending	Fiscal Year To Date
Current Year	25,148.64	209,529.36
Average Daily Balance	130,949,567.39	154,948,946.08
Effective Rate of Return	0.44%	0.46%

"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, 2020. 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

10/21/20

Cash and Investments with GASB 31 Adjustment:

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

\$ 118,769,961.15

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

\$ 362,803.09

Total

\$ 119,132,764.24

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
October 16, 2020

						(See Note 1 on page 19)	(See Note 2 on page 19)	Days			
CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	to Call / Maturity	Maturity Date
Money Mkt Mutual Funds/Cash											
SYS528	528	Federated Treasury Obligations		07/01/2020	0.00	0.00	0.00	0.010	0.010	1	
Subtotal and Average			12,692,907.87		0.00	0.00	0.00		0.000	0	
Federal Agency Coupon Securities											
3135G03D3	1005	Fed Natl Mortg Assoc (Callable on 10/20/20)		04/23/2020	4,000,000.00	4,000,040.00	4,000,113.08	0.750	0.410	3	04/20/2023
Subtotal and Average			4,000,395.80		4,000,000.00	4,000,040.00	4,000,113.08		0.410	3	
Federal Agency Disc. -Amortizing											
313384P45	1008	Fed Home Loan Bank		06/30/2020	12,000,000.00	11,999,280.00	11,998,830.00	0.130	0.134	27	11/13/2020
313384S83	1011	Fed Home Loan Bank		09/30/2020	9,000,000.00	8,998,560.00	8,998,968.75	0.075	0.077	55	12/11/2020
Subtotal and Average			21,747,333.13		21,000,000.00	20,997,840.00	20,997,798.75		0.109	39	
Treasury Discounts -Amortizing											
9127963B3	1010	US Treasury Bill		09/10/2020	7,000,000.00	6,999,230.00	6,999,338.31	0.083	0.085	41	11/27/2020
Subtotal and Average			17,498,970.81		7,000,000.00	6,999,230.00	6,999,338.31		0.085	41	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			75,000,000.00	75,308,590.05	75,000,000.00	0.685	0.685	1	
Subtotal and Average			75,009,959.80		75,000,000.00	75,308,590.05	75,000,000.00		0.685	1	
Total and Average			130,949,567.39		107,000,000.00	107,305,700.05	106,997,250.14		0.523	11	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
October 16, 2020

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		07/01/2020	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2020	11,752,461.01	11,752,461.01	11,752,461.01		0.000	1
Average Balance			0.00	Accrued Interest at Purchase		250.00	250.00			1
				Subtotal		11,772,711.01	11,772,711.01			
Total Cash and Investments			130,949,567.39		118,772,461.01	119,078,411.06	118,769,961.15		0.523	11

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ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of October 17, 2020

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	(10/17/2020 - 10/17/2020)	4 Maturities	0 Payments	86,772,461.01	73.06%	86,772,461.01	87,081,051.06
Aging Interval:	1 - 30 days	(10/18/2020 - 11/16/2020)	1 Maturities	0 Payments	12,000,000.00	10.10%	11,998,830.00	11,999,280.00
Aging Interval:	31 - 60 days	(11/17/2020 - 12/16/2020)	2 Maturities	0 Payments	16,000,000.00	13.47%	15,998,307.06	15,997,790.00
Aging Interval:	61 - 91 days	(12/17/2020 - 01/16/2021)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	92 - 121 days	(01/17/2021 - 02/15/2021)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	122 - 152 days	(02/16/2021 - 03/18/2021)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	153 - 183 days	(03/19/2021 - 04/18/2021)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	184 - 274 days	(04/19/2021 - 07/18/2021)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	275 - 365 days	(07/19/2021 - 10/17/2021)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	366 - 1095 days	(10/18/2021 - 10/17/2023)	1 Maturities	0 Payments	4,000,000.00	3.37%	4,000,113.08	4,000,040.00
Aging Interval:	1096 days and after	(10/18/2023 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for			8 Investments	0 Payments		100.00	118,769,711.15	119,078,161.06



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, 2020 includes an increase of \$368,460 to the LAIF investment and a decrease of (\$5,657) 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 \$75 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 4, 2020

Agenda Item No. 2C
Consent Calendar

First Quarter Financial Newsletter

Contact(s) for Further Information

Robert Cortez, Assistant Chief Business Services Department	robertcortez@ocfa.org	714.573.6012
Tricia Jakubiak, Treasurer	triciajakubiak@ocfa.org	714.573.6301
Stuart Lam, Budget Manager	stuartlam@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 2020/21.

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 19, 2020, 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 of the fiscal year are within budgetary estimates, except where noted in the attached newsletter.

Attachment(s)

First Quarter Financial Newsletter – July 2020 to September 2020

1st Quarter

July 2020 to September 2020

Financial News

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 areas of note.

With the 1st Quarter (i.e. 25%) of the fiscal year completed, General Fund actual revenues are slightly under budget estimates and expenditures are higher than anticipated. As of the end of the quarter, OCFA received 10.4% of budgeted revenues and expended 20.4% of appropriations.

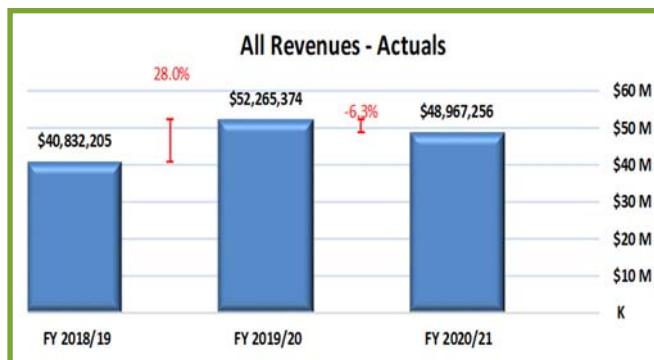
The OCFA expended 5.6% of the GF CIP, 0.8% of Fire Stations & Facilities, 4.2% of Comm. & Info. Systems, and 9.5% of the Fire Apparatus budgets. CIP expenditures to date have been minimal as many projects are still in the planning stages.

For additional info, see attached newsletter.



General Fund

REVENUES - General Fund revenues received as of the 1st quarter amounted to \$49.0 million, approximately 6.3% lower than the prior year. The decrease is primarily due to a \$4.2 million negative accrual for COVID-19 revenue recorded in FY 2019/20 that will be offset upon receipt of FEMA COVID-19 public assistance reimbursement.

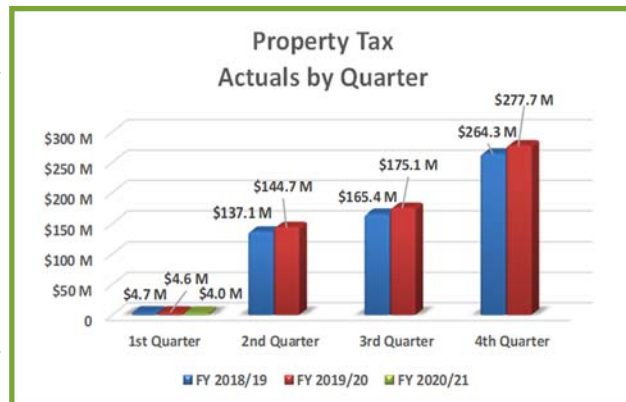


The top five revenues are trending as expected with the exception of CRR inspection fees and the supplemental/unsecured portion of property tax revenues.

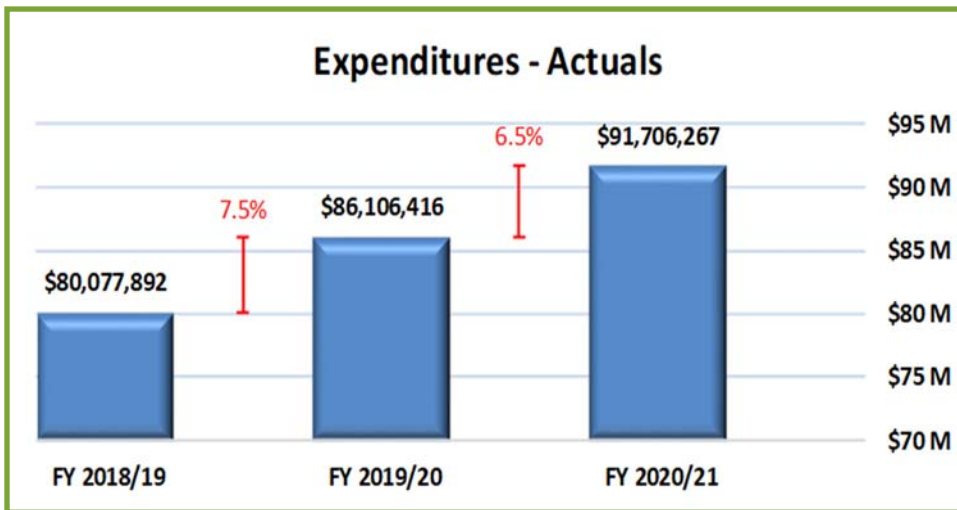
1st quarter property tax revenues are typically lower as reflected in the chart below.

For the 1st quarter of fiscal year 2020/21, unsecured and supplemental property tax are slightly lower by \$601K when compared to the prior year. These revenues represent 2.6% and 1.7% respectively of the overall property

tax revenue. However, secured property tax represents over 95% of overall property tax revenue and receipts will begin in the 2nd quarter. Based on data from the Auditor-Controller, OCFA projects secured property taxes will be \$2.4 million higher than originally anticipated and may offset unsecured and supplemental revenues.



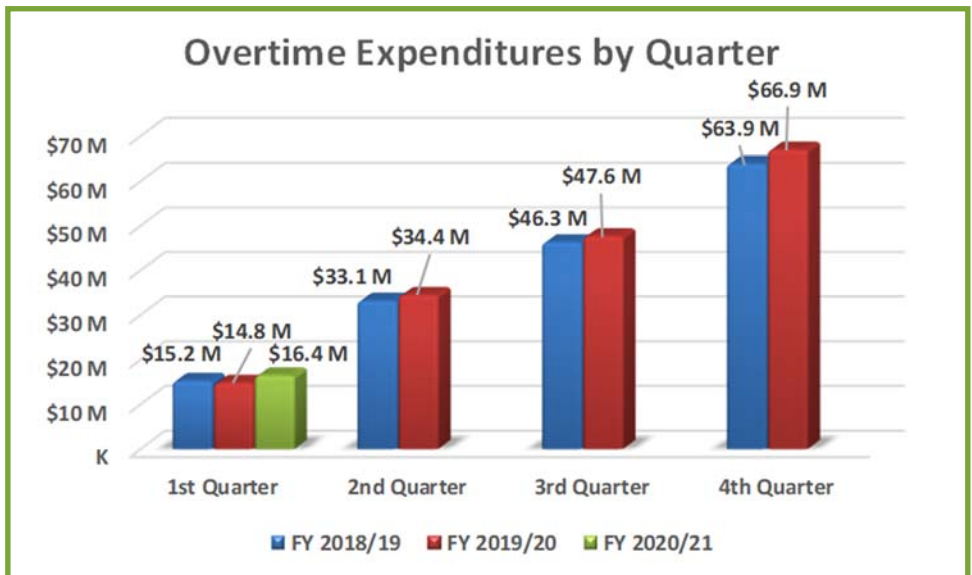
EXPENDITURES — General Fund expenditures through the 1st quarter amounted to \$91.7 million and re-



fect an increase of 6.5% when compared to the prior fiscal year. Initial budget estimates projected 1st quarter expenditures ending at \$84.7 million. Higher than anticipated backfill/overtime expenditures were the main driver. Services, supplies, and equipment expenditures were in line with budgetary estimates.

The following Overtime Expenditures by Quarter chart captures historical cumulative overtime expenditures from fiscal year 2018/19 through the 1st quarter of fiscal year 2020/21. Actual overtime expenditures are trending higher than last year.

Overtime expenses increased this year over last due to emergency incidents. Major incidents include the Apple, August Complex, Castle, Deer, Lake, LNU Lightning Complex, and SCU Lightning Complex fires. These emergency incident overtime expenditures are reimbursable. Open Position overtime, used to fill vacancies in the firefighter ranks, is also contributing to the high backfill/overtime expenditures. This category of overtime which is typically offset by vacancy savings will continue to be monitored.



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 2020 to September 2020

OVERVIEW

This report covers fiscal activities in the General Fund and CIP Funds through the first quarter of Fiscal Year 2020/21. Budget figures include all budget adjustments authorized by the Board through the first quarter.

GENERAL FUND

With 25% of the year completed, General Fund revenues are 10.4% of budget and expenditures are 20.4% as shown below:

General Fund (excludes 12110)	YTD Actual	Budget	Variance in Dollars	% Variance
Revenues	48,967,256	469,489,209	420,521,953	10.4%
Expenditures	91,706,267	449,997,616	358,291,349	20.4%

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 in Dollars	% Variance
Cash Contracts	42,297,672	42,959,240	(661,568)	-2%
Property Taxes	4,024,499	4,453,743	(429,244)	-10%
State Reimbursements	3,591,541	3,500,000	91,541	3%
Miscellaneous	2,296,245	2,258,000	38,245	2%
Community Risk Reduction Fees	981,050	1,279,801	(298,751)	-23%
Total	53,191,007	54,450,784	(1,259,777)	-2%

- **Property Taxes** – The variance in property taxes of \$429K, or 10%, is a result of lower than anticipated unsecured and supplemental property tax revenues received in the first quarter. Unsecured and supplemental property tax represent 2.6% and 1.7% respectively of the overall property tax revenue. Both of these revenue sources are difficult to predict, and may come in line with expectations as the year progresses. These revenue sources will continue to be monitored and a Mid-Year Budget Adjustment will be requested if necessary. The secured property tax payment in Q2 is anticipated to be higher than the prior year and may offset unsecured and supplemental revenues.
- **Community Risk Reduction Fees** – Community Risk Reduction (CRR) Fees are \$299K or 23% lower than budgetary estimates for the first quarter due to decreased inspection revenue. CRR will continue to focus on State mandated inspections during COVID-19 and will re-evaluate this temporary measure in January of 2021. Staff anticipates preparing a mid-year adjustment to capture lower revenue tied to non-mandatory inspections.

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 in Dollars	% Variance
Business Services	1,934,703	1,742,712	191,991	11%
Command & Emergency Planning	1,933,165	1,684,408	248,757	15%
Community Risk Reduction	3,105,285	2,999,402	105,883	4%
EMS	1,359,553	1,301,739	57,814	4%
Executive Management	1,819,406	1,914,785	(95,379)	-5%
Human Resources	3,208,280	3,291,834	(83,554)	-3%
Logistics	7,803,754	7,693,602	110,153	1%
Operations	66,316,335	61,107,390	5,208,945	9%
Special Operations	4,225,785	2,966,505	1,259,280	42%
Total	91,706,267	84,702,376	7,003,891	8%

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

- **Business Services** – Starting in fiscal year 2020-21, COVID-19 related services and supplies expenditures will be recorded and monitored under the Business Services Department. Given this change, the Business Services Department is trending over budget estimates. As such, a Mid-Year Budget Adjustment will be recommended to cover these COVID-19 unanticipated expenditures and staff will seek cost recovery via FEMA and other cost recovery opportunities.
- **Command & Emergency Planning** – The variance of \$249K or 15% in this department is primarily due to increased overtime expenditures. Higher overtime expenditures in the first quarter were driven by reimbursable emergency incidents and overtime to staff open positions due to vacancies. A Mid-Year Budget Adjustment will be recommended to cover these expenditures.
- **Operations** – This department is exceeding budget estimates for the first quarter primarily due to a high volume of backfill/overtime expenditures. Most of the budgetary variance is due to overtime costs incurred for emergency incidents which will be reimbursed. Open Position overtime, used to fill vacancies in the firefighter ranks, is also contributing to the variance. This category of overtime which is typically offset by vacancy savings will continue to be monitored.
- **Special Operations** – This division ended the first quarter \$1.3 million or 42% above the budgetary estimate, primarily due to overtime for emergency incidents, including the Apple, August Complex, Castle, Deer, Lake, and LNU Lightning Complex fires. These expenditures are reimbursable and are anticipated to be covered by a Mid-Year Budget Adjustment.

Expenditures by type are outlined below, with exception details following the table:

Expenditures by Type	YTD Actual Expenditures	Trended YTD Budget Estimate	Variance: Actual to Budget in Dollars	% Variance
Salary and Employee Benefits	82,121,452	75,682,785	6,438,667	9%
Services and Supplies	9,263,149	8,687,665	575,484	7%
Equipment	321,667	331,927	(10,260)	-3%
Total	91,706,267	84,702,376	7,003,891	8%

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 \$6.4 million or 9%. This is primarily due to a high volume of backfill/overtime expenditures. Most of the budgetary variance is due to overtime costs incurred for emergency incidents which will be reimbursed. Open Position overtime, used to fill vacancies in the firefighter ranks, is also contributing to the variance. This category of overtime which is typically offset by vacancy savings will continue to be monitored.

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	684,002	12,314,343	5.6%

- This Fund receives transfers from the General Fund as its revenue source.
- Appropriations of \$12.3 million include funding for upgrades, routine maintenance and replacement of equipment such as: enterprise phone/public address system upgrade, fire station bathroom gender accommodation projects, dormitory privacy (FS 41 and FS 53), kitchen, flooring and/or bathroom remodels (FS 41, FS 26 and FS 6), thermal imaging cameras, telephone/alarm system upgrade, data network upgrades, replacement of PCs, laptops, tablets, printers, 800 MHz radios, VHF radios, WMD protective suits/respirator canisters, RFOTC uninterruptible power system, MDC system, high pressure airbags, body armor, duo-dote auto-injectors, fire shelters, and installation of SCBA bottle filling stations.
- Expenditures of approximately \$684K are attributable to the fire station telephone/alarm/sound system upgrade, network upgrades, replacement PCs, tablets and printers, digital orthophotography, and various IT and Property Management projects described above.

Fire Stations and Facilities

Fund 123	YTD Actual	Budget	Percent
Revenue	51,832	600,212	8.6%
Expenditures	103,879	13,621,771	0.8%

- Revenues in this fund are attributable to interest earned through the first quarter and a developer contribution of \$33K.
- Appropriations of \$13.6 million include funding for RFOTC training grounds expansion and upgrade, replacement of FS 10 and FS 24, FS 49 apparatus bay floor reconstruction, infrastructure security enhancements, retrofit of existing fire station life and safety systems, fire station bathroom improvements, US&R warehouse training center improvements, and construction of FS 12.
- Minimal expenditures occurred through the first quarter as projects are in the planning stages.

Communications & Information Systems

Fund 124	YTD Actual	Budget	Percent
Revenue	7,073	17,104	41.4%
Expenditures	208,708	4,922,093	4.2%

- Revenues in this fund are attributable to interest earned through the first quarter.
- Appropriations of \$4.9 million include funding for: enterprise audio video equipment upgrades, RFOTC data center fire suppression system, disaster recovery co-location facility, incident reporting application replacement, integrated fire prevention system replacement, EMS enterprise system development, EMS immunization tracking, and theHIVE cloud upgrade.
- Year to date expenditures of \$209K are primarily attributable to the progress on the disaster recovery co-location facility, integrated fire prevention system replacement projects, and enterprise audio video equipment upgrades.

Fire Apparatus

Fund 133	YTD Actual	Budget	Percent
Revenue	591,000	1,710,978	34.5%
Expenditures	1,479,357	15,596,698	9.5%

- Revenues in this fund are attributable to vehicle replacement program payments from cash contract cities and interest earned through the first quarter.
- Appropriations of \$15.6 million include vehicle outfitting, 2 HazMat vehicles, a US&R support vehicle, a heavy rescue vehicle, an air utility vehicle, 2 squad vehicles, 5 100' quint trucks, 7 utility pickups, a superintendent vehicle, 9 mid-size pickups, 10 vans, 3 crew cab

pickups, 2 light service trucks, 3 full-size SUVs, and other miscellaneous emergency and support vehicles.

- Expenditures through the first quarter include light service trucks, mid-size pickups, utility pickups, full and mid-size SUVs, and outfitting costs.

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 Stuart Lam, 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 4, 2020

Agenda Item No. 2D
Consent Calendar

2019 Homeland Security Grant Program

Contact(s) for Further Information

Shane Sherwood, Division Chief	shanesherwood@ocfa.org	949.341.0294
Jay Barkman, Legislative Analyst	jaybarkman@ocfa.org	714.573.6048

Summary

This item is submitted for the approval and authorization for the Fire Chief to execute any necessary agreements to accept the FY 2019 Homeland Security Grant Program (HSGP) award for an Administrative Fire Captain assigned to the Orange County Intelligence Assessment Center (OCIAAC).

Prior Board/Committee Action

The Board has received and approved HSGP annually since 2011 to fund this position.

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 19, 2020, 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 2019 Homeland Security Grant Program.
2. Approve a budget adjustment to the FY 2020/21 General Fund (121) budget to increase revenues and expenditures by \$180,000 for the grant program award.

Impact to Cities/County

Not Applicable.

Fiscal Impact

The FY 2020/21 General Fund revenues and expenditures will be increased by \$180,000.

Background

The FY 2019 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 2019 HSGP's allowable costs support efforts to build and sustain core capabilities across the prevention, protection, mitigation, response, and recovery mission areas.

On October 14, 2020, OCFA was notified it was awarded \$180,000 as part of the FY 2019 HSGP. The grant will fund one OCFA Fire Captain at the OCIAC who will serve 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.

Attachment(s)

1. FY 2019 Homeland Security Grant Program
2. Award Letter of \$180,000

**AGREEMENT TO TRANSFER PROPERTY OR FUNDS
FOR 2019 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 19 CA Supplement to the Federal Notice of Funding Opportunity), B (FY 19 Homeland Security Grant Program Notice of Funding Opportunity), and C (FY 19 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

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.

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

3 DATED: _____, 2020

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

5 By _____
6 Sheriff-Coroner
7 "COUNTY"

8 APPROVED AS TO FORM:

9 COUNTY COUNSEL

10 By _____
11 Wendy Phillips, Deputy County Counsel

12 DATED: _____, 2020

14 DATED: _____ SUBGRANTEE

16 By: _____

18 Dated: _____

19 ATTEST:

20 By _____
21 City Clerk

22 DATED: _____

2019 Homeland Security Grant Program

Project Approval Notification

October 14, 2020

Chief Brian Fennessy
1 Fire Authority Rd.
Irvine, CA 92602

This letter serves to inform you that the State Homeland Security Program (SHSP) has approved your project request. This project award will recognize the Orange County Fire Authority as a contractor and not a sub-recipient. Your agency can only spend the allocated grant funding based on the preapproved project below and any administrative modifications have be requested by the County of Orange. Below is some important information related to the project approval.

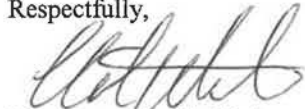
- | | |
|----------------------------|---|
| • Requesting Jurisdiction: | Orange County Fire Authority |
| • Project Awarded: | OCIAC – Planning |
| • Project Allocation: | \$180,000 |
| • Awarding Agency: | Cal-OES / Department of Homeland Security |
| • Award Name: | Homeland Security Grant Program |
| • Federal Grant Number: | 2019-0035 |
| • Recipient Performance | September 1, 2019 to May 31, 2022 |
| • Contract Performance | September 1, 2019 to March 31, 2022 |
| • 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 2019 Homeland Security Grant Program Guidance and the 2019 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 Charlie Walters
Homeland Security Division
Orange County Sheriff's Department
clwalters@ocsd.org
714-349-9118



Orange County Fire Authority **AGENDA STAFF REPORT**

Budget and Finance Committee
November 4, 2020

Agenda Item No. 2E
Discussion Calendar

2019 Urban Areas Security Initiative Grant Program **Agreement to Transfer Property or Funds**

Contact(s) for Further Information

Shane Sherwood, Division Chief	shanesherwood@ocfa.org	714.573.6000
Jay Barkman, Legislative Analyst	jaybarkman@ocfa.org	714.573.6048

Summary

This annual item is submitted for approval of OCFA's participation in the Fiscal Year 2019 Urban Areas Security Initiative (UASI) Grant Program for authorization for the Fire Chief to execute the necessary Agreement(s). Grant resources will be utilized to enhance OCFA's ability to prevent, prepare for, respond to, and recover from threats or acts of terrorism.

Prior Board/Committee Action

The Board has received and approved UASI Grant Program agreements annually since 2005 to ensure OCFA's eligibility to receive funds.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting on November 19, 2020, with the Budget and Finance Committee's recommendations that the Board of Directors:

1. Approve and authorize the Fire Chief to execute the agreement and any necessary attachments to accept and administer the Urban Area Security Initiative (UASI) Grant Program award.
2. Approve a Budget Adjustment to the FY 2020/21 General Fund (121) budget to increase revenue and expenditures by \$48,600 for the grant program award.

Impact to Cities/County

Not Applicable.

Fiscal Impact

The FY 2020/21 General Fund 121 revenues and expenditures will be increased by \$48,600.

Background

On November 13, 2003, the United States Department of Homeland Security (DHS) established the UASI Grant Program through the Federal Office of Domestic Preparedness. The grant only allowed two cities in Orange County, Anaheim and Santa Ana, to apply for funds through the UASI.

To ensure these funding sources did not undermine the regional strategic initiatives already in place, all principal parties involved formed a collaborative regional effort to facilitate the needs for the entire Orange County operational area. This ensured the funds were utilized to provide for the region and not one particular jurisdiction. Beginning in fiscal year 2006, Anaheim and Santa

Ana were combined to form a single entity to administer the grant. The cities of Anaheim and Santa Ana share the responsibilities annually alternating the function of lead administrative agency. The City of Santa Ana is the lead agency for fiscal year 2019 UASI funding. Utilizing the goals and objectives developed by the Urban Area Working Group, priorities were established in the allowable grant categories of equipment, training, organization and planning.

The OCFA has been notified that it was awarded \$48,600 as part of the FY 2019 - Rope Rescue Training Grant. The grant funds are designated for reimbursement of personnel who assist with the instruction and delivery of the approved UASI training.

Attachment(s)

1. FY 2019 UASI Grant Agreement
2. Award Letter

AGREEMENT

SUB-RECIPIENT: ORANGE COUNTY FIRE AUTHORITY

City Contract Number _____

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EXHIBITS

Exhibit A	Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion Lower Tier Covered Transactions
Exhibit B	Certification Regarding Lobbying
Exhibit C	Standard Assurances

AGREEMENT FOR TRANSFER OR PURCHASE OF EQUIPMENT/SERVICES OR FOR
REIMBURSEMENT OF TRAINING COSTS
FOR FY2019 URBAN AREAS SECURITY INITIATIVE (UASI)

BETWEEN
THE CITY OF SANTA ANA
AND ORANGE COUNTY FIRE AUTHORITY

THIS AGREEMENT is made and entered into this ____ day of MONTH, YEAR, by and between the CITY OF SANTA ANA, a municipal corporation (the "CITY"), and ORANGE COUNTY FIRE AUTHORITY (the "SUB-RECIPIENT" or "Contractor").

WITNESSETH

WHEREAS, CITY, acting through the Santa Ana Police Department in its capacity as a Core City for the Anaheim/Santa Ana Urban Area under the FY2019 Urban Areas Security Initiative, has applied for, received and accepted a grant entitled "FY 2019 Urban Areas Security Initiative" from the federal Department Of Homeland Security(DHS) Federal Emergency Management Agency (FEMA), through the State of California Governor's Office of Emergency Services (CalOES), to enhance countywide emergency preparedness (the "grant"), as set forth in the grant guidelines and assurances that are incorporated to this Agreement by reference and located at:

"U.S. Department of Homeland Security "Fiscal Year 2019 Homeland Security Grant Program (HSGP) Notice of Funding Opportunity (NOFO)"
https://www.fema.gov/media-library-data/1555008381091-144e7470ec5e1958d6ad5e103c0825ad/FY_2019_HSGP_NOFO_FINAL_508.pdf

California Governor's Office of Emergency Services "FY2019 Homeland Security Grant Program: California Supplement to Federal Program Guidance and Application Kit"
<https://www.caloes.ca.gov/GrantsManagementSite/Documents/FY%202019%20HSGP%20State%20Guidance.pdf>

Copies of the grant guidelines shall be retained in the Anaheim/Santa Ana Grant Office.

WHEREAS, this financial assistance is administered by the CITY OF SANTA ANA ("CITY") and is overseen by the California Governor's Office of Emergency Services ("Cal-OES"); and

WHEREAS, this financial assistance is being provided to address the unique equipment, training, planning, and exercise needs of large urban areas, and to assist them in building an enhanced and sustainable capacity to prevent, respond to, and recover from threats or acts of terrorism; and

WHEREAS, the Anaheim/Santa Ana Urban Area ("ASAUA") consists of 34 cities in Orange County, including the City of Santa Ana and the City of Anaheim, the County of Orange, including the unincorporated area of the County of Orange, Santa Ana Unified School District Police, California State University, Fullerton, University of California, Irvine, Municipal Water District of Orange County, and the Orange County Fire Authority; and

WHEREAS, the Office of Grants Management ("OGM") awarded a FY2019 UASI Grant of \$4,850,000 ("Grant Funds") to the CITY OF SANTA ANA, as a Core City, for use in the ASAUA; and

WHEREAS, the CITY has designated the Chief of Police, or his designee and the Santa Ana Police Department, Homeland Security Division ("UASI Grant Office") to provide for terrorism prevention and emergency preparedness; and

WHEREAS, the UASI Grant Office now wishes to distribute FY2019 UASI Grant Funds throughout the ASAUA, as further detailed in this Agreement ("Agreement") to ORANGE COUNTY FIRE AUTHORITY ("SUB-RECIPIENT") and others;

WHEREAS, the CITY and SUB-RECIPIENT are desirous of executing this Agreement as authorized by the City Council and the City Manager which authorizes the CITY to prepare and execute the Agreement.

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

I
INTRODUCTION

§101. Parties to the Agreement

The parties to this Agreement are:

- A. The CITY, a municipal corporation, having its principal office at 20 Civic Center Plaza, Santa Ana, CA 92702; and
- B. ORANGE COUNTY FIRE AUTHORITY, a municipal corporation, One Fire Authority Road, Irvine, CA 92602

§102. Representatives of the Parties and Service of Notices

- A. The representatives of the respective parties who are authorized to administer this Agreement and to whom formal notices, demands and communications shall be given are as follows:

- 1. The representative of the CITY OF SANTA ANA shall be, unless otherwise stated in the Agreement:

Michael Claborn, Commander
Santa Ana Police Department
Homeland Security Division
60 Civic Center Plaza
Santa Ana, CA 92702
Phone: (714) 245-8304
Fax: (714) 245-8098
mclaborn@santa-ana.org

- 2. The representative of ORANGE COUNTY FIRE AUTHORITY shall be:

Shane Sherwood, Division Chief
ORANGE COUNTY FIRE AUTHORITY
One Fire Authority Road, Irvine, CA 92602
Phone: (949) 236-0987
E-mail: shanesherwood@ocfa.org

- B. Formal notices, demands and communications to be given hereunder by either party shall be made in writing and may be effected by personal delivery or by registered or certified mail, postage prepaid, return receipt requested and shall be deemed communicated as of the date of mailing.
- C. If the name of the person designated to receive the notices, demands or communications or the address of such person is changed, written notice shall be given, in accord with this section, within five (5) business days of said change.

§103. Independent Party

SUB-RECIPIENT is acting hereunder as an independent party, and not as an agent or employee of the CITY OF SANTA ANA. No employee of SUB-RECIPIENT is, or shall be an employee of the CITY OF SANTA ANA by virtue of this Agreement, and SUB-RECIPIENT shall so inform each employee organization and each employee who is hired or retained under this Agreement. SUB-RECIPIENT shall not represent or otherwise hold out itself or any of its directors, officers, partners, employees, or agents to be an agent or employee of the CITY OF SANTA ANA.

§104. Conditions Precedent to Execution of This Agreement

SUB-RECIPIENT shall provide copies of the following documents to the CITY OF SANTA ANA, unless otherwise exempted.

- A. Grant Assurances in accordance with section 415C of this Agreement attached hereto as Exhibit C and made part hereof.
- B. Certifications Regarding Ineligibility, Suspension and Debarment as required by Executive Order 12549 in accordance with Section 415A12 of this Agreement and attached hereto as Exhibit A and made a part hereof.
- C. Certifications and Disclosures Regarding Lobbying in accordance with Section 415C of this Agreement and attached hereto as Exhibit B and made a part hereof. SUB-RECIPIENT shall also file a Disclosure Form at the end of each calendar quarter in which there occurs any event requiring disclosure or which materially affects the accuracy of the information contained in any Disclosure Form previously filed by SUB-RECIPIENT.

II TERM AND SERVICES TO BE PROVIDED

§201. Time of Performance

The term of this Agreement shall commence on 04/09/2020 and end on 03/31/2022 or upon the final disbursement of all of the Grant Amount (as defined in Section 301) and any additional period of time as is required to complete any necessary close out activities. Said term is subject to the provisions herein.

§202. Use of Grant Funds

- A. CITY may, a) transfer to SUB-RECIPIENT, equipment or services purchased with grant funds and in accordance with grant guidelines set forth above; or, b) reimburse SUB-RECIPIENT for purchase of authorized equipment, exercises, services or training upon receiving prior written approval from CITY or its designee and in accordance with grant guidelines and in full compliance with all of the SUB-RECIPIENT'S purchasing and bidding procedures. SUB-RECIPIENT shall specify the equipment, services, exercises and training to be purchased using the Application for Project Funding. A paper copy of this document will be provided to SUB-RECIPIENT by CITY. In addition, copies of the document will be provided electronically to SUB-RECIPIENT by CITY. If additional copies of the document are needed, SUB-RECIPIENT may contact the Santa Ana Grant Coordinator and it will be provided.
- B. SUB-RECIPIENT shall provide any reports requested by the CITY regarding the performance of the Agreement. Reports shall be in the form requested by the CITY, and shall be provided in a timely manner.
- C. SUB-RECIPIENT shall provide the CITY a copy of its most current procurement guidelines and follow its own procurement requirements as long as they meet the minimum federal requirements. Federal procurement requirements for the FY 2019 UASI Grant can be found at 2 Code of Federal Regulations (CFR) Part 200 "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards."
- D. The Authorized Equipment List (AEL) is a list of the allowable equipment which may be purchased pursuant to this Agreement and is located at http://www.fema.gov/media-library-data/20130726-1825-25045-7138/fema_preparedness_grants_authorized_equipment_list.pdf, and incorporated to this Agreement by reference. A copy of the AEL shall be retained in the Anaheim/Santa Ana Grant Office. Unless otherwise stated in program guidance any equipment acquired pursuant to this Agreement shall meet all mandatory regulations and/or DHS-adopted standards to be eligible for purchase using grant funds.

Any equipment acquired or obtained with Grant Funds:

1. Shall be made available under the California Disaster and Civil Defense Master Mutual Aid Agreement in consultation with representatives of the various fire, emergency medical, hazardous materials response services, and law enforcement agencies within the jurisdiction of the applicant;
2. Shall be consistent with needs as identified in the National Priorities and Core Capabilities, the State Homeland Security Strategy and the Anaheim/Santa Ana Urban Area and Orange County Operational Area Homeland Security Grants Strategy; and deployed in conformance with those plans;
3. Shall be made available pursuant to applicable terms of the California Disaster and Civil Defense Master Mutual Aid Agreement and deployed with personnel trained in the use of such equipment in a manner consistent with the California Law Enforcement Mutual Aid Plan or the California Fire Services and Rescue Mutual Aid Plan;
4. Shall be subject to the requirements of Title 2 CFR Part 200.313 and 200.314. For the purposes of this subsection, "Equipment" is defined as nonexpendable property that is not consumed or does not lose its identity by being incorporated into another item of equipment, which costs \$5,000 or more per unit, or is expected to have a useful life of one (1) year or more.
5. Shall be used by SUB-RECIPIENT in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer useful for the original program or project, the Equipment may be used in other activities currently or previously supported by a Federal agency.
6. Shall be made available for use on other projects or programs currently or previously supported by the Federal Government, providing such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by the awarding agency.
7. Shall be recorded on a ledger. The record shall include: (a) description of the item of Equipment, (b) a serial number or other identification number, (c) the source of funding for the property (including the FAIN), (d) who holds the title, (e) the acquisition date, (f) the cost of the property, (g) percentage of Federal participation in the project costs for the Federal award under which the property was acquired, (h) location, (i) use and condition of Equipment, and (j)

ultimate disposition data including the date of disposal and sale price of the property. Records must be retained pursuant to 2 CFR Part 200.313.

8. All equipment obtained under this Agreement shall have an ASUA identification decal affixed to it, and, when practical, shall be affixed where it is readily visible.
 9. A physical inventory of the Equipment shall be taken and the results reconciled with the Equipment records at least once every two years. Inventory shall also be taken prior to any UASI, State or Federal monitor visits.
 10. SUB-RECIPIENT shall exercise due care to preserve and safeguard equipment acquired with grant funds from damage or destruction and shall provide regular maintenance and such repairs for said equipment as necessary, in order to keep said equipment continually in good working order. Such maintenance and servicing shall be the sole responsibility of SUB-RECIPIENT, who shall assume full responsibility for maintenance and repair of the equipment throughout the life of said equipment.
 11. SUB-RECIPIENT shall identify a Point-of-Contact (POC) to be responsible for all Equipment prior to the receipt of the item(s). POC will serve as the custodian of the Equipment. SUB-RECIPIENT shall notify the CITY of any change in the POC and assume the responsibility of advising the new custodian of all UASI grant program guidelines and requirements.
 12. SUB-RECIPIENT shall contact the ASUA Grant Office prior to initiating the disposition process. Disposal of equipment shall be conducted pursuant to 2 CFR Part 200.313. The ASUA will contact the awarding agency for disposition instructions, if necessary, prior to any action being taken.
- D. Any training paid pursuant to this Agreement shall conform to the guidelines as listed in FY 2019 Homeland Security Grant Program, as set forth above. All training expenses must be pre-authorized by Cal-OES at <https://www.caloes.ca.gov/CaliforniaSpecializedTrainingInstituteSite/Documents/HSG%20Funds%20Tracking%20Number%20Request%20Form.pdf>. A catalogue of Grantor approved and sponsored training courses is available at <https://cdp.dhs.gov/>.
- E. Any exercise paid pursuant to this Agreement shall conform to the guidelines as listed in FY 2019 Homeland Security Grant Program, as set forth above. Detailed Homeland Security Exercise and Evaluation Program Guidance is available at <http://hseep.dhs.gov>.

- F. Any planning paid pursuant to this Agreement shall conform to the guidelines as listed in FY 2019 Homeland Security Grant Program, as set forth above.
- G. Any organizational activities paid pursuant to this Agreement shall conform to the guidelines as listed in FY 2019 Homeland Security Grant Program, as set forth above.

III PAYMENT

§301. Payment of Grant Funds and Method of Payment

- A. CITY may, a) transfer to SUB-RECIPIENT, equipment or services purchased with grant funds; or, b) reimburse SUB-RECIPIENT for the purchase of authorized equipment, exercises, services or training upon receiving prior written approval from CITY or its designee and in accordance with grant guidelines and in full compliance with all of the SUB-RECIPIENT'S purchasing and bidding procedures. SUB-RECIPIENT shall specify the equipment, exercises, services or training to be purchased using the Application for Project Funding. A copy of this document will be provided to SUB-RECIPIENT by CITY. If additional copies of the document are needed, SUB-RECIPIENT may contact the Santa Ana Grant Coordinator and it will be provided. Funds may be used for planning, exercises, organizational and training activities, and the purchase of equipment as described in Section 202 above.
- B. SUB-RECIPIENT shall provide invoices to the CITY requesting payment and all supporting documentation. Each reimbursement request shall be accompanied by the Reimbursement Request for Grant Expenditures detailing the expenditures made by SUB-RECIPIENT as authorized by Section 202 above. Each reimbursement request shall be submitted to the Santa Ana UASI Grant Office. For equipment for which SUB-RECIPIENT is requesting reimbursement, all appropriate back-up documentation must be attached to the reimbursement form, including invoices, proof of payment, packing slips, and Equipment Reimbursement Worksheet. For training reimbursements, SUB-RECIPIENT must include a copy of any certificates issued or a copy of the class roster verifying training attendees, proof that a CalOES tracking number has been assigned to the course, timesheets and payroll registers for all training attendees, receipts for travel expenses related to the training, and Training Reimbursement Worksheet. For regional project reimbursements, SUB-RECIPIENT must include approval from the lead agency for all submitted invoices.
- C. Payment of final invoice shall be withheld by the CITY until the SUB-RECIPIENT has turned in all supporting documentation and completed the requirements of this Agreement.
- D. It is understood that the CITY makes no commitment to fund this Agreement beyond the terms set forth herein.
- E. Funding for all periods of this Agreement is subject to the continuing availability to the CITY of federal funds for this program. The Agreement may be terminated immediately upon written notice to SUB-RECIPIENT of a loss or reduction of federal grant funds.

IV STANDARD PROVISIONS

§401. Construction of Provisions and Titles Herein

All titles or subtitles appearing herein have been inserted for convenience and shall not be deemed to affect the meaning or construction of any of the terms or provisions hereof. The language of this Agreement shall be construed according to its fair meaning and not strictly for or against either party. The word "Sub-recipient" herein and in any amendments hereto includes the party or parties identified in this Agreement. The singular shall include the plural. If there is more than one Sub-recipient as identified herein, unless expressly stated otherwise, their obligations and liabilities hereunder shall be joint and several. Use of the feminine, masculine, or neuter genders shall be deemed to include the genders not used.

§402. Applicable Law, Interpretation and Enforcement

Each party's performance hereunder shall comply with all applicable laws of the United States of America, the State of California, and the CITY. This Agreement shall be enforced and interpreted under the laws of the State of California and the CITY.

If any part, term or provision of this Agreement shall be held void, illegal, unenforceable, or in conflict with any law of a federal, state or local government having jurisdiction over this Agreement, the validity of the remaining portions of provisions shall not be affected thereby.

§403. Integrated Agreement

This Agreement sets forth all of the rights and duties of the parties with respect to the subject matter hereof, and replaces any and all previous agreements or understandings, whether written or oral, relating thereto. This Agreement may be amended only by a written instrument executed by both parties hereto.

§404. Excusable Delays

In the event that performance on the part of any party hereto shall be delayed or suspended as a result of circumstances beyond the reasonable control and without the fault and negligence of said party, none of the parties shall incur any liability to the other parties as a result of such delay or suspension. Circumstances deemed to be beyond the control of the parties hereunder shall include, but not be limited to, acts of God or of the public enemy; insurrection; acts of the Federal Government or any unit of State or Local Government in either sovereign or contractual capacity; fires; floods; epidemics; quarantine

restrictions; strikes, freight embargoes or delays in transportation; to the extent that they are not caused by the party's willful or negligent acts or omissions and to the extent that they are beyond the party's reasonable control.

§405. Breach

Except for excusable delays, if any party fails to perform, in whole or in part, any promise, covenant, or agreement set forth herein, or should any representation made by it be untrue, any aggrieved party may avail itself of all rights and remedies, at law or equity, in the courts of law. Said rights and remedies are cumulative of those provided for herein except that in no event shall any party recover more than once, suffer a penalty or forfeiture, or be unjustly compensated.

§406. Prohibition Against Assignment or Delegation

SUB-RECIPIENT may not, unless it has first obtained the written permission of the CITY:

- A. Assign or otherwise alienate any of its rights hereunder, including the right to payment; or
- B. Delegate, subcontract, or otherwise transfer any of its duties hereunder.

§407. Permits

SUB-RECIPIENT and its officers, agents and employees shall obtain and maintain all permits and licenses necessary for SUB-RECIPIENT performance hereunder and shall pay any fees required therefore. SUB-RECIPIENT further certifies to immediately notify the CITY of any suspension, termination, lapses, non renewals or restrictions of licenses, certificates, or other documents.

§408. Nondiscrimination and Affirmative Action

SUB-RECIPIENT shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the CITY. In performing this Agreement, SUB-RECIPIENT shall not discriminate in its employment practices against any employee or applicant for employment because of such person's 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 or physical disability, genetic information, medical condition, age, pregnancy, denial of medical and family care leave, or pregnancy disability (California Government Code §§ 12490, 12945, 12945.2), military or veteran status, and/or retaliation for protesting illegal discrimination related to one of these categories, or for reporting patient abuse in tax supported institutions.. SUB-RECIPIENT shall comply with Executive Order 11246, entitled "Equal

Employment Opportunity,” as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 CFR Part 60).

If required, SUB-RECIPIENT shall submit an Equal Employment Opportunity Plan (“EEOP”) to the DOJ Office of Civil Rights (“OCR”) in accordance with guidelines listed at <http://www.ojp.usdoj.gov/ocr/eeop.htm>,

Any subcontract entered into by the SUB-RECIPIENT relating to this Agreement, to the extent allowed hereunder, shall be subject to the provisions of this § 408.

§409. Bonds

SUB-RECIPIENT must purchase a performance bond for any equipment item over \$250,000 or any vehicle (including aircraft or watercraft) financed with homeland security funds. SUB-RECIPIENT must provide a copy of performance bond to CITY no later than the time of reimbursement.

§410. Indemnification

Each of the parties to this Agreement is a public entity. In contemplation of the provisions of Section 895.2 of the Government Code of the State of California imposing certain tort liability jointly upon public entities, solely by reason of such entities being parties to an Agreement as defined by Section 895 of said Code, the parties hereto, as between themselves, pursuant to the authorization contained in Section 895.4 and 895.6 of said Code, will each assume the full liability imposed upon it or upon any of its officers, agents, or employees by law, for injury caused by a negligent or wrongful act or omission occurring in the performance of this Agreement, to the same extent that such liability would be imposed in the absence of Section 895.2 of said Code. To achieve the above-stated purpose, each party indemnifies and holds harmless the other party solely by virtue of said Section 895.2. The provision of Section 2778 of the California Civil Code is made a part hereto as if fully set forth herein. SUB-RECIPIENT certifies that it has adequate self insured retention of funds to meet any obligation arising from this Agreement.

§411. Conflict of Interest

- A. SUB-RECIPIENT covenants that none of its directors, officers, employees, or agents shall participate in selecting, or administering any subcontract supported (in whole or in part) by Federal funds where such person is a director, officer, employee or agent of the subcontractor; or where the selection of subcontractors is or has the appearance of being motivated by a desire for personal gain for themselves or others such as family business, etc.; or where such person knows or should have known that:
1. A member of such person's immediate family, or domestic partner or organization has a financial interest in the subcontract;
 2. The subcontractor is someone with whom such person has or is negotiating any prospective employment; or

3. The participation of such person would be prohibited by the California Political Reform Act, California Government Code §87100 et seq. if such person were a public officer, because such person would have a "financial or other interest" in the subcontract.

B. Definitions:

1. The term "immediate family" includes but is not limited to domestic partner and/or those persons related by blood or marriage, such as husband, wife, father, mother, brother, sister, son, daughter, father in law, mother in law, brother in law, sister in law, son in law, daughter in law.
 2. The term "financial or other interest" includes but is not limited to:
 - a. Any direct or indirect financial interest in the specific contract, including a commission or fee, a share of the proceeds, prospect of a promotion or of future employment, a profit, or any other form of financial reward.
 - b. Any of the following interests in the subcontractor ownership: partnership interest or other beneficial interest of five percent or more; ownership of five percent or more of the stock; employment in a managerial capacity; or membership on the board of directors or governing body.
- C. The SUB-RECIPIENT further covenants that no officer, director, employee, or agent shall solicit or accept gratuities, favors, anything of monetary value from any actual or potential subcontractor, supplier, a party to a sub agreement, (or persons who are otherwise in a position to benefit from the actions of any officer, employee, or agent).
- D. The SUB-RECIPIENT shall not subcontract with a former director, officer, or employee within a one year period following the termination of the relationship between said person and the Contractor.
- E. Prior to obtaining the CITY'S approval of any subcontract, the SUB-RECIPIENT shall disclose to the CITY any relationship, financial or otherwise, direct or indirect, of the SUB-RECIPIENT or any of its officers, directors or employees or their immediate family with the proposed subcontractor and its officers, directors or employees.
- F. For further clarification of the meaning of any of the terms used herein, the parties agree that references shall be made to the guidelines, rules, and laws of the SUB-RECIPIENT, State of California, and Federal regulations regarding conflict of interest.
- G. The SUB-RECIPIENT warrants that it has not paid or given and will not pay or give to any third person any money or other consideration for obtaining this

Agreement.

- H. The SUB-RECIPIENT covenants that no member, officer or employee of SUB-RECIPIENT shall have interest, direct or indirect, in any contract or subcontract or the proceeds thereof for work to be performed in connection with this project during his/her tenure as such employee, member or officer or for one year thereafter.
- I. The SUB-RECIPIENT shall incorporate the foregoing subsections of this Section into every agreement that it enters into in connection with this project and shall substitute the term "subcontractor" for the term "SUB-RECIPIENT" and "sub subcontractor" for "Subcontractor".

§412. Restriction on Disclosures

Any reports, analysis, studies, drawings, information, or data generated as a result of this Agreement are to be governed by the California Public Records Act (California Government Code Sec. 6250, et seq.).

§413. Statutes and Regulations Applicable To All Grant Contracts

- A. SUB-RECIPIENT shall comply with all applicable requirements of state, federal, county and SUB-RECIPIENT laws, executive orders, regulations, program and administrative requirements, policies and any other requirements governing this Agreement. SUB-RECIPIENT shall comply with state and federal laws and regulations pertaining to labor, wages, hours, and other conditions of employment. SUB-RECIPIENT shall comply with new, amended, or revised laws, regulations, and/or procedures that apply to the performance of this Agreement. These requirements include, but are not limited to:

- 1. Office of Management and Budget (OMB)

- SUB-RECIPIENT shall comply with 2 Code of Federal Regulation (CFR) Part 200 (Uniform Administrative, Cost Principles, and Audit Requirements for Federal Awards).

- 2. Single Audit Act

- If Federal funds are used in the performance of this Agreement, SUB-RECIPIENT shall adhere to the rules and regulations of the Single Audit Act, 31 USC Sec. 7501 et seq.; Title 2 Code of Federal Regulations, Part 200, Subpart F Audit Requirements; and any administrative regulation or field memos implementing the Act. When reporting under on the FY19 UASI Grant Program under the Single Audit Act, SUB-RECIPIENT shall use Catalog of Federal Domestic Assistance (CFDA) Program Number 97.067 "Homeland Security Grant Program"; Grant Identification Number 2019-0035; and identify the CITY OF SANTA ANA as the Pass-Through.

- 3. Americans with Disabilities Act

SUB-RECIPIENT hereby certifies that it will comply with the Americans with Disabilities Act, 42 USC §§ 12101, et seq., and its implementing regulations. SUB-RECIPIENT will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services and activities in accordance with the provisions of the Americans with Disabilities Act. SUB-RECIPIENT will not discriminate against persons with disabilities or against persons due to their relationship to or association with a person with a disability. Any subcontract entered into by the SUB-RECIPIENT, relating to this Agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

4. Political and Sectarian Activity Prohibited

None of the funds, materials, property or services provided directly or indirectly under this Agreement shall be used for any partisan political activity, or to further the election or defeat of any candidate for public office. Neither shall any funds provided under this Agreement be used for any purpose designed to support or defeat any pending legislation or administrative regulation. None of the funds provided pursuant to this Agreement shall be used for any sectarian purpose or to support or benefit any sectarian activity.

If this Agreement provides for more than \$100,000 in grant funds or more than \$150,000 in loan funds, SUB-RECIPIENT shall submit to the CITY a Certification Regarding Lobbying and a Disclosure Form, if required, in accordance with 31 USC §1352. A copy of the Certificate is attached hereto as Exhibit B. No funds will be released to SUB-RECIPIENT until the Certification is filed.

SUB-RECIPIENT shall file a Disclosure Form at the end of each calendar quarter in which there occurs any event requiring disclosure or which materially affects the accuracy of any of the information contained in any Disclosure Form previously filed by SUB-RECIPIENT. SUB-RECIPIENT shall require that the language of this Certification be included in the award documents for all sub-awards at all tiers and that all subcontractors shall certify and disclose accordingly.

5. Records Inspection

In accordance with 2 CFR §200.336, at any time during normal business hours and as often as the CITY, the U.S. Comptroller General, and/or the Auditor General of the State of California may deem necessary, SUB-RECIPIENT shall make available for examination all of its records with respect to all matters covered by this Agreement. The CITY, the U.S. Comptroller General and/or the Auditor General of the State of California shall have the authority to audit, examine and make excerpts or transcripts from records,

including SUB-RECIPIENT'S invoices, materials, payrolls, records of personnel, conditions of employment and other data relating to all matters covered by this Agreement.

SUB-RECIPIENT agrees to provide any reports requested by the CITY regarding performance of the Agreement.

6. Records Maintenance

Records, in their original form, shall be maintained in accordance with requirements prescribed by the CITY with respect to all matters covered on file for all documents specified in this Agreement. Original forms are to be maintained on file for all documents specified in this Agreement. Such records shall be retained for a period of three (3) years after the CITY receives notification of grant closeout from CalOES and after final disposition of all pending matters. "Pending matters" include, but are not limited to, an audit, litigation or other actions involving records. The CITY may, at its discretion, take possession of, retain and audit said records. Records, in their original form pertaining to matters covered by this Agreement, shall at all times be retained within the County of Orange unless authorization to remove them is granted in writing by the CITY.

7. Subcontracts and Procurement

SUB-RECIPIENT shall comply with the federal and SUB-RECIPIENT standards in the award of any subcontracts. For purposes of this Agreement, subcontracts shall include but not be limited to purchase agreements, rental or lease agreements, third party agreements, consultant service contracts and construction subcontracts.

SUB-RECIPIENT shall ensure that the terms of this Agreement with the CITY are incorporated into all Subcontractor Agreements. The SUB-RECIPIENT shall submit all Subcontractor Agreements to the CITY for review prior to the release of any funds to the subcontractor. The SUB-RECIPIENT shall withhold funds to any subcontractor agency that fails to comply with the terms and conditions of this Agreement and their respective Subcontractor Agreement.

8. Labor

SUB-RECIPIENT shall comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements, and the Hatch Act (5 USC §§1501-1508 and 7324-7328).

SUB-RECIPIENT shall comply with the Federal Fair Labor Standards

Act (29 USC §201) regarding wages and hours of employment. None of the funds shall be used to promote or deter Union/labor organizing activities. CA Gov't Code Sec. 16645, et seq.

SUB-RECIPIENT shall 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.

9. Civil Rights

SUB-RECIPIENT shall comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681- 1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination against those with disabilities or access and functional needs; (d) The Age Discrimination act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) Public Health Service Act of 1912 (42 U.S.C. §§ 290), relating to confidentiality of patient records regarding substance abuse treatment; (f) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601, et seq.), as amended, relating to non-discrimination 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); (g) 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; (h) 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; (i) California Public Contract Code §10295.3, which prohibits discrimination based on domestic partnerships and those in same sex marriages; (j) 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; (k) Any other nondiscrimination provisions in the specific statute(s) under which application for federal

assistance is being made; and (I) The requirements of any other nondiscrimination statute(s) which may apply to the application.

10. Environmental

SUB-RECIPIENT shall comply, or has already complied, 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 purchases.

SUB-RECIPIENT shall comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act 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; (b) Executive Order (EO) 11514; (c) notification of violating facilities pursuant to EO 11738; (d) protection of wetlands pursuant to EO 11990; (e) evaluation of flood hazards in floodplains in accordance with EO 11988; (f) 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.); (g) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401, et seq.); (h) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); (i) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205); and (j) Flood Disaster Protection Act of 1973 §102(a) (P.L. 93-234).

SUB-RECIPIENT shall comply with the 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.

SUB-RECIPIENT shall comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801, et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.

SUB-RECIPIENT shall comply with the Federal Water Pollution Control Act (33 U.S.C. 1251-1387) which restores and maintains the chemical, physical and biological integrity of the Nation's waters.

SUB-RECIPIENT shall comply with the 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.

SUB-RECIPIENT shall comply with Federal Clean Air Act of 1955 (42 U.S.C. § 7401) which regulates air emissions from stationary and mobile sources.

SUB-RECIPIENT shall ensure that the facilities under its ownership, lease or supervision which shall be utilized in the accomplishment of this project are not listed in the Environmental Protection Agency's (EPA) list of Violating Facilities and that it will notify the Federal Grantor agency of the receipt of any communication from the Director of the EPA Office of Federal Activities indicating that a facility to be used in the project is under consideration for listing by the EPA.

SUB-RECIPIENT shall comply with the Energy Policy and Conservation Act (P.L. 94-163, 89 Stat. 871).

SUB-RECIPIENT 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.

By signing this Agreement, SUB-RECIPIENT ensures that it is in compliance with the California Environmental Quality Act (CEQA), Public Resources Code §21000, et seq., CEQA Guidelines (California Code of Regulations, Title 14 Division 6, Chapter 3, §§ 15000-15387), and is not impacting the environment negatively.

11. Preservation

SUB-RECIPIENT shall comply with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1, et seq.).

12. Suspension and Debarment

SUB-RECIPIENT shall comply with Federal Register, Volume 68, Number 228, regarding Suspension and Debarment, and SUB-RECIPIENT shall submit a Certification Regarding Debarment required by Executive Order 12549 and any amendment thereto. Said Certification shall be submitted to the CITY concurrent with the execution of this Agreement and shall certify that neither SUB-

RECIPIENT nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in this transaction by any federal department head or agency. SUB-RECIPIENT shall require that the language of this Certification be included in the award documents for all sub-award at all tiers and that all subcontractors shall certify accordingly.

As required by Executive Orders (EO) 12549 and 12689, and 2 CFR §200.212 and codified in 2 CFR Part 180, Debarment and Suspension, SUB-RECIPIENT will provide protection against waste, fraud and abuse by debarring or suspending those persons deemed irresponsible in their dealings with the Federal government.

13. Drug-Free Workplace

SUB-RECIPIENT shall comply with the federal Drug-Free Workplace Act of 1988, 41 USC §701, 44 CFR Part 67; the California Drug-Free Workplace Act of 1990, CA Gov't Code §§ 8350-8357.

14. Financial Management

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

15. Reporting – Accountability

SUB-RECIPIENT agrees to comply with applicable provisions of the Federal Funding Accountability and Transparency Act (FFATA) (2 CFR Chapter 1, Part 170), specifically (a) the reporting of sub awards obligating \$25,000 or more in federal funds and (b) executive compensation data for first-tier sub-awards. This includes the provisions of FFATA, which includes requirements on executive compensation, and also requirements implementing the Act for the non-Federal entity at 2 CFR part 25 Financial Assistance Use of Universal Identifier and Central Contractor Registration and 2 CFR part 170 Reporting Sub-award and Executive Compensation Information.

SUB-RECIPIENT must also 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 and 31 U.S.C. §6101 et seq.

16. Human Trafficking

SUB-RECIPIENT will comply with the requirements of Section 106(g) of the Trafficking Victims Protection Act (TVPA) of 2000, as amended (22 U.S.C. §7104) which prohibits grant award recipients or a sub-recipient from (1) Engaging in severe forms of 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 sub-awards under the award.

17. Freedom of Information Act

SUB-RECIPIENT 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 which is under Federal control is subject to the Freedom of Information Act (FOIA), 5 U.S.C. §552. SUB-RECIPIENT should also consult State and local laws and regulations regarding the release of information, which should be considered when reporting sensitive matters in the grant application, needs assessment and strategic planning process.

18. California Public Records Act

SUB-RECIPIENT 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 may be subject to the California Public Records Act (California Government Code §§6250-6276.48), which requires inspection and/or disclosure of governmental records to the public upon request, unless exempted by law.

B. Statutes and Regulations Applicable To This Particular Grant

SUB-RECIPIENT shall comply with all applicable requirements of state and federal laws, executive orders, regulations, program and administrative requirements, policies and any other requirements governing this particular grant program. SUB-RECIPIENT shall comply with new, amended, or revised laws, regulations, and/or procedures that apply to the performance of this Agreement. These requirements include, but are not limited to:

1. Title 2 Code of Federal Regulations (CFR) Part 200; EO 12372; Department of Justice (DOJ) Office of Judicial Programs (OJP) Office of the Comptroller, U.S. Department of Homeland Security, Preparedness Directorate Financial Management Guide; U.S. Department of Homeland Security, Office of Grants and Training, FY 2019 Homeland Security Grant Program –Notice of Funding Opportunity; ODP WMD Training Course Catalogue; and DOJ Office for Civil Rights.

Standardized Emergency Management System (SEMS) requirements as stated in the California Emergency Services Act, Government Code Chapter 7 of Division 1 of Title 2, § 8607.1(e) and CCR Title 19, §§ 2445-2448.

Provisions of 44 CFR applicable to grants and cooperative agreements, including Part 18, Administrative Review Procedures; Part 20, Criminal Justice Information Systems; Part 22, Confidentiality of Identifiable Research and Statistical Information; Part 23, Criminal Intelligence Systems Operating Policies; Part 30, Intergovernmental Review of Department of Justice Programs and Activities; Part 35, Nondiscrimination on the Basis of Disability in State and Local Government Services; Part 38, Equal Treatment of Faith-based Organizations; Part 42, Nondiscrimination/Equal employment Opportunities Policies and Procedures; Part 61, Procedures for Implementing the National Environmental Policy Act; Part 63, Floodplain Management and Wetland Protection Procedures; Part 64, Floodplain Management and Wetland Protection Procedures; Federal laws or regulations applicable to federal Assistance Programs; Part 69, New Restrictions on Lobbying; Part 70, Uniform Administrative Requirements for Grants and Cooperative Agreements (including sub-awards) with Institutions of Higher Learning, Hospitals and other Non-Profit Organizations; and Part 83, Government- Wide Requirements for a Drug Free Workplace (grants).

2. Travel Expenses

SUB-RECIPIENT as provided herein may be compensated for SUB-RECIPIENT'S reasonable travel expenses incurred in the performance of this Agreement, to include travel and per diem, unless otherwise expressed. Travel including in-State and out-of-State travel shall not be reimbursed without prior written authorization from the UASI Grant Office.

SUB-RECIPIENT'S travel and per diem reimbursement costs shall be reimbursed based on the SUB-RECIPIENT'S travel policies and procedures. If SUB-RECIPIENT does not have established travel policies and procedures, SUB-RECIPIENT'S reimbursement rates shall not exceed the amounts established under 5 U.S.C 5701-11, ("Travel and Subsistence Expenses; Mileage Allowances"), or by the Administrator of General Services, or by the President (or his or her designee) pursuant to any provisions of such subchapter must apply to travel under federal awards (48 CFR 31.205-46(a)).

3. Personally Identifiable Information

SUB-RECIPIENT collecting Personally Identifiable Information (PII) must have a publically-available policy that describes what PII they collect, how they plan to use the PII, whether they share PII with third parties, and how individuals may have their PII corrected where appropriate. 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.

4. Hotel and Motel Fire Safety Act of 1990

SUB-RECIPIENT must ensure that all conference, meeting, convention, or training space funded in whole or in part with Federal funds complies with Section 6 of the fire prevention and control guidelines of the Federal Fire Prevention and Control Act of 1974, 15 U.S.C. §2225a.

5. Terrorist Financing E.O. 13224

SUB-RECIPIENT must comply with U.S. 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.

6. USA Patriot Act of 2001

SUB-RECIPIENT must comply with the 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.

7. Acknowledgement of Federal Funding from DHS

SUB-RECIPIENT 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.

8. Federal Debt Status

SUB-RECIPIENT is 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.

9. Fly America Act of 1974

SUB-RECIPIENT 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

10. Noncompliance

SUB-RECIPIENT understands that failure to comply with any of the above assurances may result in suspension, termination or reduction of grant funds, and repayment by SUB-RECIPIENT to CITY of any unlawful expenditures.

C. Compliance With Standard Assurances

To obtain the Grant Funds, the Grantor required an authorized representative of the CITY to sign certain promises regarding the way the Grant Funds would be spent ("Standard Assurances"), attached hereto as Exhibit C. By signing these Standard Assurances, the CITY became liable to the Grantor for any funds that are used in violation of the grant requirements. SUB-RECIPIENT shall be liable to the Grantor for any funds the Grantor determines SUB-RECIPIENT used in violation of these Grant Assurances. SUB-RECIPIENT shall indemnify and hold harmless the CITY for any sums the Grantor determines SUB-RECIPIENT used in violation of the Standard Assurances.

§414. Federal, State and Local Taxes

Federal, State and local taxes shall be the responsibility of SUB-RECIPIENT as an independent party and not as a CITY employee.

§415. Inventions, Patents and Copyrights

A. Reporting Procedure for Inventions

If any project produces any invention or discovery (Invention) patentable or otherwise under title 35 of the U.S. Code, including, without limitation, processes and business methods made in the course of work under this Agreement, the SUB-RECIPIENT shall report the fact and disclose the Invention promptly and fully to the CITY. The CITY shall report the fact and disclose the Invention to the Grantor. Unless there is a prior agreement between the CITY and the Grantor, the Grantor shall determine whether to seek protection on the Invention. The Grantor shall determine how the rights in the Invention, including rights under any patent issued thereon, will be allocated and administered in order to protect the public interest consistent with the policy ("Policy") embodied in the Federal Acquisition Regulations System, which is based on Ch. 18 of title 35 U.S.C. Sections 200, et seq. (Pub. L. 95-517, Pub. L. 98-620, 37 CFR part 401); Presidential Memorandum on Government Patent Policy to the Heads of the Executive Departments and Agencies, dated 2/18/1983; and Executive Order 12591, 4/10/87, 52 FR 13414, 3 CFR, 1987 Comp., p. 220 (as amended by Executive Order 12618, 12/22/87, 52 FR 48661, 3 CFR, 1987 Comp., p. 262). SUB-RECIPIENT hereby agrees to be bound by the Policy, and will contractually require its personnel to be bound by the Policy.

B. Rights to Use Inventions

CITY shall have an unencumbered right, and a non-exclusive, irrevocable, royalty- free license, to use, manufacture, improve upon, and allow others to do so for all government purposes, any Invention developed under this Agreement.

C. Copyright Policy

1. Unless otherwise provided by the terms of the Grantor or of this Agreement, when copyrightable material ("Material") is developed under this Agreement, the author or the CITY, at the CITY'S discretion, may copyright the Material. If the CITY declines to copyright the Material, the CITY shall have an unencumbered right, and a non-exclusive, irrevocable, royalty- free license, to use, manufacture, improve upon, and allow others to do so for all government purposes, any Material developed under this Agreement.
2. The Grantor shall have an unencumbered right, and a non-exclusive, irrevocable, royalty-free license, to use, manufacture, improve upon, and allow others to do so for all government purposes, any Material developed under this Agreement or any Copyright purchased under this Agreement.
3. SUB-RECIPIENT shall comply with all applicable requirements in the Code of Federal Regulations related to copyrights and copyright policy.

D. Rights to Data

The Grantor and the CITY shall have unlimited rights or copyright license to any data first produced or delivered under this Agreement. "Unlimited rights" means the right to use, disclose, reproduce, prepare derivative works, distribute copies to the public, and perform and display publicly, or permit others to do so; as required by 48 CFR 27.401. Where the data are not first produced under this Agreement or are published copyrighted data with the notice of 17 U.S.C. Section 401 or 402, the Grantor acquires the data under a copyright license as set forth in 48 CFR 27.404(f)(2) instead of unlimited rights. (48 CFR 27.404(a)).

E. Obligations Binding on Subcontractors

SUB-RECIPIENT shall require all subcontractors to comply with the obligations of this section by incorporating the terms of this section into all subcontracts.

F. Patents and Intellectual Property Rights

Unless otherwise provided by law, SUB-RECIPIENT is subject to the Bayh-Dole Act, Pub. L. No. 96-517, as amended, and codified in 35 U.S.C. § 200 et seq. SUB-RECIPIENT is 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.

§416. Minority, Women, And Other Business Enterprise Outreach Program

It is the policy of the CITY to provide minority business enterprises (MBEs), women business enterprises (WBEs) and all other business enterprises an equal opportunity to participate in the performance of all SUB-RECIPIENT contracts, including procurement, construction and personal services. This policy applies to all Contractors and Sub-Contractors.

V
DEFAULTS, SUSPENSION, TERMINATION, AND AMENDMENTS

§501. Defaults

Should SUB-RECIPIENT fail for any reason to comply with the contractual obligations of this Agreement within the time specified by this Agreement, the CITY reserves the right to terminate the Agreement, reserving all rights under state and federal law.

§502. Amendments

Any change in the terms of this Agreement, including changes in the services to be performed by SUB-RECIPIENT and any increase or decrease in the amount of compensation which are agreed to by the CITY and SUB-RECIPIENT shall be incorporated into this Agreement by a written amendment properly executed and signed by the person authorized to bind the parties thereto.

SUB-RECIPIENT agrees to comply with all future CITY Directives, or any rules, amendments or requirements promulgated by the CITY affecting this Agreement.

VI
ENTIRE AGREEMENT

§601. Complete Agreement

This Agreement contains the full and complete Agreement between the two parties. Neither verbal agreement nor conversation with any officer or employee of either party shall affect or modify any of the terms and conditions of this Agreement.

§602. Number of Pages and Attachments

This Agreement is executed in two (2) duplicate originals, each of which is deemed to be an original. This Agreement includes twenty-nine (29) pages and three (3) Exhibits which constitute the entire understanding and agreement of the parties.

IN WITNESS WHEREOF, the City and ORANGE COUNTY FIRE AUTHORITY have caused this Agreement to be executed by their duly authorized representatives on the date first set forth above.

ATTEST:

CITY OF SANTA ANA, a municipal
Corporation of the State of California

By: _____
Maria D. Huizar
Clerk of the Council

By: _____
Kristine Ridge
City Manager

RECOMMENDED FOR APPROVAL:

By: _____
David Valentin
Chief of Police

SUB-RECIPIENT
ORANGE COUNTY FIRE AUTHORITY
DUNS # 07-2527005

APPROVED AS TO FORM:

By: _____

By: _____
Tamara Bogosian
Assistant City Attorney

Printed Name _____

Title

APPROVED AS TO FORM

By: _____

Printed Name _____

Title

EXHIBIT A
**CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND OTHER
RESPONSIBILITY MATTERS**

Applicants should refer to the regulations cited below to determine the certification to which they are required to attest. Applicants should also review the instructions for certification included in the regulations before completing this form. Signature of this form provides for compliance with certification requirements under the applicable CFR covering New Restrictions on Government-wide Debarment and Suspension (Nonprocurement). The certification shall be treated as a material representation of fact upon which reliance will be placed when the Agency determines to award the covered transaction or cooperative agreement.

As required by Executive Order 12549, Debarment and Suspension, and implemented under the applicable CFR, for prospective participants in covered transactions, as defined in the applicable CFR

A. The applicant certifies that it and its principals:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, sentenced to a denial of Federal benefits by a State or Federal court, 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 government entity (Federal State or local) with commission of any of these offenses enumerated in paragraph (1) (b) of this certification; and
- (d) Have not within a three-year period preceding this application had one or more public transactions (Federal, State or local) terminated for cause or default; and

B. 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.

Authorized Agent Signature

Address: _____

Printed or Typed Name

Title

INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this document, the prospective recipient of Federal assistance funds is providing the certification as set out below.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective recipient of Federal assistance funds knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.
3. The prospective recipient of Federal assistance funds shall provide immediate written notice to the person to whom this agreement is entered, if at any time the prospective recipient of Federal assistance funds learns that its certification was erroneous, when submitted or has become erroneous by reason of changed circumstances.
4. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549.
5. The prospective recipient of Federal assistance funds agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective recipient of Federal assistance funds further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion Lower Tier Covered Transactions," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Procurement or Non Procurement Programs.
8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
9. Except for transactions authorized under Paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

EXHIBIT B

CERTIFICATION REGARDING LOBBYING

Certification for Contracts, Grants, Loans and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. 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.
2. 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.
3. 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.
4. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352 Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

AGREEMENT NUMBER

CONTRACTOR/BORROWER/AGENCY

NAME AND TITLE OF AUTHORIZED REPRESENTATIVE

SIGNATURE

DATE

EXHIBIT C
California Governor's Office of Emergency Services
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) Federal Preparedness Grants Manual;
- (d) California Supplement to the NOFO; and
- (e) Federal and State Grant Program Guidelines.

Federal Regulations

Government cost principles, uniform administrative requirements and audit requirements for federal grant programs are housed in Title 2, Part 200 of the Code of Federal Regulations (CFR) and in updates issued by the Office of Management and Budget (OMB) on <http://www.whitehouse.gov/omb/>.

Significant state and federal grant award requirements (some of which appear in the documents listed above) are called out 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 said 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.
- (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

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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. §200.212 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 principal, sub-grantees, recipients or sub-recipients:

- (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

Initials _____

- 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), 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;

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- (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;

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- (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 sub-recipients 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 sub-recipients, 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 recipient shall submit a false claim for payment, reimbursement or

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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 sub-awards obligating \$25,000 or more in federal funds and (b) executive compensation data for first-tier sub-awards. 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 Sub-award 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 sub-recipient 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 sub-awards 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

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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 sub-recipients 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
- (d) 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
- (e) 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 a 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

Initials _____

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.

If 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.

Initials _____

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 recipients 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 Requirements

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

Initials _____

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 sub-recipient 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

Initials _____

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 sub-awards 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>.

Applicant: _____

Signature of Authorized Agent: _____

Printed Name of Authorized Agent: _____

Title: _____ Date: _____

Initials _____

MAYOR
Miguel A. Pulido
MAYOR PRO TEM
Juan Villegas
COUNCILMEMBERS
Phil Bacerra
Nelida Mendoza
David Penaloza
Vicente Sarmiento
Jose Solorio



CITY MANAGER
Kristine Ridge
CITY ATTORNEY
Sonia R. Carvalho
ACTING CLERK OF THE COUNCIL
Daisy Gomez

Attachment 2

CITY OF SANTA ANA
SANTA ANA POLICE DEPARTMENT
60 Civic Center Plaza • P.O. Box 1988
Santa Ana, California 92702
<http://www.santa-ana.org/pd>

OFFICE OF THE CHIEF OF POLICE

July 30, 2020

Brian Fennessy, Fire Chief
Orange County Fire Authority
One Fire Authority Road
Irvine, CA 92602

SUBJECT: NOTIFICATION OF SUB-RECIPIENT AWARD
FY2019 Urban Area Security Initiative (UASI) Grant Program
CFDA# 97.067 – Department of Homeland Security
Grant Number #2019-0035; NOFO #DHS-19-GPD-067-00-02;
Cal OES ID #059-95010
Sub-Recipient Performance Period: April 9, 2020 to March 31, 2022

Requesting Jurisdiction: Orange County Fire Authority
DUNS #07-2527005

Projects: 005-Training – Rope Rescue Technician \$48,600

Total Award: \$48,600

Dear Chief Fennessy:

This letter serves to inform you that the Orange County Fire Authority has been approved for grant funding under the FY2019 Urban Areas Security Initiative (UASI) Grant Program in the amount of \$48,600. Once your completed eligibility packet, including signed UASI Transfer Agreement, is received and an executed copy of the agreement is on file, reimbursement may be requested for eligible expenditures using the appropriate Anaheim/Santa Ana UASI (ASAU) forms. All activities funded with this award must be completed within the Sub-Recipient performance period.

Reimbursement for overtime and backfill for training is no longer being offered by the ASAU due to an overall reduced award received in recent years. However, the grant will continue to provide reimbursement for personnel who assist with the instruction and delivery of the approved UASI courses. The funding allocation below is being provided as an estimated value of training instructor participation based on the

SANTA ANA CITY COUNCIL

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Nelida Mendoza
Ward 6
nmendoza@santa-ana.org

number of first responders in your agency that have been approved to teach. It is being provided for your City's respective internal budgetary needs only and does not reflect a direct allocation as in the past. Additional funds may be awarded at a later time depending on your agency's participation and available dollars.

Fire Training – Course Delivery & Hosting

Fire Department: \$48,600

It is critical that all OCFA employees involved in the FY19 UASI Grant Program become familiar with the Transfer Agreement between the City of Santa Ana and the OCFA regarding the FY19 UASI Grant Program as well as the FY19 Homeland Security Grant Notice of Funding Opportunity, the FY19 Homeland Security Grant Program California Supplemental Guidance, and the FY19 Anaheim/Santa Ana UASI Sub-Recipient Grant Guide. It imperative that the Santa Ana UASI Office is contacted before any projects are procured to ensure that Environmental Historic Preservations (EHP), Aviation/Watercraft, and Establish/Enhance Emergency Operations Center requirements have been met, as well as financial regulations pertaining to sole source. We will seek any applicable requests and approvals on your behalf to the California Governor's Office of Emergency Services (Cal OES). Sub-Recipients are also required to obtain a performance bond prior to the purchase of any equipment item over \$250,000. Performance bonds must be forwarded to the ASUA Grant Office for submission to Cal OES no later than time of reimbursement.

Sub-Recipients are encouraged to seek reimbursement through the grant cycle, as funds are expended. Final Training Reimbursement Requests are due no later than **December 31, 2021**. Final reimbursement requests for all other approved project costs are due no later than **March 31, 2022**.

This grant is subject to all provisions of 2 CFR Part 200 Subpart F – Audit Requirements. Sub-recipients are required to submit copies of completed Single Audit Reports to the ASUA Grant Office, along with any Corrective Action Plans as a result of HSGP findings.

A dated signature from you, or your authorized designee, is required below. Please sign and return the original to the ASUA Grant Office, retaining a copy for your files. If you have any questions regarding this letter, please feel free to contact Santa Ana UASI Grant Coordinator Sergeant Roland Andrade at (714) 245-8720 or randrade2@santa-ana.org.

Sincerely,



DAVID VALENTIN
Chief of Police

CC: AUTHORIZED AGENT

Name of Signatory:
Orange County Fire Authority

Date

SANTA ANA CITY COUNCIL

Miguel A. Pulido
Mayor
mpulido@santa-ana.org

Juan Villegas
Mayor Pro Tem, Ward 5
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Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
November 4, 2020

Agenda Item No. 3A
Discussion Calendar

Audited Financial Reports for the Fiscal Year Ended June 30, 2020

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, 2020, 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 19, 2020, 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, 2020
2. Report on Internal Control for the Year Ended June 30, 2020
3. Audit Communication Letter for the Year Ended June 30, 2020
4. Assigned Fund Balance Calculations as of June 30, 2020 for:
 - A. Capital Improvement Program
 - B. Workers Compensation
5. Calculation of Unencumbered Fund Balance as of June 30, 2020

Background

Financial Audit and Reports

Lance, Soll & Lunghard, LLP, Certified Public Accountants (LSL), performed OCFA's annual financial audit for Fiscal Year 2019/20. Their 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 2019/20 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, 2020. This report 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 auditors issued an unmodified or "clean" opinion, which states that OCFA's Financial Statements are fairly presented, in all material respects, in accordance 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.
- **Audit Communication Letter** (Attachment 3) – Professional standards require the auditors to communicate certain information pertaining to the audit directly to those charged with the governance. This letter provides communication in several areas, including qualitative aspects of OCFA's accounting practices, any difficulties encountered while performing the audit, corrected and uncorrected financial statement misstatements, any disagreements with management, management's representations to the auditors, any consultation with other auditors, other audit findings or issues, and various other matters. For Fiscal Year 2019/20, LSL identified the handling of emergency purchases during the COVID-19 pandemic as a matter to bring to the attention of the Board of Directors. LSL is recommending that OCFA re-evaluate its practice of when emergency purchases are provided to the Executive Committee in order to allow for a more timely review of these purchases by the governing body.

The Single Audit includes a review of federal grant funds expended by OCFA during the fiscal year. The major program selected for more in-depth testing during Fiscal Year 2019/20 was the Assistance to Firefighters Grant (AFG) program, which included programs for Fire Ground Survival (FGS) and COVID-19 Supplemental. The federal Office of Management and Budget (OMB) has yet to release specific audit guidance relating to any COVID-19 grants. Even though the majority of Single Audit test work has been completed, LSL is unable to finalize OCFA's results and issue the report until the OMB audit guidance is released. Once finalized, the Single Audit report will be brought forward for separate receipt and approval.

The CAFR will be published electronically on OCFA's website. 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, 2020, includes assignments for the capital improvement program (\$32,017,913) and workers' compensation (\$98,998,999), with detailed calculations included as Attachments 4A and 4B.

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, 2019, funding valuation totaled \$435 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, 2020, audited financial statements totaled \$354 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. 23 (Attachment 1).

Currently, the net difference between OCFA's UAAL (funding) and NPL (reporting) is \$81 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)	\$1,912,937,000	\$264,624,000	\$2,177,561,000
Gains (losses) from lower (higher) than expected:			
Salary increases	(6,172,000)	(1,951,000)	(8,123,000)
Cost of living increases	(10,717,000)	(2,285,000)	(13,002,000)
Other experience gain or (loss)	(3,788,000)	(2,907,000)	(6,695,000)
Gain (loss) from rolled forward to actual liabilities	(406,989)	23,904	(383,085)
Total pension liability (L2)	\$1,891,853,011	\$257,504,904	\$2,149,357,915
Asset Reconciliation			
Valuation of assets (A1)	\$1,524,358,000	\$218,521,000	\$1,742,879,000
Adjustment for deferred investment return and non-valuation reserve	45,553,269	6,530,189	52,083,458
Market value of assets (A2)	\$1,569,911,269	\$225,051,189	\$1,794,962,458
Net Reconciliation			
Unfunded Actuarial Accrued Liability (UAAL) (L1-A1)	\$388,579,000	\$46,103,000	\$434,682,000
Net Pension Liability (NPL) (L2-A2)	\$321,941,742	\$32,453,715	\$354,395,457
Net Difference (UAAL – NPL)	\$66,637,258	\$13,649,285	\$80,286,543
Difference in Liabilities	\$21,083,989	\$7,119,096	\$28,203,085
Difference in Assets	\$(45,553,269)	\$(6,530,189)	\$(52,083,458)

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, 2020, the unencumbered fund balance is \$13,534,587 (Attachment 5), which is 3.00% of the General Operating Fund budget for Fiscal Year 2020/21. Additional information on staff's recommendation for the \$13,534,587 fund balance allocation will be included with the 2020 Long Term Liability Study item tentatively scheduled for January 2021.

CAFR 2020

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, 2020

Board of Directors As of June 2020

Shelley Hasselbrink, Chair

City of Los Alamitos
(Board Member Since 2015)

Vince Rossini, Vice Chair

City of Villa Park
(Board Member Since 2017)

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

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

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

Letitia Clark
City of Tustin
(Board Member Since 2019)

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

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

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

Tri Ta
City of Westminster
(Board Member Since 2009)

Rob Johnson
City of Cypress
(Board Member Since 2013)

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

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

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

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

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

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

Lisa Bartlett
County of Orange
(Board Member Since 2015)

John R. O'Neill
City of Garden Grove
(Board Member Since 2019)

Mark Tettemer
City of Lake Forest
(Board Member Since 2020)

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

Donald Wagner
County of Orange
(Board Member Since 2019)

Anthony Kuo
City of Irvine
(Board Member Since 2020)

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

David Shawver
City of Stanton
(Board Member Since 1995)

Brian Fennessy Fire Chief

Prepared by OCFA Finance Division

Photos provided by OCFA Multimedia

Orange County Fire Authority



Mission Statement

We proudly serve the changing needs of our communities by providing exceptional emergency and support services. We pledge a commitment to preserving the quality of life."

Vision Statement

We are dedicated to protecting lives and property with first class public safety and emergency services through courage, compassion, and competency.

Values Statement and Service Principles

We rely on our PEOPLE and our Service Principles as we carry out our mission with:

- Professionalism
- Enthusiasm
- Organizational Integrity
- Pride
- Leadership
- Effectiveness

Service Principles guide our relationships with each other and with our customers:

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

Motto

In service of others!

ORANGE COUNTY FIRE AUTHORITY
Comprehensive Annual Financial Report
Year ended June 30, 2020

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Introductory Section



Academy 48 Graduation
November 23, 2019



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 8, 2020

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, 2020. 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 this financial report is complete and reliable in all material respects, to the best of our knowledge and belief.

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, 2020, 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-five member Board of Directors governs the OCFA, including an elected official appointed to represent each member city and two representatives from the County Board of Supervisors. OCFA is managed by an appointed Fire Chief who reports to the Board of Directors.

Serving the Cities of: Aliso Viejo • Buena Park • Cypress • Dana Point • Garden Grove • Irvine • Laguna Hills • Laguna Niguel • Laguna Woods • Lake Forest • La Palma • Los Alamitos • Mission Viejo • 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

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 no later than June 30, the close of 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 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 nearly 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.

Economic Overview:

The onset of the coronavirus (COVID-19) pandemic and "stay-at-home" shutdown of March 2020 has decimated the U.S. economy. The federal response to combat the current recession through fiscal policy and stimulus has been much more rapid when compared to the previous Great Recession. However, the economic future is still uncertain as each state re-opens its economy at a different pace. The threat of new surges in COVID-19 cases may lead to slower re-openings or new economic shutdowns in the coming months.²

Before the COVID-19 shutdown, the state and local economy were growing at a slow but steady rate. Orange County's unemployment rate was 2.8% in February 2020 but jumped to 13.7% by June 2020³. Most pandemic-related job losses and furloughs have been concentrated in lower-paying retail, leisure, and hospitality areas. Orange County has a diverse economy with its largest employment sectors in business/professional services (20%), trade/transportation/utility services (15%), education/health services (14%), and leisure/hospitality services (14%)⁴. This diversity, along with a resilient construction sector, may help to soften the overall economic blow as the county re-opens and begins to recover.⁵

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 2012-2020*

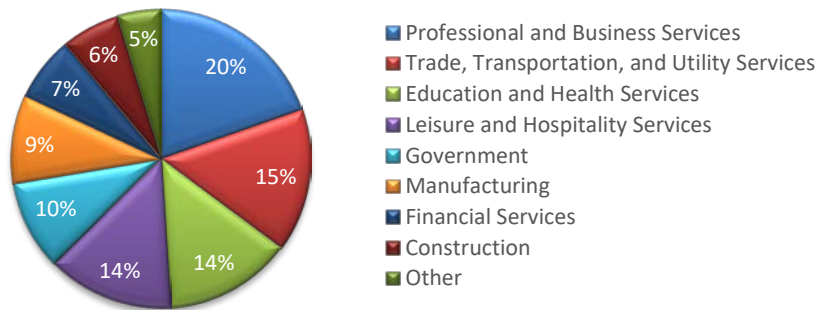
² Chapman University, *Economic & Business Review*, June 2020, *The COVID-19 Recession: How Quickly Will It End?*

³ 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

⁴ Chapman University, *Economic & Business Review*, June 2020, Table 11 *Orange County Variables, Annual History and Forecasts: 2015-2020*

⁵ Chapman University, *Economic & Business Review*, June 2020, *Orange County Feels the Pain: But Its Economic Diversity Lessens It*

Orange County, California
2019 Payroll Employment by Sector



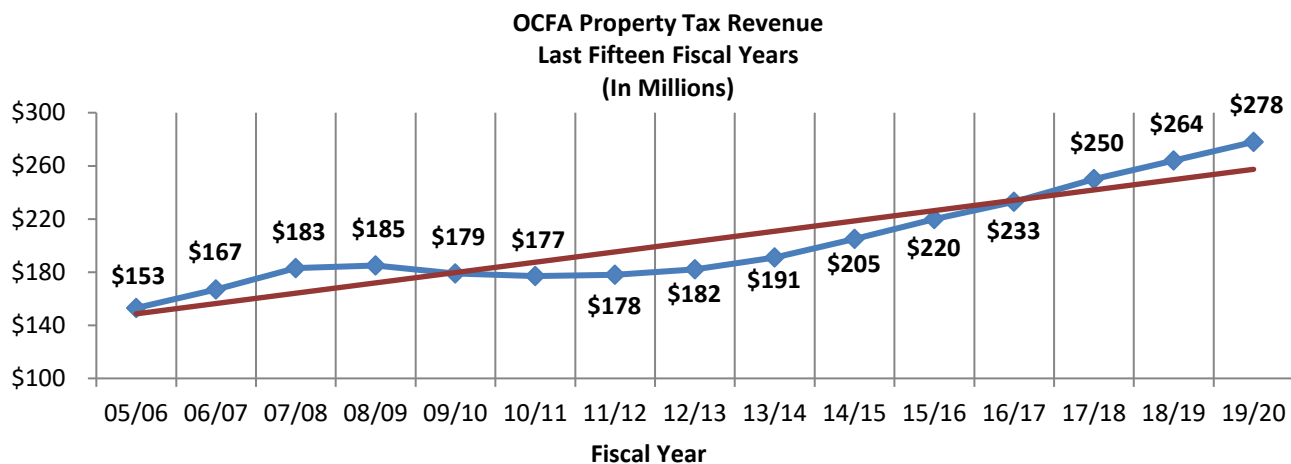
Income and Housing Affordability:

Households in Orange County have a median annual income of \$89,759, which exceeds state and national levels.⁶ However, the county has long experienced a high cost of living and a shortage of affordable housing for its residents. Salaries have not kept up with rising home prices and there has not been enough stock of single-family and multi-family residences available to meet demand. Over the last year, changes in the housing market have produced some modest improvements in housing affordability.

The median price for a single-family home in Orange County was \$822,662 in 2019, an increase of 0.9% over the prior year. At the same time, the number of residential building permits issued in the last year has increased 21.1% – from 8,105 permits in 2018 to 9,816 permits in 2019. As home values have increased at a slower rate and mortgage rates have dropped, the number of Orange County households that can afford to purchase a home has improved. The affordability index for a median priced, single-family home increased from 63.6% in 2018 to 71.2% in 2019.⁷

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 59.1% of the OCFA's total governmental funds revenues in Fiscal Year 2019/20. As previously described, new construction remains active and home prices continue to rise. OCFA's property tax revenues have steadily increased over the last eight fiscal years since the Great Recession, as shown in the chart below. The current median, single-family home price of \$822,662 well exceeds the pre-recession price peak of \$747,260 from April 2007.



⁶ Data USA, <https://datausa.io/profile/geo/orange-county-ca/#economy/>

⁷ Chapman University, *Economic & Business Review*, June 2020, *Orange County Feels the Pain: But Its Economic Diversity Lessens It*; Table 11 *Orange County Variables, Annual History and Forecasts: 2015-2020*

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. The consultant's method of projecting property tax revenue is to increase the value of existing structures by the 2% constitutional maximum (if CPI is 2% or greater); increase values to account for re-sales; add in the value of any new development; account for assessment appeals and reassessments in a recession; and account for value restoration post-recession.

Relevant Financial Policies

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

Financial Stability Budget Policy: This policy is intended to guide OCFA budget actions toward maintaining long-term financial stability and to establish fund balance levels and annual funding targets for the General Fund and Capital Improvement Program (CIP). The policy also includes 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 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 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 establishes the authority by which OCFA may set aside cumulative resources in fund balance for an intended future use.

Grants Management Policy: This policy establishes an overall framework for guiding OCFA's use and management of grant resources.

Capital Projects Fund Policy: This policy 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.

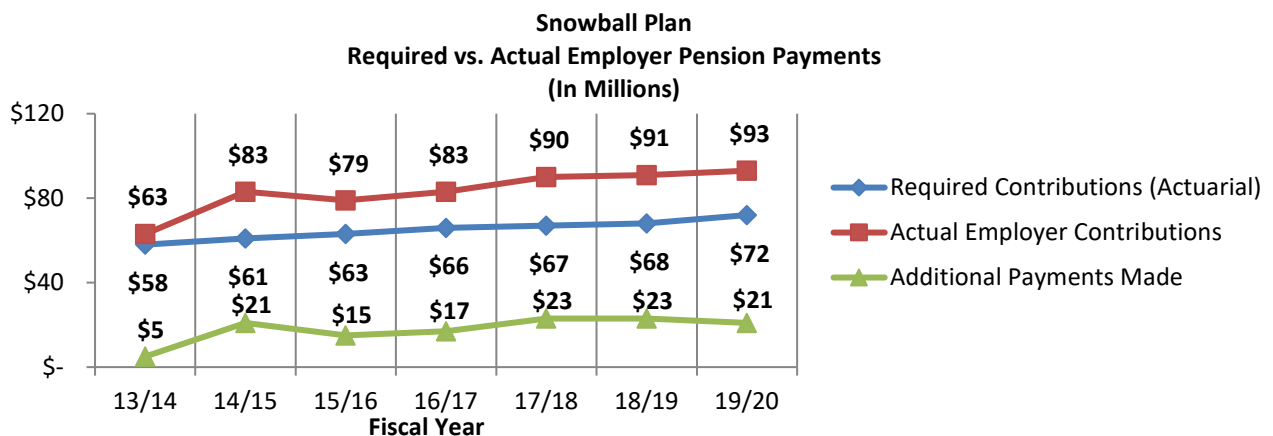
Accelerated Pay-Down of Pension Liability with the Orange County Employees Retirement System: OCFA continues its policy efforts and Board actions to reduce its unfunded liabilities, thereby improving the sustainability of services. In September 2013, the Board approved several strategies to accelerate funding OCFA's Unfunded Actuarial Accrued Liability (UAAL) with the Orange County

Employees Retirement System (OCERS). Those strategies, referred to as the “Snowball Plan,” 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.
- (F) Contribute \$500,000 annually beginning in Fiscal Year 2020/21 until the liability is 85% funded in accordance with the Irvine Settlement Agreement.

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 2019/20 totaling \$21.0 million. The Board of Directors is updated annually on the status of the pay-down plan. As of November 2019, estimates received from the OCERS actuary indicated that these accelerated payments have saved OCFA \$24.6 million in interest, and that OCFA will achieve 85% funding by December 31, 2022, and 100% funding by December 31, 2028. Below is a summary of additional payments made toward the UAAL under the “Snowball Plan” since Fiscal Year 2013/14, followed by a comparison of required versus actual employer pension contributions made during that same time period.

	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
2019/20	4,030,172	1,648,658	7,000,000	1,000,000	-	13,678,830	7,324,607	21,003,437
Total	\$73,918,783	\$13,479,525	\$16,000,000	\$4,000,000	\$870,041	\$108,268,349	\$17,283,344	\$125,551,693



Service Level Assessments: OCFA has been working with Citygate Associates, LLC, since January 2019 to conduct organizational Service Level Assessments (SLA's) in five key areas of the organization – field deployment, emergency medical services, emergency command center, fleet services, and executive leadership. The intent of each SLA is to accomplish the same objectives as a strategic plan but in smaller pieces, and to allow for progress to be made on objectives while other portions of the organization are still being assessed. These five SLA's are nearing completion and transitioning into the final report and briefing phase of the process. As the project moves into new areas of review, OCFA will continue to use the SLA findings to guide improvements throughout the organization.

Ongoing Response to COVID-19 Pandemic: This year's CAFR was prepared during a significant disruption to the global economy and healthcare system. In March 2020, the World Health Organization declared COVID-19 a global pandemic. This was followed by a state-wide "stay at home" order issued by California Governor Gavin Newsom. In response to that order, OCFA closed its Regional Fire Operations and Training Center (RFOTC) to the public and a portion of the professional staff began working remotely or with staggered office schedules. Fire stations also closed to visits from the public at that time; however, they continued to house suppression personnel responding to the 24/7 needs of the community. OCFA established a cross-functional "Incident Management Team" to coordinate internal communications and to acquire the resources needed to support OCFA's internal operations and its emergency response for Orange County's residents.

Beginning June 1, 2020, professional staff returned to working at the RFOTC facility. Due to the ongoing threat of the COVID-19 pandemic, OCFA continues its proactive measures to minimize the potential for exposure to OCFA's workforce. Decisions and actions taken are based on state and federal guidelines. Extended measures include, but are not limited to, facility closures to the general public (except for Community Risk Reduction customers at the RFOTC), employee health screenings, enhanced security services, extra facility cleaning, sanitation stations, and providing facemasks to employees. Even in these challenging times, OCFA is committed to providing exceptional emergency and support services with both courage and compassion.

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 2018/19 Comprehensive Annual Financial Report (CAFR), the twenty-second 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 2019/20 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,

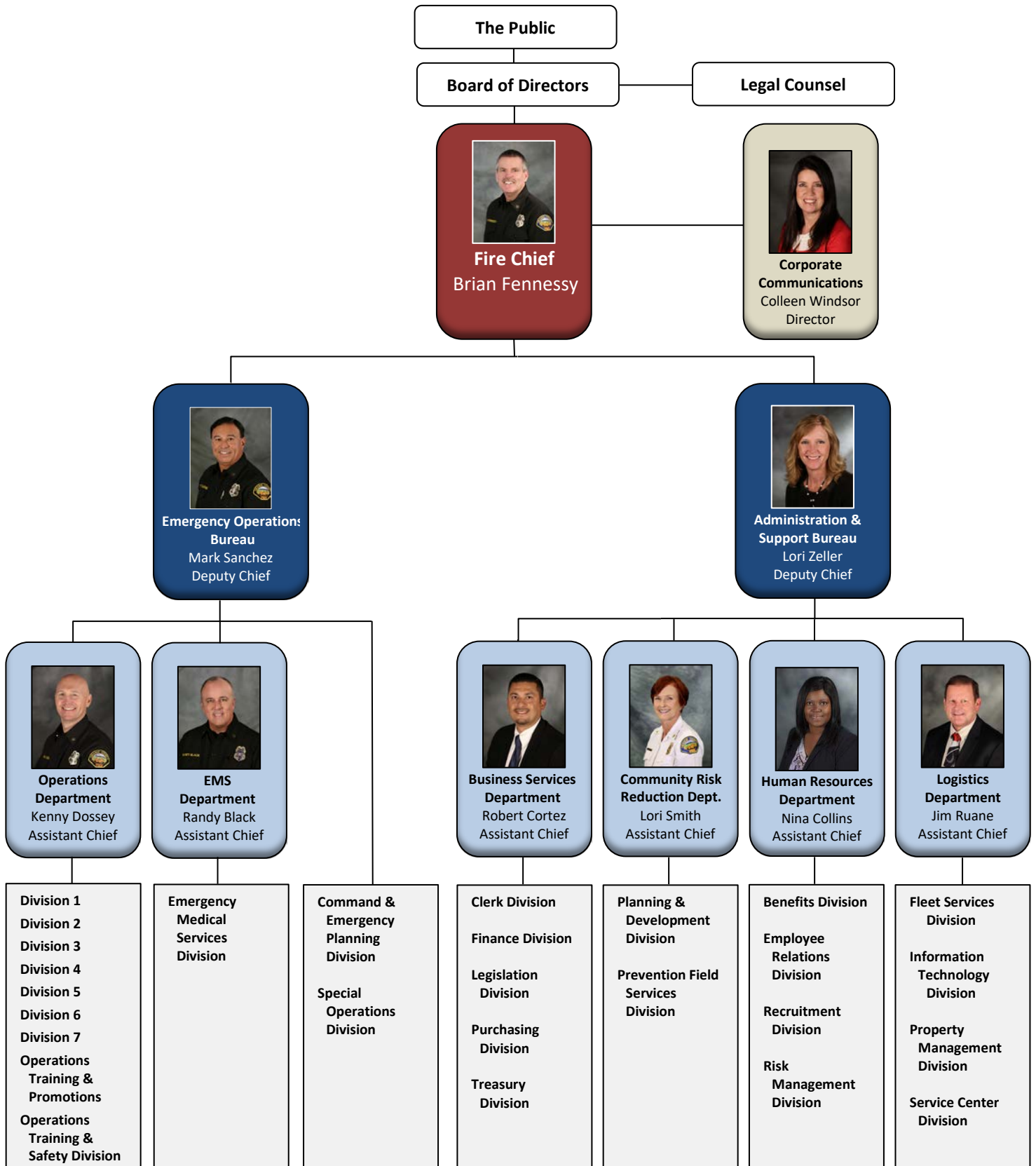


Brian Fennessy
Fire Chief



Robert Cortez
Assistant Chief, Business Services Department

ORANGE COUNTY FIRE AUTHORITY
Organization Chart
As of June 30, 2020



ORANGE COUNTY FIRE AUTHORITY
Management Staff and Appointed Officials
As of June 30, 2020

Executive Management

Fire Chief

Brian Fennessy

Deputy Chiefs

Mark Sanchez	Emergency Operations
Lori Zeller	Administration & Support

Assistant Chiefs

Kenny Dossey	Operations
Randy Black	EMS
Robert Cortez	Business Services
Lori Smith	Community Risk Reduction
Nina Collins	Human Resources
Jim Ruane	Logistics

Directors

Colleen Windsor	Corporate Communications
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Appointed Officials

Patricia Jakubiak	Treasurer
Julie Nemes	Auditor
Maria D. Huizar	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, 2020

The Orange County Fire Authority Board of Directors has twenty-five members as of June 30, 2020. Twenty-three 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
in Financial
Reporting**

Presented to

**Orange County Fire Authority
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

Financial Section



Academy 49 Graduation
November 23, 2019



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of Orange County Fire Authority, (the "Authority") as of and for the year ended June 30, 2020, 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, 2020, and the respective changes in financial position and budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Prior Year Comparative Information

The financial statements include summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2019, from which such partial information was derived.

Other Information

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

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



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

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 8, 2020, 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.

A handwritten signature in cursive script that reads "Lance, Soll & Loughard, LLP".

Brea, California
October 8, 2020



Orange County Fire Authority Safety Message

2-1-1 Helpline (Part 1 of 3)



2-1-1 is a nonprofit organization that provides information and referrals for thousands of services, including shelter, health care, and job placement.

Safety Tips

If you need help finding non-emergency services in your area, 2-1-1 Orange County is available 24 hours a day. 2-1-1 is fast, free, confidential, and available in more than 150 languages. In addition to calling 2-1-1, you can also visit their website at www.211oc.org.

2-1-1 Programs and Services

Specially trained 2-1-1 operators connect callers with more than 2,000 local government and nonprofit organizations. These agencies have programs dedicated to many personal and family needs, including:

- | | |
|------------------------------|-------------------------|
| ✓ Food | ✓ Prenatal Care |
| ✓ Affordable Housing | ✓ Child Development |
| ✓ Rent/Mortgage Assistance | ✓ After School Programs |
| ✓ Domestic Violence Shelters | ✓ Senior Services |

(Continued on Page 23)

Management's Discussion and Analysis



Air Operations Press Conferences
July 9 and September 23, 2019

ORANGE COUNTY FIRE AUTHORITY
Management's Discussion and Analysis
Year ended June 30, 2020

As management of the Orange County Fire Authority (OCFA), we offer readers of the financial statements this overview and analysis of OCFA's financial activities for the fiscal year ended June 30, 2020.

Financial Highlights

Governmental Activities: OCFA's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$274,664,798 at June 30, 2020. Net position consisted of investment in capital assets totaling \$217,317,435; amounts restricted for capital and other projects totaling \$6,660,176; and an unrestricted deficit totaling \$498,642,409. Net position increased by \$23,405,516 as the result of current year operations.

Governmental Funds: OCFA's governmental fund balances totaled \$233,435,621 at June 30, 2020, an increase of \$19,228,854 over the prior fiscal year. Approximately 14.7% was available for funding future operational needs.

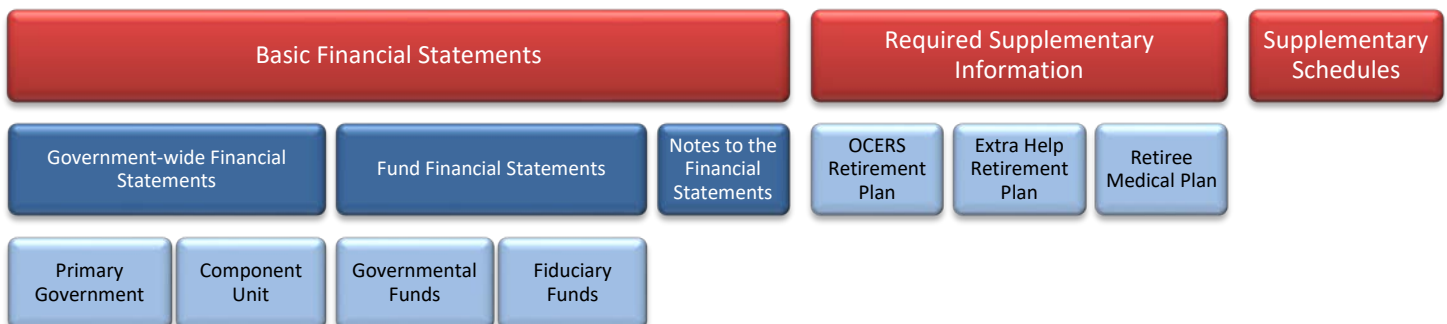
General Fund: Fund balance in the General Fund was categorized as follows at June 30, 2020:

➤ Nonspendable	\$ 42,700,572
➤ Restricted	6,268,699
➤ Committed	1,288,272
➤ Assigned	105,976,775
➤ Unassigned	<u>34,353,935</u>
Fund balance of the General Fund as of June 30, 2020	<u><u>\$190,588,253</u></u>

Events with Significant Financial Impact: On August 16, 2019, the City of Garden Grove became the newest member of OCFA and subject to all provisions, benefits, obligations, and liabilities set forth in the JPA Agreement. OCFA now provides all fire suppression, prevention, emergency medical, and related services within the city. The overall increase to OCFA's revenues and expenditures/expenses during Fiscal Year 2019/20 is attributed in large part to this transition of services and suppression employees from the City of Garden Grove.

Overview of the Financial Statements

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



Government-wide Financial Statements: The government-wide financial statements provide a broad overview of OCFA's and the OCFA Foundation's finances in a manner like private-sector business. Public safety activities are reported as governmental activities, because 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 assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The differences between these items are reported as “net position”. Over time, increases or decreases in net position serve as an indicator of whether the financial position is improving or deteriorating.

Statement of Activities: The statement of activities shows how 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 used to maintain control over resources that have been segregated for specific activities. Like other state and local governments, OCFA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. OCFA’s funds can be divided into two categories – governmental and fiduciary.

Governmental Funds: Governmental funds account for essentially the same functions as those reported in the government-wide financial statements as “governmental activities.” However, 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. This information is 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 near-term financial decisions. Reconciliations are provided to facilitate this comparison for the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances.

OCFA reports four governmental funds. Information for each governmental fund is presented separately in the fund financial statements, because OCFA has elected to classify all governmental funds as major funds. OCFA adopts an annual appropriated budget for each governmental fund. Budgetary comparison statements or schedules are 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 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 fully understanding the data provided in the government-wide and fund financial statements, including 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 35-82 and RSI can be found on pages 83-95.

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 97-109.

Government-wide Financial Analysis

Net Position: As noted earlier, the change in net position over time serves as a useful indicator of a government's financial position. In the case of OCFA, net position totaled a deficit of \$274,664,798 at the end of the most recent fiscal year, a 7.9% change from the prior fiscal year. Following is a summary of OCFA's net position as of June 30, 2020 and 2019:

ORANGE COUNTY FIRE AUTHORITY's Net Position				
<u>Governmental Activities</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Increase (Decrease)</u> <u>Amount</u>	<u>%</u>
Assets:				
Current and other assets	\$ 231,040,916	\$ 216,331,420	\$14,709,496	6.8%
Restricted assets	2,121,417	-	2,121,417	n/a
Capital assets, net	217,317,435	218,642,679	(1,325,244)	-0.6%
Total assets	450,479,768	434,974,099	15,505,669	3.6%
Deferred outflows of resources:				
Related to pensions/OPEB	127,422,203	159,936,990	(32,514,787)	-20.4%
Total deferred outflows of resources	127,422,203	159,936,990	(32,514,787)	-20.4%
Liabilities:				
Long-term liabilities	722,904,449	790,687,641	(67,783,192)	-8.6%
Other liabilities	17,391,109	17,541,839	(150,730)	-0.9%
Total liabilities	740,295,558	808,229,480	(67,933,922)	-8.4%
Deferred inflows of resources:				
Related to pensions/OPEB	112,271,211	84,751,923	27,519,288	32.5%
Total deferred inflows of resources	112,271,211	84,751,923	27,519,288	32.5%
Net position:				
Investment in capital assets	217,317,435	218,642,679	(1,325,244)	-0.6%
Restricted for capital projects	391,477	403,489	(12,012)	-3.0%
Restricted for drought augmentation activities	956,880	1,950,806	(993,926)	-51.0%
Restricted for greenhouse gas reduction activities	1,354,680	677,340	677,340	100.0%
Restricted for Section 115 pension trust	2,120,383	-	2,120,383	n/a
Restricted for grants, donations, and other programs	1,836,756	1,246,669	590,087	47.4%
Unrestricted	(498,642,409)	(520,991,297)	22,348,888	4.3%
Total net position (deficit)	\$(274,664,798)	\$(298,070,314)	\$23,405,516	7.9%

Investment in Capital Assets: At June 30, 2020, the largest portion of OCFA's net position is its investment in capital assets. OCFA uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. 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 includes resources that are subject to external restrictions on how they may be used. As of June 30, 2020, restricted net position relates to CALFIRE contract revenues that are legally restricted for fire station development or improvements; state funding restricted for drought augmentation and greenhouse gas reduction activities; amounts set aside in a Section 115 pension trust per contractual requirements; donations received for specific programs; and unperformed purchase orders for grant-funded programs.

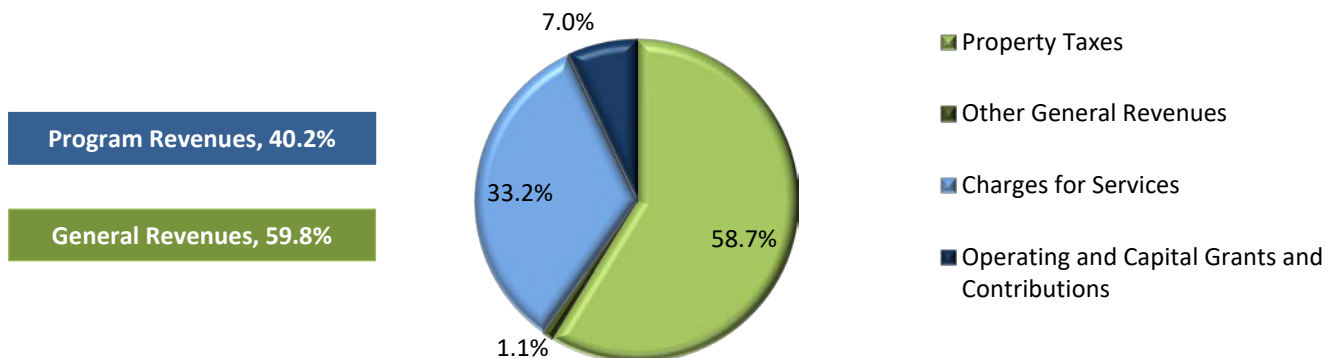
Unrestricted Net Position: The remaining balance of net position is considered unrestricted. A positive unrestricted balance would represent amounts that may be used to meet OCFA's ongoing obligations to citizens and creditors. A deficit unrestricted balance, as reported on June 30, 2020 and June 30, 2019, 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: Net position of OCFA's governmental activities increased by \$23,405,416 during the most recent fiscal year, an indication that OCFA's financial position has improved. As previously noted, changes in financial reporting requirements under GASB Statements No. 68 and No. 75 are the reason why OCFA reports an overall deficit in its net position.

Governmental activities are divided into two categories – program and general. Program revenues are those derived directly from a government program itself, or from parties outside the government's taxpayers, and thus reduce the net cost of providing that program. Any program expenses that are not offset by program revenues must essentially be financed by general revenues, such as taxes and investment earnings. Following is a summary of the changes in OCFA's net position for Fiscal Year 2019/20 and Fiscal Year 2018/19, 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, 2020	June 30, 2019	Increase (Decrease) Amount	%
Program revenues:				
Charges for services	\$ 156,740,363	\$ 128,320,646	\$28,419,717	22.1%
Operating grants and contributions	29,275,482	15,454,060	13,821,422	89.4%
Capital grants and contributions	3,850,481	454,200	3,396,281	747.8%
Total program revenues	189,866,326	144,228,906	45,637,420	31.6%
General revenues:				
Property taxes	277,721,815	264,267,387	13,454,428	5.1%
Investment income	3,302,632	4,236,800	(934,168)	-22.0%
Gain on disposal of capital assets	12,641	-	12,641	n/a
Miscellaneous	1,813,085	1,320,364	492,721	37.3%
Total general revenues	282,850,173	269,824,551	13,025,622	4.8%
Total revenues	472,716,499	414,053,457	58,663,042	14.2%
Public safety expenses:				
Salaries and benefits	352,573,221	339,249,853	13,323,368	3.9%
Services and supplies	84,600,263	62,877,930	21,722,333	34.5%
Depreciation and amortization	12,137,499	10,531,098	1,606,401	15.3%
Total public safety expenses	449,310,983	412,658,881	36,652,102	8.9%
Interest on long-term debt	-	11,444	(11,444)	-100.0%
Total expenses	449,310,983	412,670,325	36,640,658	8.9%
Change in net position	23,405,516	1,383,132	22,022,384	
Net position (deficit), beginning of year	(298,070,314)	(299,453,446)	1,383,132	
Net position (deficit), end of year	\$(274,664,798)	\$(298,070,314)	\$23,405,516	7.9%

Revenues of Governmental Activities - By Source
Fiscal Year 2019/20



Program Revenues: Program revenues, which totaled \$189,866,326 for Fiscal Year 2019/20 and accounted for 40.2% of total revenues, increased by \$45,637,420 over the prior fiscal year.

Charges for Services include amounts received from those who purchase, use, or directly benefit from or are affected by a program. These revenues increased by \$28,419,717 over the prior fiscal year.

Amount (Rounded)	Reason for Increase / Decrease
+\$27,080,000	Fire service contract revenues increased due to cash contract city charges per terms of the Joint Powers Agreement (+\$5,500,000) and the addition of the City of Garden Grove (+\$20,160,000); OCFA's contract with California Department of Forestry (CALFIRE) for protection of State Responsibility Area (SRA) lands (+\$1,220,000); and the Airport Rescue Firefighting (ARFF) Services contract with John Wayne Airport (+\$200,000). The City of Garden Grove joined as OCFA's newest member in August 2019 and was the most significant event contributing to OCFA's overall revenue increase in Fiscal Year 2019/20.
+\$4,245,000	In Fiscal Year 2019/20, OCFA recognized a public assistance reimbursement claim from the Federal Emergency Management Agency (FEMA) for costs incurred during the COVID-19 pandemic. It is anticipated that OCFA will receive reimbursement for approximately 75% of its eligible costs, which included personnel overtime (+\$3,575,000), materials and supplies (+\$2,080,000), and administration (+\$5,000).
-\$1,690,000	Reimbursements for state and federal incidents vary depending on fire and emergency response activity. Reimbursements from CALFIRE, the California Emergency Management Agency (CAL EMA), and the Cleveland National Forest decreased by \$175,000. There were several significant incidents in Fiscal Year 2019/20, including in-county pre-position, the Getty Fire, and the Saddleridge Fire in October 2019. However, overall activity was lower. OCFA responded to only sixty incidents in the current year as compared to eighty-seven in the prior year. Federal responses to national emergency incidents also decreased by \$1,515,000. Activity was higher in the prior year due to the Holy Fire in August 2018 and Hurricane Florence in September 2018.
-\$1,300,000	Fee-based fire prevention revenues for inspections, planning and development, and false alarm events decreased due to lower activity in Fiscal Year 2019/20. The number of inspections and construction plan reviews performed in the last four months of the fiscal year dropped due to the COVID-19 pandemic. In addition, there was a one-time project at John Wayne Airport in Fiscal Year 2018/19 that further attributed to the decline in planning and development fees by approximately \$130,000. False alarm instances are billed at increasingly higher rates for each occurrence. There was an overall decline in the number of customers billed in Fiscal Year 2019/20, including several who had incurred over ten occurrences each in the prior year.
+\$170,000	Revenues for ambulance transport and supplies reimbursement were higher in Fiscal Year 2019/20 primarily due to an increase in transport activity from the City of Garden Grove as a new OCFA member city.
-\$85,000	Road maintenance, fuel reduction, and other contract revenues generated by the hand crew decreased because less work was completed for Southern California Edison.
+\$28,420,000	Program Revenues: Charges for Services – Net Increase

Operating Grants and Contributions include grants, contributions, donations, and similar items that are restricted to one or more specific program. These revenues increased by \$13,821,422 over the prior fiscal year.

Amount (Rounded)	Reason for Increase / Decrease
+\$7,495,000	Federal and state operating grants increased due to new state funding for the Fire Integrated Real-Time Intelligence System (FIRIS) Pilot Program; a federal grant for additional firefighter positions; a supplemental federal grant to purchase COVID-19 personal protective equipment; and a new federal grant for fireground survival training.
+\$4,890,000	During Fiscal Year 2019/20, OCFA received a one-time \$4,890,000 donation from Southern California Edison to fund the 150-day Next Generation Aerial Operations Based Pilot Program.
+\$1,435,000	Tax increment passed through from members increased by \$1,435,000. The State of California dissolved its sixty-year-old redevelopment program in Fiscal Year 2011/12. City redevelopment agencies were replaced with successor agencies to manage the wind-down of the program. Property tax increment from this program was deposited into a Redevelopment Property Tax Trust Fund from which the County of Orange Auditor/Controller makes disbursements.
+\$13,820,000	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 increased by \$3,396,281 over the prior fiscal year.

Amount (Rounded)	Reason for Increase / Decrease
+\$3,170,000	Capital assets contributed to OCFA increased by \$3,170,000 due to the acquisition of various fire apparatus, vehicles, and equipment from the City of Garden Grove.
+\$225,000	Revenues from developers increased per the terms of various Secured Fire Protection Agreements. Contributions varied between the prior and current year because of construction projects in the cities of Irvine and Lake Forest. The individual project having the greatest impact on developer revenue was the Portola Center in Lake Forest.
+\$3,395,000	Program Revenues: Capital Grants and Contributions – Net Increase

General Revenues: General revenues, which totaled \$282,850,173 for Fiscal Year 2019/20 and accounted for 59.8% of total revenues, increased by \$13,025,622 over the prior fiscal year.

Amount (Rounded)	Reason for Increase / Decrease			
+\$13,455,000	Property taxes increased by \$13,455,000 over the prior year primarily due to increases in secured property taxes. Secured property taxes increased by 5.9%, which is consistent with a corresponding 6.0% increase in the assessed property values for jurisdictions within OCFA’s structural fire fund.			
-\$930,000	Investment income decreased by \$930,000. OCFA’s year-to-date effective rate of return on its investment portfolio was 1.63% at June 30, 2020, as compared to 2.35% at June 30, 2019. This decline in the annual rate of return generated an \$870,000 decrease 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 2019/20 and generated a \$195,000 decrease in total investment income as compared to the prior fiscal year’s market value gain. The market value adjustment is a “paper only” transaction since OCFA typically holds its investments to maturity. These components of investment income, including interest earned from the County of Orange on property taxes and the Section 115 pension trust, are summarized below:			
		FY 2019/20	FY 2018/19	Increase (Decrease)
	Portfolio earnings	\$2,607,604	\$3,478,985	\$(871,381)
	Market value gain (loss)	312,594	510,309	(197,715)
	Interest on property taxes	341,629	247,506	94,123
	Section 115 pension trust	40,805	-	40,805
Total investment income	\$3,302,632	\$4,236,800	\$(934,168)	
+\$500,000	Miscellaneous and other revenues increased due to a gain on disposal of various capital assets and due to workers’ compensation insurance recoveries, including a long-term case that was covered under OCFA’s excess workers’ compensation policy.			
+\$13,025,000	General Revenues – Net Increase			



Public Safety Expenses: Total public safety expenses increased by \$36,652,102 from the prior fiscal year.

Amount (Rounded)	Reason for Increase / Decrease																
+\$25,905,000	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 (+\$16,240,000); employee health insurance and other benefits (+\$4,410,000); overtime costs (+\$3,850,000); other pay (+\$2,070,000); vacation and sick leave payouts (-\$515,000); and temporary “extra help” salaries (-\$150,000).																
-\$16,485,000	Retirement contributions remitted to the Orange County Employees Retirement System (OCERS) increased by \$2,175,000. 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 2019/20 to fully capture OCFA’s share of the net pension liability in its governmental activities was \$18,660,000 less than the prior year.																
+\$2,560,000	Under the requirements of GASB Statement No. 75, the amount of OPEB expense recognized during Fiscal Year 2019/20 in order to fully capture OCFA’s net OPEB liability in its governmental activities was \$2,560,000 more than the prior year.																
+\$1,345,000	The net change in long-term liabilities for various employee leave balances increased by \$1,345,000 as compared to the prior year and is recognized as an expense (credit) in the governmental activities.																
+\$13,325,000	Subtotal for Public Safety Salaries and Benefits – Net Increase																
+\$17,070,000	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 (+\$9,690,000); the COVID-19 pandemic (+\$2,805,000); special department expenses (+\$1,370,000); clothing and personal supplies (+\$620,000); facility maintenance (+500,000); office expenses (+\$440,000); equipment and vehicle maintenance (+\$405,000); medical and pharmaceuticals (+\$245,000); insurance (+\$240,000); communications (+\$220,000); City of Garden Grove start-up costs (+\$165,000); travel, training, and meetings (-\$135,000); utilities (+\$125,000); and various other services and supplies (+\$380,000).																
+\$4,420,000	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 2019/20</td><td>FY 2018/19</td><td>Increase (Decrease)</td></tr><tr><td>Actual claims paid</td><td>\$12,340,000</td><td>\$11,960,000</td><td>\$ 380,000</td></tr><tr><td>Change in actuarial estimate</td><td>17,320,000</td><td>13,280,000</td><td>4,040,000</td></tr><tr><td>Total fiscal year expense</td><td>\$29,660,000</td><td>\$25,240,000</td><td>\$4,420,000</td></tr></table>		FY 2019/20	FY 2018/19	Increase (Decrease)	Actual claims paid	\$12,340,000	\$11,960,000	\$ 380,000	Change in actuarial estimate	17,320,000	13,280,000	4,040,000	Total fiscal year expense	\$29,660,000	\$25,240,000	\$4,420,000
	FY 2019/20	FY 2018/19	Increase (Decrease)														
Actual claims paid	\$12,340,000	\$11,960,000	\$ 380,000														
Change in actuarial estimate	17,320,000	13,280,000	4,040,000														
Total fiscal year expense	\$29,660,000	\$25,240,000	\$4,420,000														
+\$330,000	Services and supplies relating to capital improvement projects vary each year based on the timing of one-time projects. The most significant Fiscal Year 2019/20 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 prior year’s overall loss. Capital assets disposed during Fiscal Year 2019/20 were reported at an overall net gain, which is reported as a general revenue in the governmental activities.																
+\$21,720,000	Subtotal for Public Safety Services and Supplies – Net Increase																
+\$1,605,000	Public Safety Depreciation and Amortization Expense , which had no impact on OCFA’s cash balances, increased by \$1,605,000, and pertained primarily to depreciation on vehicles. Fiscal Year 2019/20 was the first full year of depreciation expense on six 100’ tractor drawn aerials and ten type one engines that were placed into service during the prior year.																
+\$36,650,000	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 OCFA 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. The net position of the OCFA Foundation totaled \$173,990 at June 30, 2020, a 20.8% 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, 2020 and 2019:

OCFA FOUNDATION's Condensed Financial Activity					
<u>Component Unit</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Increase (Decrease)</u>		
			<u>Amount</u>	<u>%</u>	
Assets:					
Current and other assets	\$160,475	\$139,209	\$21,266	15.3%	
Capital assets, net	13,515	14,314	(799)	-5.6%	
Total assets	173,990	153,523	20,467	13.4%	
Liabilities:					
Other liabilities	-	9,399	(9,399)	-100.0%	
Total liabilities	-	9,399	(9,399)	-100.0%	
Net position:					
Investment in capital assets	13,515	14,314	(799)	-5.6%	
Restricted for grants, donations, and other programs	39,490	33,525	5,965	17.8%	
Unrestricted	120,985	96,285	24,700	25.7%	
Total net position	\$173,990	\$144,124	\$29,866	20.8%	
Program revenues:					
Operating grants and contributions	\$130,382	\$ 57,203	\$73,179	128.0%	
Total revenues	130,382	57,203	73,179	128.0%	
Public safety expenses:					
Services and supplies	99,717	51,503	48,214	93.6%	
Depreciation and amortization	799	799	-	n/a	
Total expenses	100,516	52,302	48,214	92.2%	
Change in net position	29,866	4,901	24,965		
Net position, beginning of year	144,124	139,223	4,901		
Net position, end of year	\$173,990	\$144,124	\$29,866	20.8%	

Net Position: At June 30, 2020, 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, 2020, 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, Girls Empowerment Camp, 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 2019/20, operating grants and contributions included \$40,785 in general contributions and \$89,597 in donations and other revenues restricted for various OCFA Foundation programs. Services and supplies expenses included \$3,569 in administrative costs, with the balance relating to various OCFA Foundation programs.

Financial Analysis of OCFA's Governmental Funds

Governmental Funds: OCFA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of OCFA's governmental funds is 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:

- **Nonspendable:** Not in a spendable form, or legally or contractually required to remain intact
- **Restricted:** Subject to externally enforceable legal restrictions
- **Committed:** Use is constrained by specific limitations that the Board of Directors imposes upon itself by a formal action
- **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

- **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 2019/20, OCFA's governmental funds reported combined ending fund balances of \$233,435,621, an increase of \$19,228,854 in comparison with the prior year. Approximately 14.7% constitutes unassigned fund balance, which is available for spending for any purpose. The remaining 85.3% 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. OCFA has elected to classify all four of its governmental funds as major, regardless of the calculation. 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 2019/20, the General Fund's fund balance totaled \$190,588,253. Unassigned fund balance totaling \$34,353,935 (18.0%) is available for future spending. The remaining \$156,234,318 (82.0%) is not available for spending on any new purpose, because it has already been restricted, committed or assigned for specific purposes, or is in a nonspendable form. Total fund balance of OCFA's General Fund increased by \$21,863,627 during the current fiscal year. The prior fiscal year's fund balance increased by \$10,623,336, a difference of \$11,240,291. The significant reason(s) for that net difference are identified in the following table.

Impact on Fund Balance (Rounded)	Description
+\$24,620,000	Charges for Services. The most significant increase in charges for services was over \$25.6 million for operating and facilities charges to cash contract cities per terms of the Joint Powers Agreement and the addition of the City of Garden Grove as a member in August 2019. Other increases included the Airport Rescue Firefighting (ARFF) Services contract with John Wayne Airport, and private ambulance transport and supplies reimbursements. The most significant decrease in charges for services was \$955,000 for inspection fees. The number of inspections and construction plan reviews performed in the last four months of Fiscal Year 2019/20 dropped due to the COVID-19 pandemic. Revenue also decreased for false alarm fees, other planning and development fees, and contract work generated by the hand crew.
+\$13,455,000	Taxes. Revenue from property taxes increased primarily due to secured property taxes, which were 5.9% higher than the prior year. The increase in secured property taxes is related to a rise in assessed property values for jurisdictions within OCFA's structural fire fund.
+\$12,735,000	Intergovernmental. The increase in intergovernmental revenue related to \$5.0 million in federal grant and public assistance funding for the COVID-19 pandemic; \$3.9 million in new state funding received for the Fire Integrated Real-Time Intelligence System (FIRIS) Pilot Program; \$2.9 million in other state and federal grants; \$1.4 million in tax increment passed through from member cities and the County of Orange; and \$1.2 million in contract revenues and augmentation funds for the protection of the State Responsibility Area. These increases were offset by a \$1.7 million decline in state and federal "assistance by hire" revenues for emergency response activity and federal reimbursements relating to hurricanes and other disasters. These types of emergency response activities were significantly higher in Fiscal Year 2018/19 as compared to the current year
+\$4,825,000	Miscellaneous. The increase in miscellaneous revenue is related to a one-time \$4.9 million donation from Southern California Edison to fund the 150-day Next Generation Aerial Operations Based Pilot Program. This was partially offset by a decline in rental revenue generated by leased hangar spaces at Fire Station No. 41 (Fullerton Airport). All tenant hangar leases were terminated and not renewed during Fiscal Year 2019/20.
-\$465,000	Use of Money and Property. The portion of investment portfolio earnings and a net market value gain allocated to the fund decreased (-\$600,000) but was partially offset by interest earnings related to property taxes (+\$95,000). In addition, OCFA's new Section 115 pension trust generated +\$40,000 in interest earnings during Fiscal Year 2019/20.
+\$55,170,000	Subtotal – Impact of Revenues

(Continued)

(Continued)

Impact on Fund Balance (Rounded)	Description																
-\$16,240,000	<p>Regular Pay. Regular pay and related costs such as FICA and Medicare increased by \$16.2 million in Fiscal Year 2019/20.</p> <ul style="list-style-type: none"> ➤ There were three firefighter academies held in Fiscal Year 2019/20, as compared to only one in the prior year. In addition, the City of Garden Grove joined OCFA as a member in August 2019. These personnel changes resulted in a net addition of approximately 140 new OCFA employees. ➤ Scheduled pay increases went into effect per negotiated labor contracts, including chief officers (2.16% effective July 2019), general and supervisory units (2.00% effective August 2019), administrative managers (2.00% effective August 2019), and firefighters (1.25% effective September 2019). ➤ In response to the COVID-19 pandemic, sick leave claimed by employees for a portion of Fiscal Year 2019/20 was not deducted from their leave banks and was converted to “leave with pay.” This conversion process produced \$1.9 million in paid employee leave during a ten-week period in late Fiscal Year 2019/20. ➤ There was a \$1.6 million 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. 																
-\$4,410,000	<p>Health Insurance. 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. In addition to an increase in the number of firefighters from Garden Grove, the monthly rate increased from \$1,995 to \$2,095 per month in January 2020.</p>																
-\$3,850,000	<p>Overtime. Overtime costs increased by over \$3.8 million, including overtime for emergencies and backfill for suppression personnel utilizing leave balances or on workers’ compensation. There were more in-county emergency events generating overtime in Fiscal Year 2019/20, most notably the upstaffing of strike teams and support staff during the October 2019 wind events and the activation of an OCFA Incident Management Team to oversee the COVID-19 pandemic in Spring 2020. These increases were offset by declines in overtime response for out-of-county emergencies. There were fewer out-of-county incidents to which OCFA provided state “assistance by hire” in Fiscal Year 2019/20 as compared to the prior year.</p>																
-\$2,175,000	<p>Retirement. One-time employer pension contributions decreased by \$1.8 million 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 \$4.0 million. That increase is due in part to corresponding increases in employee compensation.</p>																
-\$2,070,000	<p>Other Pay. 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 data-bbox="313 1419 1352 1682"> <tr> <td>➤ Paramedic specialty pay</td><td style="text-align: right;">+\$785,000</td></tr> <tr> <td>➤ Special assignment pay for other safety specialties</td><td style="text-align: right;">+\$540,000</td></tr> <tr> <td>➤ Emergency medical technician (EMT) pay</td><td style="text-align: right;">+\$455,000</td></tr> <tr> <td>Subtotal – increase in specialty pay for safety employees</td><td style="text-align: right;">+\$1,780,000</td></tr> <tr> <td>➤ Education incentives</td><td style="text-align: right;">+\$675,000</td></tr> <tr> <td>➤ Workers’ compensation pay</td><td style="text-align: right;">-\$575,000</td></tr> <tr> <td>➤ Other miscellaneous taxable and nontaxable pay</td><td style="text-align: right;">+\$190,000</td></tr> <tr> <td>Total – net increase in expenditures</td><td style="text-align: right;"><u>+\$2,070,000</u></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 2019/20 due to an increase in the number of safety employees and scheduled pay increases for chief officers and firefighters.</p>	➤ Paramedic specialty pay	+\$785,000	➤ Special assignment pay for other safety specialties	+\$540,000	➤ Emergency medical technician (EMT) pay	+\$455,000	Subtotal – increase in specialty pay for safety employees	+\$1,780,000	➤ Education incentives	+\$675,000	➤ Workers’ compensation pay	-\$575,000	➤ Other miscellaneous taxable and nontaxable pay	+\$190,000	Total – net increase in expenditures	<u>+\$2,070,000</u>
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➤ Other miscellaneous taxable and nontaxable pay	+\$190,000																
Total – net increase in expenditures	<u>+\$2,070,000</u>																
+\$515,000	<p>Vacation and Sick Leave Payouts. Vacation and sick leave payouts decreased primarily due to the retirement of an individual, long-term employee with significant balances during Fiscal Year 2018/19.</p>																

(Continued)

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Impact on Fund Balance (Rounded)	Description
+\$150,000	Extra Help. Salary costs for temporary, “extra help” employees vary each year as projects and short-term vacancies arise. The net decrease was primarily due to an employee hired in the prior year to oversee the development of the City of Garden Grove fire service proposal, as well as an overall decrease in reserve firefighter stipend payments.
-\$28,080,000	Subtotal – Impact of Salaries and Benefits
-\$10,070,000	<p>Professional Services. The most significant increase in professional services pertained to the Next Generation Aerial Operations Based Pilot Program, a 150-day program to enhance regional wildfire aerial response. Professional service costs included the operation of two helicopters by Coulson Aviation (USA), Inc. and various Air Tactical Group Supervisors. Another significant increase was the Fire Integrated Real-Time Intelligence System (FIRIS) Pilot Program, a program designed to enhance regional wildfire situational awareness for first responders. Professional service costs included operation of fixed wing aircraft by Courtney Aviation, Air Tactical Group Supervisors, and fire modeling and mapping services. Below is a summary of these and other net increases and decreases in Fiscal Year 2019/20 professional service expenditures:</p> <ul style="list-style-type: none"> ➤ Next Generation Aerial Operations Based Pilot Program +\$5,290,000 ➤ Fire Integrated Real-Time Intelligence System (FIRIS) Pilot Program +\$3,940,000 ➤ Workers’ compensation claims paid +\$380,000 ➤ Contracted information technology personnel -\$340,000 ➤ Station “First-In Alerting System” upgrades and other professional support +\$210,000 ➤ Design and project management for RFOTC fiber optic network project +\$140,000 ➤ Lexipol online fire policy manual and integrated daily training bulletin services -\$140,000 ➤ Internal investigations +\$135,000 ➤ Legal fees +\$110,000 ➤ Other professional services +\$345,000 Total – net increase in professional service expenditures <u>+\$10,070,000</u>
-\$2,805,000	<p>COVID-19 Pandemic. OCFA purchased services and supplies totaling over \$2.8 million in response to the global COVID-19 pandemic, including:</p> <ul style="list-style-type: none"> ➤ Employee personal protective equipment (PPE) such as masks, gowns, hand sanitizer, filters, goggles, and gloves +\$1,515,000 ➤ Patient medical supplies and inhalers +\$290,000 ➤ Laptops for telecommuting, office supplies, and printing +\$265,000 ➤ Food and meals for the Incident Management Team (IMT) +\$245,000 ➤ Additional RFOTC security and facility decontamination services +\$165,000 ➤ Enhanced RFOTC janitorial services, HVAC modifications, partition screens, health screening and security sheds, and other facility maintenance +\$130,000 ➤ Various specialty items, such as board room audio visual upgrades, fit test machines and supplies, employee lodging, and storage racks to house additional supplies +\$90,000 ➤ Various rentals, including scissor lifts and banquet rooms for the fire captain academy and strategic planning team +\$75,000 ➤ Household items such as disinfecting wipes, an air purifying machine, and air filters +\$20,000 ➤ Hazardous materials truck rental +\$10,000 Total Fiscal Year 2019/20 COVID-19 services and supplies <u>+\$2,805,000</u>
-\$1,370,000	Special Department Expenditures. Increases in special department expenditures pertained primarily to payments made to the City of Irvine totaling \$618,000 per terms of the Settlement Agreement. Other increases included lumber used in firefighter academy training, and replenishment of various Service Center supplies such as self-contained breathing apparatus carbon air cylinders, valve assemblies, and air bottles.
-\$620,000	Clothing and Personal Supplies. Clothing and personal supply costs increased primarily due to the purchase of more firefighter turnouts as compared to the prior year. Firefighters are issued two sets of turnouts to improve cancer safety. Purchases are made to replenish turnout stock, as needed, due to routine wear and tear.

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(Continued)

Impact on Fund Balance (Rounded)	Description
-\$500,000	Facility Maintenance. Increases in facility maintenance related primarily to the addition of seven new stations in the City of Garden Grove beginning in August 2019, including various repairs to the HVAC systems, doors, and gates. In addition, there was an overall increase in plumbing maintenance in Fiscal Year 2019/20, mostly due to work completed at Fire Station No. 18 (Trabuco).
-\$440,000	Office Expenditures. Office supply expenditures increased in Fiscal Year 2019/20, including various costs for phone, alarm, and network systems at OCFA's fire stations.
-\$405,000	Equipment and Vehicle Maintenance. Vehicle maintenance was higher in Fiscal Year 2019/20 due to general vehicle parts, tires, and repairs.
-\$245,000	Medical and Pharmaceuticals. More medical and pharmaceutical supplies were purchased in Fiscal Year 2019/20, including AED supplies, diagnostic kits, needles, airway bags, and various items needed to operate the new automatic chest compression devices acquired in September 2019. Additionally, in Fiscal Year 2019/20 OCFA purchased forty AED Plus units as compared to only ten in the prior year.
-\$240,000	Insurance. Fiscal Year 2019/20 insurance premiums increased for excess workers' compensation, aviation, and general liability. More out-of-pocket deductibles and payments were made for vehicle and property damage.
-\$220,000	Communications. 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.
-\$165,000	Garden Grove Start-Up Costs. OCFA incurred \$655,000 of reimbursable services and supplies costs relating to the transition of fire and emergency medical services from the City of Garden Grove in Fiscal Year 2019/20, as compared to \$490,000 in the prior year.
+\$135,000	Travel, Training, and Meetings. Out-of-county employee travel for training and meetings decreased by \$245,000 in Fiscal Year 2019/20. Travel from March through June 2020 was restricted due to the COVID-19 pandemic. Incident-related also decreased by \$50,000, as there was less "assistance by hire" activity in Fiscal Year 2019/20 as compared to the prior year. However, the cost of in-county training did increase by \$160,000 due to a new federal grant for fireground survival training. Two "train-the-trainer" courses were completed in Fiscal Year 2019/20.
-\$125,000	Utilities. Utility costs increased during Fiscal Year 2019/20, primarily due to the addition of seven new stations in the City of Garden Grove beginning in August 2019.
-\$380,000	Other Services and Supplies. Other services and supply costs increased in Fiscal Year 2019/20 relating to small tools and instruments (+\$100,000), equipment rent (+\$100,000), food (+\$70,000), household items (+\$65,000), and transportation (+\$45,000).
-\$17,450,000	Subtotal – Impact of Services and Supplies
+\$125,000	Garden Grove Start-Up Costs. Fiscal Year 2018/19 capital outlay included the purchase of four cardiac monitors as part of the transition of fire and emergency medical services from the City of Garden Grove.
-\$1,340,000	Other Capital Outlay. Capital outlay varies each year based on organizational needs for new and replacement equipment. The most significant equipment purchase in Fiscal Year 2018/19 was for forty-five 800 MHz portable radios (-\$265,000). The most significant equipment purchase in Fiscal Year 2019/20 was for ninety-five automatic chest compression devices (+\$1.4 million).
-\$1,215,000	Subtotal – Impact of Capital Outlay
-\$46,745,000	Subtotal – Impact of Expenditures
+\$2,150,000	Interfund Transfers. Transfers made from the General Fund to the capital projects funds for projects in the Capital Improvement Program totaled \$2,150,000 in Fiscal Year 2018/19. No transfers out were made in the current year.
+\$545,000	Insurance Recoveries. Insurance recoveries increased in Fiscal Year 2019/20 due to proceeds from OCFA's excess workers' compensation policy for a long-term case, as well as various recoveries received for vehicle accidents.
+\$120,000	Sale of Capital Assets. There was an increase in the proceeds from sale of capital assets, because more vehicles and miscellaneous equipment were sold in Fiscal Year 2019/20 as compared to the prior year.
+\$2,815,000	Subtotal – Impact of Other Financing Sources and Uses
+\$11,240,000	General Fund – Net Impact on Fund Balance



The **Communications and Information Systems Fund** had total fund balance of \$6,228,913 at the end of Fiscal Year 2019/20. Fund balance was assigned to the Capital Improvement Program (\$6,121,588) and communications and information technologies projects (\$103,078). The remaining \$4,247 is not available for spending on any new purpose, because it is in a nonspendable form. Total fund balance decreased by \$1,678,800 during the current fiscal year. The prior fiscal year's fund balance decreased by \$3,158,490, a difference of \$1,479,690. The significant reason(s) for that net difference are identified in the following table.

Impact on Fund Balance (Rounded)	Description												
+\$1,745,000	<p>Dispatch Consoles. Expenditures for services and supplies and capital outlay decreased due to a multi-year 800 MHz Countywide-Coordinated Communications (CCCS) System capital improvement project. The CCCS System is administered by the Orange County Sheriff's Department. The upgrade and replacement of the original system was implemented in phases beginning in Fiscal Year 2016/17. Participating agencies were responsible for purchasing their own radios and dispatch consoles that are compatible with the new system. OCFA's costs decreased in Fiscal Year 2019/20, because most of the work to upgrade its dispatch consoles was completed during the prior year (-\$1,745,000). The project was finalized in June 2020 at a four-year cost just over \$10.5 million.</p> <table> <tr> <th>Type of Costs Incurred</th><th>Amount</th></tr> <tr> <td>➤ Fiscal Year 2016/17: Purchase over 1,500 encrypted portable, mobile, and base station 800 MHz radios, along with accessories such as chargers, batteries, and speaker microphones</td><td>\$ 6,715,000</td></tr> <tr> <td>➤ Fiscal Year 2017/18: Third-party vendors configure, install, and deploy 800 MHz radios</td><td>530,000</td></tr> <tr> <td>➤ Fiscal Year 2018/19: Begin upgrade of dispatch consoles</td><td>2,520,000</td></tr> <tr> <td>➤ Fiscal Year 2019/20: Complete upgrade of dispatch consoles</td><td>775,000</td></tr> <tr> <td>Cumulative CCCS System project costs</td><td><u>\$10,540,000</u></td></tr> </table>	Type of Costs Incurred	Amount	➤ Fiscal Year 2016/17: Purchase over 1,500 encrypted portable, mobile, and base station 800 MHz radios, along with accessories such as chargers, batteries, and speaker microphones	\$ 6,715,000	➤ Fiscal Year 2017/18: Third-party vendors configure, install, and deploy 800 MHz radios	530,000	➤ Fiscal Year 2018/19: Begin upgrade of dispatch consoles	2,520,000	➤ Fiscal Year 2019/20: Complete upgrade of dispatch consoles	775,000	Cumulative CCCS System project costs	<u>\$10,540,000</u>
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➤ Fiscal Year 2019/20: Complete upgrade of dispatch consoles	775,000												
Cumulative CCCS System project costs	<u>\$10,540,000</u>												
-\$150,000	Interfund Transfers. Transfers in from the General Fund for projects in the Capital Improvement Program totaled \$150,000 in Fiscal Year 2018/19. No amounts were transferred in the current year.												
-\$115,000	Use of Money and Property. The portion of investment portfolio earnings and a net market value gain allocated to the fund decreased.												
+\$1,480,000	Communications and Information Systems Fund – Net Impact on Fund Balance												



The **Fire Apparatus Fund** had total fund balance of \$18,990,529 at the end of Fiscal Year 2019/20. Fund balance was assigned to the Capital Improvement Program (\$4,149,456) and purchase of fire apparatus and vehicles (\$14,841,073). Total fund balance increased by \$7,358,706 during the current fiscal year. The prior fiscal year's fund balance decreased by \$11,959,500, a difference of \$19,318,206. The significant reason(s) for that net difference are identified in the following table.

Impact on Fund Balance (Rounded)	Description
+\$11,820,000	Apparatus and Vehicles. Expenditures to purchase and outfit vehicles vary each year based on organizational needs for new and replacement vehicles. Expenditures were higher in the prior year due to the purchase of six 100' tractor drawn aerials and nine type one engines.
+\$6,000,000	Interfund Transfers. Transfers in from other funds for projects in the Capital Improvement Program increased by \$6,000,000 as compared to the amount transferred the prior year.
+\$1,265,000	Debt Service. Principal and interest on long-term debt decreased because the final debt service payment on OCFA's aircraft lease liability was made in the prior year.
+\$305,000	Charges for Services. Cash contract city vehicle charges increased in accordance with the terms of the Joint Powers Agreement. Charges received from the City of Garden Grove, OCFA's newest member effective August 2019, were the primary reason for the overall increase in revenues.
-\$70,000	Use of Money and Property. The portion of investment portfolio earnings and a net market value gain allocated to the fund decreased (-\$65,000). Interfund borrowing interest earned from the General Fund also decreased due to a decline in the total amount borrowed and the average daily interest rate (-\$5,000).
+\$19,320,000	Fire Apparatus Fund – Net Impact on Fund Balance



The **Fire Stations and Facilities Fund** had total fund balance of \$17,627,926 at the end of Fiscal Year 2019/20. 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 (\$16,623,745) and construction projects (\$612,704). Total fund balance decreased by \$8,314,679 during the current fiscal year. The prior fiscal year's fund balance increased by \$116,905, a difference of \$8,431,584. The significant reason(s) for that net difference are identified in the following table.

Impact on Fund Balance (Rounded)	Description
-\$8,000,000	Interfund Transfers. Transfers out to the Fire Apparatus Fund for projects in the Capital Improvement Program totaled \$8,000,000 in Fiscal Year 2019/20. No amounts were transferred out in the prior year.
-\$380,000	Capital Projects. Expenditures increased by \$380,000 due to multi-year capital improvement projects as follows: <ul style="list-style-type: none"> ➤ During Fiscal Year 2019/20, OCFA commenced its project to replace Fire Station No. 10 (Yorba Linda). In anticipation of two fire stations transitioning back to the City of Placentia on July 1, 2020, OCFA identified an immediate need to acquire multiple portable buildings to house the displaced units (+\$270,000). The remainder of the Fire Station No. 10 replacement project is expected to be completed in Fiscal Year 2020/21. ➤ 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). Project costs included permits, geotechnical engineering services, and construction, with most work completed during Fiscal Year 2019/20 (+\$250,000). The project was finalized in November 2019 at a three-year cost of just over \$1 million. ➤ During Fiscal Year 2018/19, OCFA constructed a carport at Fire Station No. 18 (Trabuco) to house various vehicles. The project was completed and went into service in June 2019 (-\$140,000).
-\$275,000	Use of Money and Property. The portion of investment portfolio earnings and a net market value gain allocated to the fund decreased (-\$285,000). Interfund borrowing interest earned from the General Fund increased due to an increase in the total number of days principal was outstanding during the year (+\$10,000).
+\$225,000	Developer Contributions. Contributions generated by Secured Fire Protection Agreements with developers vary each fiscal year based on housing development projects being completed throughout the county. Increases in developer activity primarily related to projects in the City of Lake Forest that were completed in Fiscal Year 2019/20.
-\$8,430,000	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 2019/20.

	Original Budget	Increase (Decrease)	Final Budget	Variance Positive (Negative)	Actual Amounts
Salaries and benefits	\$367,957,717	\$13,089,214	\$381,046,931	\$ 6,014,784	\$375,032,147
Services and supplies	54,216,901	27,364,904	81,581,805	15,645,029	65,936,776
Capital outlay	5,010,386	4,454,745	9,465,131	6,222,391	3,242,740
Interest and fiscal charges	9,334	316,306	325,640	-	325,640
	<u>\$427,194,338</u>	<u>\$45,225,169</u>	<u>\$472,419,507</u>	<u>\$27,882,204</u>	<u>\$444,537,303</u>

Adjustments to Appropriations: Budgeted General Fund appropriations increased by \$45,225,169 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)
Grant activities	\$ 9,090,000
COVID-19 pandemic overtime, services, and supplies	5,410,000
Next Generation Aerial Operations Based Pilot Program	5,365,000
Overtime and backfill for response to out-of-county and other incidents	4,700,000
Fire Integrated Real-Time Intelligence System Pilot Program	4,500,000
Contributions toward unfunded pension liability	4,030,000
Various equipment and vehicles	3,425,000
Firefighter academies	2,430,000
Various Capital Improvement Program projects	1,945,000
Staffing changes, reconfigurations, and service enhancements	(1,335,000)
Employee training	930,000
Helicopter program	695,000
Various professional services	495,000
City of Garden Grove start-up costs	395,000
Vehicle maintenance	370,000
Structural Fire Entitlement projects	330,000
Interest on interfund borrowing	315,000
Information Technology Division maintenance and support	270,000
Facility maintenance	180,000
Workers compensation	140,000
Various other appropriations	1,545,000
Total adjustments	\$45,225,000

Variance Between Final Budget and Actual Amounts: Final, budgeted General Fund expenditures exceeded actual amounts, resulting in a positive budget variance totaling \$27,882,204. Over \$15.6 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 2019/20. In some cases, uncompleted projects were delayed due to project complexity or time requirements and will be re-budgeted, if needed, to Fiscal Year 2020/21. Individually significant services and supplies variances are summarized below:

Description of Budget/Actual Variance	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 \$5.1 million remains unspent on services and supplies as of June 30, 2020.	\$ 5,140,000
OCFA and the City of Irvine entered into a Settlement Agreement with various provisions that enhance services throughout OCFA's jurisdiction. All projects identified in the agreement were budgeted during Fiscal Year 2019/20; however, the city did not submit any reimbursement requests for the Joint Police-Fire Training Facility or bi-directional amplifiers.	1,550,000
The entire balance of funds committed for Structural Fire Fund projects was budgeted during Fiscal Year 2019/20; however, eligible cities submitted reimbursement requests only for those projects completed.	1,225,000
During Fiscal year 2019/20, amounts budgeted to operate, fuel, and maintain OCFA's helicopter fleet exceeded actual expenditures by \$985,000.	985,000
The amount budgeted for workers' compensation is based on an actuarially-determined estimate. Actual case activity typically occurs over multiple years, which attributes to a difference between budgeted costs and actual expenditures during any given fiscal year. During Fiscal Year 2019/20, actual claims paid from the General Fund were more than the actuarial estimate, creating a negative budget variance.	(740,000)
During Fiscal Year 2019/20, OCFA began a bathroom gender accommodation project at Fire Stations No. 14 (Silverado), No. 16 (Modjeska) and No. 32 (Yorba Linda). The project is expected to take place over multiple fiscal years. Of the \$640,000 budgeted amount, a balance of \$630,000 remains unspent as of June 30, 2020. Contracts have been awarded for nearly \$400,000 of the unspent balance.	630,000

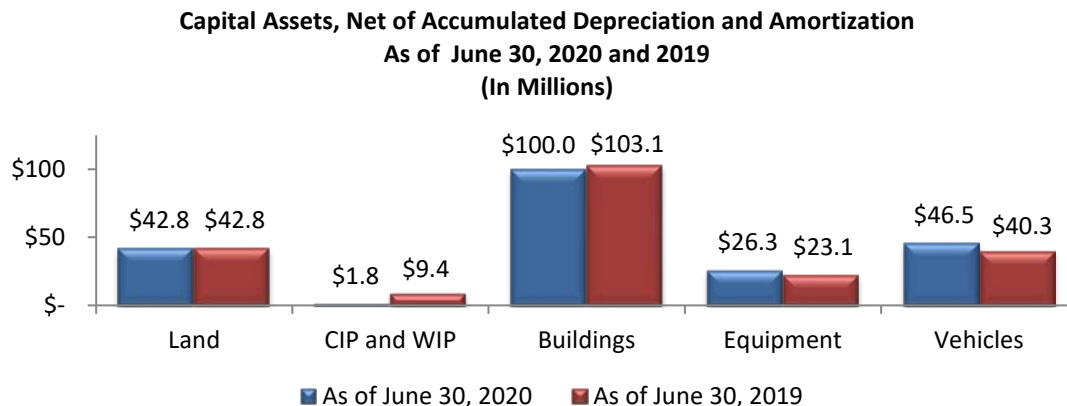
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Description of Budget/Actual Variance	Amount (Rounded)
During Fiscal Year 2019/20, amounts budgeted for recruitment services such as pre-employment background checks, physicals, and psychological assessments exceeded actual expenditures. Some planned activities, such as a volunteer outreach team and marketing for a "Girls Empowerment Weekend," were postponed due to COVID-19.	620,000
In August 2019, OCFA was awarded a \$4.5 million state grant for the Fire Integrated Real-Time Intelligence System (FIRIS) Pilot Program. A balance of nearly \$600,000 remains unspent on services and supplies as of June 30, 2020. It is anticipated that the remaining grant funds will be used during Fiscal Year 2020/21 for the FIRIS 2.0 Program.	560,000
Starting in March 2020, firefighter WEFIT health exams were put on hold due to the COVID-19 pandemic, resulting in budgeted savings for professional services.	430,000
Other variances combined	5,245,000
Total services and supplies variance	\$15,645,000

Capital Assets and Debt Administration

Capital Assets: OCFA's investment in capital assets for its government activities at the end of Fiscal Year 2019/20 totaled \$217,317,435 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, equipment, vehicles, work in progress and construction in progress. No capital-related debt was outstanding as of June 30, 2020. Net capital assets decreased from the prior fiscal year by \$1,325,244 (-0.6%). Following is a summary of net capital assets by type for the current and prior fiscal years.



Land and Buildings: Land and building additions totaled \$350,000 during Fiscal Year 2019/20. The most significant addition was for additional classroom and office spaces at the USAR warehouse, which were transferred in from CIP.

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.

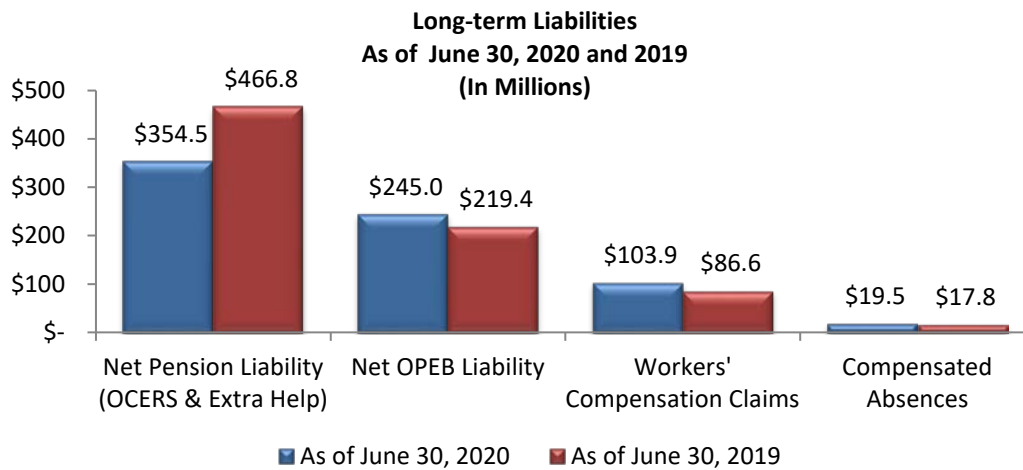
- CIP additions totaling \$350,000 related to additional classroom and office spaces at the USAR warehouse, expansion of the RFOTC training grounds, and dormitory improvements at Fire Station No. 41 (Fullerton Airport). All projects remained in progress at fiscal year-end, except for the USAR warehouse improvements that were placed into service in November 2019.
- WIP additions totaled nearly \$1.4 million during Fiscal Year 2019/20, including costs pertaining to an incident reporting system and dispatcher console upgrades. As of June 30, 2020, sixteen individual WIP projects were placed into service and fourteen were still in progress.

Equipment: Equipment additions totaled nearly \$6.4 million for 206 items placed into service during Fiscal Year 2019/20. The most individually significant additions included the dispatcher console upgrades transferred in from WIP (\$2.2 million); the purchase of ninety-five automatic chest compression devices (\$1.4 million); and an incident reporting system transferred in from WIP (\$660,000).

Vehicles: Vehicle additions totaled over \$11.8 million for 68 items placed into service during Fiscal Year 2019/20. The most individually significant additions included one 100' tractor drawn aerial (\$1.4 million); seven type one engines (\$4.1 million); and three transport tractors (\$585,000). Forty-six vehicles were removed from OCFA's fleet during Fiscal Year 2019/20 as part of OCFA's ongoing vehicle replacement plan. Three of these were returned to the City of Santa Ana. Two support vehicles were in accidents and deemed total losses by OCFA's insurance provider. The remaining vehicles were sold at public auction.

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 decreased by net \$67,783,192 (-8.5%) during Fiscal Year 2019/20.



The most significant change to long-term liabilities pertained to the net pension liability for the Orange County Employees Retirement System (OCERS) pension plan. As of June 30, 2020, OCFA's share of the plan's net pension liability at OCERS totaled \$354.4 million, as determined by an actuarial valuation for the plan as a whole. This was a net \$112.3 million decrease from the prior fiscal year. 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. 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, 2020 to June 30, 2019.

Component of OCERS			Increase (Decrease)	
<u>Net Pension Liability</u>	<u>As of June 30, 2020</u>	<u>As of June 30, 2019</u>	<u>Amount</u>	<u>%</u>
Safety:				
Total pension liability	\$1,891,853,011	\$1,752,985,666	\$ 138,867,345	7.9%
Market value of assets	<u>1,569,911,269</u>	<u>1,342,090,781</u>	<u>227,820,488</u>	16.9%
Net pension liability - safety	<u>\$ 321,941,742</u>	<u>\$ 410,894,885</u>	<u>\$ (88,953,143)</u>	-22.6%
General:				
Total pension liability	\$ 257,504,904	\$ 243,895,544	\$ 13,609,360	5.5%
Market value of assets	<u>225,051,189</u>	<u>188,058,903</u>	<u>36,992,286</u>	19.6%
Net pension liability - general	<u>\$ 32,453,715</u>	<u>\$ 55,836,641</u>	<u>\$ (23,382,926)</u>	-41.8%
Total:				
Total pension liability	\$2,149,357,915	\$1,996,881,210	\$ 152,476,705	7.6%
Market value of assets	<u>1,794,962,458</u>	<u>1,530,149,684</u>	<u>264,812,774</u>	17.3%
Net pension liability - total	<u>\$ 354,395,457</u>	<u>\$ 466,731,526</u>	<u>\$ (112,336,069)</u>	-24.0%

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 2020/21 General Operating Fund adopted expenditure budget is approximately \$415.4 million, which is a net increase of \$8.2 million (2.0%) from the final Fiscal Year 2019/20 General Operating Fund budget totaling \$407.2 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 2020/21 General Operating Fund Budget are as follow:

- Budgeted salaries and benefits increased by \$7.0 million. The budget reflects annual salary costs in accordance with approved Memorandums of Understanding with all labor groups. The retirement budget for Fiscal Year 2020/21 is based on rates provided by the Orange County Employees Retirement System (OCERS).
- Budgeted services and supplies and capital outlay increased by \$1.2 million. Overall, budgets were held flat as compared to Fiscal Year 2019/20, with any increases identified by OCFA management on a case-by-case basis. In general, the base Fiscal Year 2020/21 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



Fire Exploring Academy
July 18, 2019



Orange County Fire Authority Safety Message

2-1-1 Helpline (Part 2 of 3)

(Continued from Page 4)



2-1-1 is a nonprofit organization that provides information and referrals for thousands of services, including shelter, health care, and job placement.

Safety Tips

If you need help finding non-emergency services in your area, 2-1-1 Orange County is available 24 hours a day. 2-1-1 is fast, free, confidential, and available in more than 150 languages. In addition to calling 2-1-1, you can also visit their website at www.211oc.org.

2-1-1 Programs and Services, (Continued)

Specially trained 2-1-1 operators connect callers with more than 2,000 local government and nonprofit organizations. These agencies have programs dedicated to many personal and family needs, including:

- | | |
|----------------------------|--------------------|
| ✓ Healthcare and Insurance | ✓ Substance Abuse |
| ✓ Job Training | ✓ Funeral Services |
| ✓ Transportation | |

(Continued on Page 26)

ORANGE COUNTY FIRE AUTHORITY
Statement of Net Position
June 30, 2020
(With Comparative Data for Prior Year)

	Primary Government		Component Unit	
	Governmental Activities		OCFA Foundation	
	2020	2019	2020	2019
Assets:				
Cash and investments (Note 4)	\$ 187,297,857	\$ 179,712,898	\$ 160,475	\$ 139,105
Accounts receivable, net (Note 5)	2,566,137	3,875,095	-	-
Accrued interest receivable	376,640	539,528	-	-
Prepaid costs and other assets (Note 6)	24,034,974	20,704,660	-	104
Due from other governments, net (Note 7)	16,765,308	11,499,239	-	-
Restricted cash and investments (Note 4)	2,121,417	-	-	-
Capital assets (Note 8):				
Land	42,757,850	42,757,850	-	-
Construction in progress	338,554	294,365	-	-
Work in progress	1,462,545	9,104,582	-	-
Capital assets, net of accumulated depreciation/amortization	172,758,486	166,485,882	13,515	14,314
Total assets	<u>450,479,768</u>	<u>434,974,099</u>	<u>173,990</u>	<u>153,523</u>
Deferred outflows of resources:				
Deferred outflows of resources related to pensions/OPEB (Note 22)	127,422,203	159,936,990	-	-
Total deferred outflows of resources	<u>127,422,203</u>	<u>159,936,990</u>	<u>-</u>	<u>-</u>
Liabilities:				
Accounts payable	5,730,979	7,031,219	-	8,199
Accrued liabilities	10,980,091	10,183,314	-	-
Unearned revenue (Note 9)	574,002	29,120	-	1,200
Due to other governments (Note 10)	106,037	298,186	-	-
Compensated absences due within one year (Note 19)	4,486,981	3,674,575	-	-
Claims and judgments due within one year (Note 19)	14,808,917	14,128,312	-	-
Noncurrent liabilities due in more than one year:				
Compensated absences due in more than one year (Note 19)	15,036,102	14,113,156	-	-
Claims and judgments due in more than one year (Note 19)	89,136,878	72,488,674	-	-
Net OPEB liability (Notes 19)	244,964,263	219,437,807	-	-
Proportionate share net pension liability (Notes 19)	354,471,308	466,845,117	-	-
Total liabilities	<u>740,295,558</u>	<u>808,229,480</u>	<u>-</u>	<u>9,399</u>
Deferred inflows of resources:				
Deferred inflows of resources related to pensions/OPEB (Note 22)	112,271,211	84,751,923	-	-
Total deferred outflows of resources	<u>112,271,211</u>	<u>84,751,923</u>	<u>-</u>	<u>-</u>
Net position:				
Investment in capital assets (Note 8b)	217,317,435	218,642,679	13,515	14,314
Restricted for capital projects	391,477	403,489	-	-
Restricted for drought augmentation activities	956,880	1,950,806	-	-
Restricted for greenhouse gas reduction activities	1,354,680	677,340	-	-
Restricted for Section 115 pension trust	2,120,383	-	-	-
Restricted for grants, donations, and other programs	1,836,756	1,246,669	39,490	33,525
Unrestricted	(498,642,409)	(520,991,297)	120,985	96,285
Total net position	<u>\$ (274,664,798)</u>	<u>\$ (298,070,314)</u>	<u>\$ 173,990</u>	<u>\$ 144,124</u>

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Statement of Activities
Year ended June 30, 2020
(With Comparative Data for Prior Year)

	Primary Government		Component Unit	
	Governmental Activities		OCFA Foundation	
	2020	2019	2020	2019
Expenses:				
Public safety:				
Salaries and benefits	\$ 352,573,221	\$ 339,249,853	\$ -	\$ -
Services and supplies	84,600,263	62,877,930	99,717	51,503
Depreciation and amortization (Note 8c)	12,137,499	10,531,098	799	799
Interest on long-term debt	-	11,444	-	-
Total program expenses	<u>449,310,983</u>	<u>412,670,325</u>	<u>100,516</u>	<u>52,302</u>
Program revenues:				
Public safety:				
Charges for services	156,740,363	128,320,646	-	-
Operating grants and contributions	29,275,482	15,454,060	130,382	57,203
Capital grants and contributions	<u>3,850,481</u>	<u>454,200</u>	<u>-</u>	<u>-</u>
Total program revenues	<u>189,866,326</u>	<u>144,228,906</u>	<u>130,382</u>	<u>57,203</u>
Net program (expenses) revenues	<u>(259,444,657)</u>	<u>(268,441,419)</u>	<u>29,866</u>	<u>4,901</u>
General revenues:				
Property taxes	277,721,815	264,267,387	-	-
Investment income	3,302,632	4,236,800	-	-
Gain on disposal of capital assets	12,641	-	-	-
Miscellaneous	<u>1,813,085</u>	<u>1,320,364</u>	<u>-</u>	<u>-</u>
Total general revenues	<u>282,850,173</u>	<u>269,824,551</u>	<u>-</u>	<u>-</u>
Change in net position	<u>23,405,516</u>	<u>1,383,132</u>	<u>29,866</u>	<u>4,901</u>
Net position at beginning of year	<u>(298,070,314)</u>	<u>(299,453,446)</u>	<u>144,124</u>	<u>139,223</u>
Net position at end of year	<u>\$ (274,664,798)</u>	<u>\$ (298,070,314)</u>	<u>\$ 173,990</u>	<u>\$ 144,124</u>

See Notes to the Financial Statements



Orange County Fire Authority Safety Message

2-1-1 Helpline (Part 3 of 3)

(Continued from Page 23)



2-1-1 is a nonprofit organization that provides information and referrals for thousands of services, including shelter, health care, and job placement.

Safety Tips

If you need help finding non-emergency services in your area, 2-1-1 Orange County is available 24 hours a day. 2-1-1 is fast, free, confidential, and available in more than 150 languages. In addition to calling 2-1-1, you can also visit their website at www.211oc.org.

Calling 2-1-1 During Emergencies

2-1-1 also serves as a public information system during disasters or local emergencies, providing information on road closures, emergency shelters, and evacuation.

Fund Financial Statements



Garden Grove Badge Presentation
August 13, 2019



Orange County Fire Authority Safety Message

Burn Safety (Part 1 of 3)



In 2018, roughly 70,000 people went to the emergency room because of contact burns. About one-third of these patients were children under the age of 5.

Safety Tips

A burn is damage to the skin caused by heat. Burns and scalds can occur from certain tools, appliances, hot water, or the sun. Every 60 seconds, someone in the United States sustains a burn serious enough to require treatment.

Types of Burns

First Degree (Minor)

- ✓ First degree burns usually result in redness and mild pain.

Second Degree (Moderate)

- ✓ Second degree burns are usually bright red with a moist or blistered appearance.

Third Degree (Severe)

- ✓ Third degree burns usually appear charred or ashen and are black or brown in color. These burns can result in devastating injury including the loss of function, loss of limbs, disfigurement, reoccurring infection, and sometimes death.

(Continued on Page 36)

ORANGE COUNTY FIRE AUTHORITY
Governmental Funds
Balance Sheet
June 30, 2020
(With Comparative Data for Prior Year)

		Capital Projects Funds			Total Governmental Funds	
		Communications and Information Systems	Fire Apparatus	Fire Stations and Facilities	2020	2019
	General Fund					
Assets:						
Cash and investments (Note 4)	\$ 144,154,508	\$ 6,491,998	\$ 18,976,632	\$ 17,674,719	\$ 187,297,857	\$ 179,712,898
Accounts receivable, net (Note 5)	2,566,137	-	-	-	2,566,137	3,875,095
Accrued interest receivable	237,707	17,833	34,354	86,746	376,640	539,528
Prepaid costs and other assets (Note 6)	42,717,727	4,247	-	-	42,721,974	36,772,660
Due from other governments, net (Note 7)	16,765,308	-	-	-	16,765,308	11,499,239
Restricted cash and investments (Note 4)	2,121,417	-	-	-	2,121,417	-
Total assets	\$ 208,562,804	\$ 6,514,078	\$ 19,010,986	\$ 17,761,465	\$ 251,849,333	\$ 232,399,420
Liabilities:						
Accounts payable	\$ 5,291,818	\$ 285,165	\$ 20,457	\$ 133,539	\$ 5,730,979	\$ 7,031,219
Accrued liabilities	10,980,091	-	-	-	10,980,091	10,183,314
Unearned revenue (Note 9)	574,002	-	-	-	574,002	29,120
Due to other governments (Note 10)	106,037	-	-	-	106,037	298,186
Total liabilities	16,951,948	285,165	20,457	133,539	17,391,109	17,541,839
Deferred inflows of resources:						
Unavailable revenue (Note 9)	1,022,603	-	-	-	1,022,603	650,814
Total deferred inflows of resources	1,022,603	-	-	-	1,022,603	650,814
Fund balances:						
Nonspendable prepaid costs (Note 6)	42,700,572	4,247	-	-	42,704,819	36,746,110
Restricted (Note 11):						
Capital improvement program	-	-	-	391,477	391,477	391,477
Various departments	4,148,316	-	-	-	4,148,316	3,874,815
Communications/IT projects	-	-	-	-	-	12,012
Section 115 pension trust	2,120,383	-	-	-	2,120,383	-
Committed to SFF cities (Note 12)	1,288,272	-	-	-	1,288,272	1,338,850
Assigned (Note 13):						
Capital improvement program	5,123,124	6,121,588	4,149,456	16,623,745	32,017,913	43,739,218
Workers' compensation	98,998,999	-	-	-	98,998,999	88,772,530
Various departments	739,400	-	-	-	739,400	1,391,734
Facilities projects	83,568	-	-	-	83,568	216,020
Communications/IT projects	359,144	103,078	-	-	462,222	995,936
Fire apparatus and vehicles	-	-	14,841,073	-	14,841,073	3,379,756
Construction projects	672,540	-	-	612,704	1,285,244	667,639
Unassigned (Note 14)	34,353,935	-	-	-	34,353,935	32,680,670
Total fund balances	190,588,253	6,228,913	18,990,529	17,627,926	233,435,621	214,206,767
Total liabilities, deferred inflows of resources, and fund balances	\$ 208,562,804	\$ 6,514,078	\$ 19,010,986	\$ 17,761,465	\$ 251,849,333	\$ 232,399,420

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, 2020
(With Comparative Data for Prior Year)

	2020	2019
Fund balances of governmental funds	\$ 233,435,621	\$ 214,206,767
<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	372,248,496	366,465,122
Accumulated depreciation/amortization	(154,931,061)	(147,822,443)
<u>Long-term Liabilities</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	(354,395,457)	(466,731,526)
Pension contributions	(18,687,000)	(16,068,000)
Deferred outflows of resources	112,123,798	157,497,646
Deferred inflows of resources	(97,996,328)	(59,178,911)
Extra Help pension plan:		
Net pension liability	(75,851)	(113,591)
Deferred outflows of resources	874	18,646
Deferred inflows of resources	-	(12,234)
Other postemployment benefits (OPEB):		
Net OPEB liability	(244,964,263)	(219,437,807)
Deferred outflows of resources	15,297,531	2,420,698
Deferred inflows of resources	(14,274,883)	(25,560,778)
Accrued claims and judgments	(103,945,795)	(86,616,986)
Compensated absences	(19,523,083)	(17,787,731)
<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	1,022,603	650,814
Net position of governmental activities	<u>\$ (274,664,798)</u>	<u>\$ (298,070,314)</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, 2020
(With Comparative Data for Prior Year)

		Capital Projects Funds			Total Governmental Funds	
		Communications and Information Systems	Fire Apparatus	Fire Stations and Facilities	2020	2019
	General Fund					
Revenues:						
Taxes	\$ 277,721,815	\$ -	\$ -	\$ -	\$ 277,721,815	\$ 264,267,387
Intergovernmental	41,258,003	-	-	-	41,258,003	28,521,605
Charges for services	136,890,975	-	1,750,537	-	138,641,512	113,719,047
Use of money and property	2,811,361	132,392	339,613	344,906	3,628,272	4,558,041
Miscellaneous	6,256,568	-	-	-	6,256,568	1,428,134
Developer contributions	-	-	-	679,800	679,800	454,200
Total revenues	<u>464,938,722</u>	<u>132,392</u>	<u>2,090,150</u>	<u>1,024,706</u>	<u>468,185,970</u>	<u>412,948,414</u>
Expenditures:						
Current - public safety:						
Salaries and benefits	375,032,147	-	-	-	375,032,147	346,953,705
Services and supplies	65,936,776	573,225	-	761,453	67,271,454	49,488,301
Capital outlay	3,242,740	1,237,967	2,731,444	577,932	7,790,083	20,095,072
Debt service:						
Principal retirement	-	-	-	-	-	1,253,718
Interest and fiscal charges	325,640	-	-	-	325,640	333,385
Total expenditures	<u>444,537,303</u>	<u>1,811,192</u>	<u>2,731,444</u>	<u>1,339,385</u>	<u>450,419,324</u>	<u>418,124,181</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,401,419</u>	<u>(1,678,800)</u>	<u>(641,294)</u>	<u>(314,679)</u>	<u>17,766,646</u>	<u>(5,175,767)</u>
Other financing sources (uses):						
Transfers in (Note 16)	-	-	8,000,000	-	8,000,000	2,150,000
Transfers out (Note 16)	-	-	-	(8,000,000)	(8,000,000)	(2,150,000)
Sale of capital assets	142,044	-	-	-	142,044	22,548
Insurance recoveries	1,320,164	-	-	-	1,320,164	775,470
Total other financing sources (uses)	<u>1,462,208</u>	<u>-</u>	<u>8,000,000</u>	<u>(8,000,000)</u>	<u>1,462,208</u>	<u>798,018</u>
Net change in fund balances	<u>21,863,627</u>	<u>(1,678,800)</u>	<u>7,358,706</u>	<u>(8,314,679)</u>	<u>19,228,854</u>	<u>(4,377,749)</u>
Fund balances, beginning 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>
Fund balances, end of year	<u>\$ 190,588,253</u>	<u>\$ 6,228,913</u>	<u>\$ 18,990,529</u>	<u>\$ 17,627,926</u>	<u>\$ 233,435,621</u>	<u>\$ 214,206,767</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, 2020
(With Comparative Data for Prior Year)

	2020	2019
Net change in fund balances - total governmental funds	\$ 19,228,854	\$ (4,377,749)
<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	7,790,083	20,095,072
Depreciation/amortization expense	(12,137,499)	(10,531,098)
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 new member agencies	2,947,511	-
From developers, grantors, and donors	223,170	-
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	(5,177,390)	(1,542,415)
Accumulated depreciation/amortization on disposals	5,028,881	1,415,580
<u>Long-term Liabilities</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
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	25,525,804	6,888,755
Extra Help pension plan	32,202	7,375
Other postemployment benefits (OPEB)	(1,363,728)	1,197,382
Accrued claims and judgments - workers' compensation	(17,328,809)	(13,285,342)
Compensated absences - other leave balances	(1,735,352)	(389,660)
<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
<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	371,789	650,814
<u>Interfund Transactions</u>		
Transactions between governmental funds are eliminated for presentation in the government-wide financial statements.		
Transfers in	(8,000,000)	(2,150,000)
Transfers out	8,000,000	2,150,000
Use of money and property	(325,640)	(321,241)
Interest and fiscal charges	325,640	321,241
Change in net position of governmental activities	<u>\$ 23,405,516</u>	<u>\$ 1,383,132</u>

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
General Fund
Budgetary Comparison Statement
Year ended June 30, 2020
(With Comparative Data for Prior Year)

	2020				2019
	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)	Actual
	Original	Final	Amounts		Amounts
Budgetary fund balance, July 1	\$ 168,724,626	\$ 168,724,626	\$ 168,724,626	\$ -	\$ 158,101,290
Resources (inflows):					
Taxes	272,047,362	274,312,362	277,721,815	3,409,453	264,267,387
Intergovernmental	19,961,585	45,809,560	41,258,003	(4,551,557)	28,521,605
Charges for services	136,507,014	136,033,917	136,890,975	857,058	112,272,830
Use of money and property	3,603,958	2,216,116	2,811,361	595,245	3,277,839
Miscellaneous	980,758	6,336,757	6,256,568	(80,189)	1,428,134
Sale of capital assets	48,027	48,027	142,044	94,017	22,548
Insurance recoveries	-	996,183	1,320,164	323,981	775,470
Total resources (inflows)	433,148,704	465,752,922	466,400,930	648,008	410,565,813
Amounts available for appropriations	601,873,330	634,477,548	635,125,556	648,008	568,667,103
Charges to appropriation (outflows):					
Salaries and benefits	367,957,717	381,046,931	375,032,147	6,014,784	346,953,705
Services and supplies	54,216,901	81,581,805	65,936,776	15,645,029	48,487,512
Capital outlay	5,010,386	9,465,131	3,242,740	6,222,391	2,030,019
Interest and fiscal charges	9,334	325,640	325,640	-	321,241
Transfers out	-	-	-	-	2,150,000
Total charges to appropriations	427,194,338	472,419,507	444,537,303	27,882,204	399,942,477
Budgetary fund balance, June 30	\$ 174,678,992	\$ 162,058,041	\$ 190,588,253	\$ 28,530,212	\$ 168,724,626

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2020
(With Comparative Data for Prior Year)

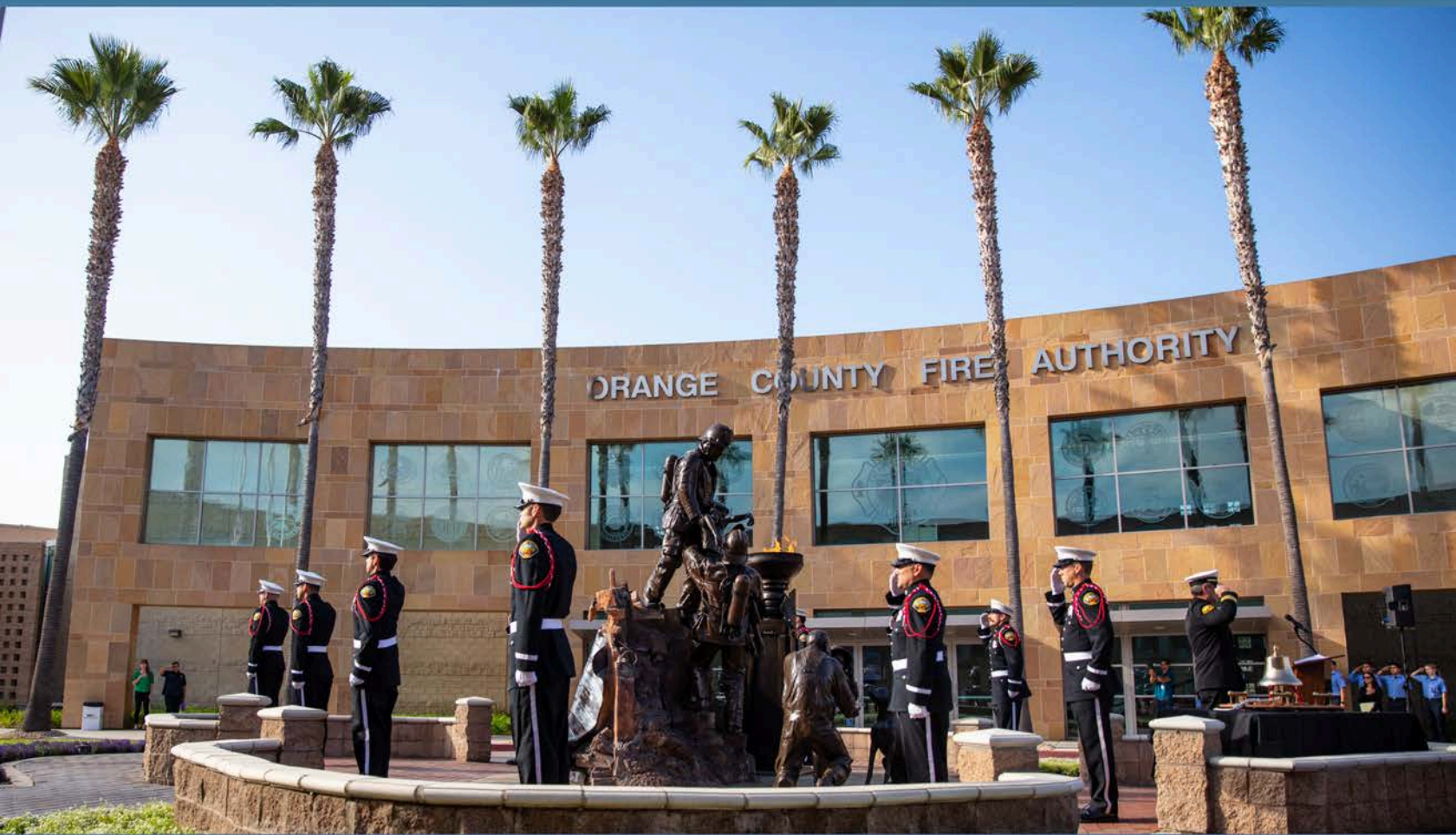
	Pension and Other Employee Benefit Trust Funds	Total Fiduciary Funds	
		2020	2019
Assets:			
Cash and investments (Note 4):			
Local Agency Investment Fund:			
Domestic fixed income	\$ 46,934	\$ 46,934	\$ 57,548
Pooled amounts held in trust with OCERS	42,242,955	42,242,955	39,397,934
Total cash and investments	42,289,889	42,289,889	39,455,482
Receivables:			
Other receivables	12,302	12,302	8,423
Total assets	42,302,191	42,302,191	39,463,905
Liabilities:			
Accrued liabilities	850,367	850,367	375,019
Total liabilities	850,367	850,367	375,019
Net position restricted for:			
Pensions	46,934	46,934	57,548
Postemployment benefits other than pensions	41,404,890	41,404,890	39,031,338
Total net position	<u>\$ 41,451,824</u>	<u>\$ 41,451,824</u>	<u>\$ 39,088,886</u>

ORANGE COUNTY FIRE AUTHORITY
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
Year ended June 30, 2020
(With Comparative Data for Prior Year)

	Pension and Other Employee Benefit Trust Funds	Total Fiduciary Funds	
		2020	2019
Additions:			
Contributions:			
Employer	\$ 2,222,636	\$ 2,222,636	\$ 4,003,199
Plan members	2,112,049	2,112,049	2,268,990
Total contributions	4,334,685	4,334,685	6,272,189
Net investment income:			
Total investment income	5,566,977	5,566,977	(455,999)
Investment fees and expenses	(264,395)	(264,395)	(270,315)
Total net investment income	5,302,582	5,302,582	(726,314)
Total additions	9,637,267	9,637,267	5,545,875
Deductions:			
Benefits and refunds paid to plan members and beneficiaries	7,253,089	7,253,089	6,820,071
Administrative expenses	21,240	21,240	30,304
Total deductions	7,274,329	7,274,329	6,850,375
Change in net position	2,362,938	2,362,938	(1,304,500)
Net position, beginning of year	39,088,886	39,088,886	40,393,386
Net position, end of year	\$ 41,451,824	\$ 41,451,824	\$ 39,088,886

See Notes to the Financial Statements

Notes to the Financial Statements



9/11 Memorial and Remembrance
September 11, 2019

ORANGE COUNTY FIRE AUTHORITY
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Year ended June 30, 2020

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Orange County Fire Authority Safety Message

Burn Safety (Part 2 of 3)

(Continued from Page 27)



In 2018, roughly 70,000 people went to the emergency room because of contact burns. About one-third of these patients were children under the age of 5.

Safety Tips

A burn is damage to the skin caused by heat. Burns and scalds can occur from certain tools, appliances, hot water, or the sun. Every 60 seconds, someone in the United States sustains a burn serious enough to require treatment.

How to Treat a Burn

- ✓ Turn off the heat source and make sure the surroundings are safe.
- ✓ Remove clothing and jewelry near a burn, but do not peel off clothing stuck to the burn.
- ✓ Run cool water (not cold or icy) on the burn for 5-10 minutes until the pain subsides.
- ✓ Apply an antibiotic ointment or dressing to the burn to keep it moist. Do not use creams or greasy substances like butter, toothpaste, or eggs. These can cause infection.
- ✓ Call 9-1-1 if you have a burn that affects your mobility or sensation, for any burn larger than your hand, or if the burn affects the feet, face, eyes, or genitalia.

(Continued on Page 96)

ORANGE COUNTY FIRE AUTHORITY
Notes to the Financial Statements
Year ended June 30, 2020

(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, Garden Grove, 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, 2020, 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, Garden Grove, 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, 2020, 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.

OCFA reports the Extra Help Retirement Plan and the Retiree Medical Plan, single-employer pension and other post-employment benefits plans, respectively, as fiduciary component units in the Pension and Other Post-Employment Benefits Trust Funds. These plans are administered by OCFA, with the OCFA Board serving as the governing body of the plans and approving plan provisions. Plan assets are held in trust in a fiduciary capacity for the purpose of providing pension and other post-employment benefits to OCFA’s retirees. As such, these component units are not reported as part of the OCFA’s reporting entity, but rather as fiduciary activities in accordance with GASB Statement No. 84.

(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.

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) 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.

(k) 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.

(l) Fund Equity

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

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

(m) 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.

(n) Prior Year Data

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

(o) Use of Estimates

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

(2) Compliance and Accountability

(a) Budgetary Information

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

Perspective differences occur when the framework used for budgeting differs from the fund structure used for financial reporting. OCFA's General Fund consists of five 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, 2020.

	<u>Fund Balance as of June 30, 2020</u>
Budgetary basis:	
General Operating Fund	\$ 60,505,432
General Fund Capital Improvement Program (CIP)	6,263,474
Structural Fire Entitlement	1,288,272
Self Insurance	98,998,999
Settlement Agreement	<u>23,532,076</u>
General Fund for financial statement presentation	<u>\$190,588,253</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, 2020, OCFA early-implemented the following new accounting standard issued by the Governmental Accounting Standards Board (GASB):

- **GASB Statement No. 84 *Fiduciary Activities***, which establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. No prior period adjustments were made in Fiscal Year 2019/20 with the implementation of GASB Statement No. 84.

(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, 2019 plan year-end date. Additional investment information is provided within these notes as Note 25.

Cash and investments as of June 30, 2020, are reported in the financial statements as follows:

	<u>Statement of Net Position</u>		<u>Statement of Fiduciary Net Position</u>	
	Governmental Activities	Discretely Presented Component Unit (OCFA Foundation)	Fiduciary Funds	Total
Cash and investments	\$187,297,857	\$160,475	\$42,289,889	\$229,748,221
Restricted cash and investments	<u>2,121,417</u>	<u>-</u>	<u>-</u>	<u>2,121,417</u>
Total	<u>\$189,419,274</u>	<u>\$160,475</u>	<u>\$42,289,889</u>	<u>\$231,869,638</u>

Cash and investments consist of the following as of June 30, 2020:

Petty cash / cash on hand	\$ 13,352
Demand deposits	24,129,334
Investments	<u>207,726,952</u>
Total	<u>\$231,869,638</u>

(b) Demand Deposits

At June 30, 2020, the carrying amount of OCFA's demand deposits was \$24,129,334 and the bank balance was \$24,569,316. The \$439,982 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, 2020, was \$75,368,460 and had a weighted average maturity of 191 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.

(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, 2020:

	Fair Value Hierarchy Level			Total
	Level 1	Level 2	Level 3	
Federal agency securities	\$ -	\$87,994,120	\$ -	\$87,994,120
	\$ -	\$87,994,120	\$ -	87,994,120
Uncategorized investments:				
LAIF				75,368,460
Pooled amounts held in trust with OCERS				42,242,955
Section 115 pension trust				<u>2,121,417</u>
Total				<u>\$207,726,952</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	Unrated	Total
Federal agency securities	N/A	\$87,994,120	\$ -	\$87,994,120
LAIF	N/A	-	75,368,460	75,368,460
Pooled amounts held in trust with OCERS	N/A	-	42,242,955	42,242,955
Section 115 pension trust	N/A	-	2,121,417	2,121,417
Total		<u>\$87,994,120</u>	<u>\$119,732,832</u>	<u>\$207,726,952</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, 2020, 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, 2020, 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, 2020, are summarized below.

Issuer	Fair Value	% of Portfolio
Federal National Mortgage Association (FNMA)	\$16,016,920	9.8%
Federal Home Loan Bank (FHLB)	\$11,992,320	7.3%
Federal Home Loan Mortgage Corp (Freddie Mac)	\$59,984,880	36.7%

(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

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method of disclosure for its interest rate risk. As of June 30, 2020, the OCFA had the following investments and maturities:

	Investment Maturities in Months				Total
	6 or Less	7 to 12	13 to 60	N/A	
Federal agency securities	\$71,977,200	\$ -	\$16,016,920	\$ -	\$ 87,994,120
LAIF	-	75,368,460	-	-	75,368,460
Pooled amounts held in trust with OCERS	-	-	-	42,242,955	42,242,955
Section 115 pension trust	-	-	-	2,121,417	2,121,417
Total	<u>\$71,977,200</u>	<u>\$75,368,460</u>	<u>\$16,016,920</u>	<u>\$44,364,372</u>	<u>\$207,726,952</u>

As of June 30, 2020, 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 National Mortgage Association (FNMA)	7/24/2020	0.130%	7/24/2023	\$12,012,960
Federal National Mortgage Association (FNMA)	10/20/2020	0.410%	4/20/2023	\$4,003,960

(5) Accounts Receivable, Net

Accounts receivable, net of allowance for doubtful accounts, consists of the following as of June 30, 2020:

	Governmental Funds	Primary Government Governmental
	General Fund	Activities
Fire prevention and late fees	\$ 144,432	\$ 144,432
Ambulance and other reimbursements	1,730,159	1,730,159
Station 61 fire insurance claim	697,729	697,729
Other/miscellaneous	<u>69,222</u>	<u>69,222</u>
Accounts receivable	2,641,542	2,641,542
Allowance for doubtful accounts	<u>(75,405)</u>	<u>(75,405)</u>
Accounts receivable, net	<u>\$2,566,137</u>	<u>\$2,566,137</u>

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

In January 2019, OCFA prepaid a portion of its Fiscal Year 2019/20 retirement contributions to the Orange County Employees Retirement System (OCERS) totaling \$34,814,808. In January 2020, OCFA prepaid a portion of its Fiscal Year 2020/21 retirement contributions to OCERS totaling \$40,488,479. In the governmental funds, the unamortized balance of the January 2019 prepayment totaled \$1,339,031 as of June 30, 2020, due to the timing of the pay period calendar. The entire amount of the January 2020 prepayment was unamortized as of June 30, 2020. In the governmental activities, a portion of Fiscal Year 2020/21 prepaid retirement contributions totaling \$18,687,000 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, 2020, included annual maintenance and support fees, subscriptions, professional memberships, and insurance premiums; 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, 2020:

	Governmental Funds		Primary Government
	General Fund	Communications and Information Systems	Governmental Activities
Prepaid costs:			
Retirement contributions:			
Fiscal Year 2020/21	\$40,488,479	\$ -	\$21,801,479
Fiscal Year 2019/20	1,339,031	-	1,339,031
Maintenance and support	526,553	4,247	530,800
Subscriptions and memberships	11,290	-	11,290
Insurance premiums	224,309	-	224,309
Other	<u>110,910</u>	<u>-</u>	<u>110,910</u>
Total prepaid costs	42,700,572	4,247	24,017,819
Other assets:			
Health spending deposits	<u>17,155</u>	<u>-</u>	<u>17,155</u>
Total	<u>\$42,717,727</u>	<u>\$4,247</u>	<u>\$24,034,974</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, 2020, nonspendable fund balance totaled \$42,704,819 and is reported in the General Fund (\$42,700,572) and the Communications and Information Systems Fund (\$4,247).

(7) Due from Other Governments

Amounts due from other governments consist of the following as of June 30, 2020:

	Governmental Funds	Primary Government
	General Fund	Governmental Activities
Fire protection and other services:		
Cash contract cities	\$ 1,530,575	\$ 1,530,575
State responsibility area	<u>1,745,376</u>	<u>1,745,376</u>
Subtotal	3,275,951	3,275,951
Assistance by hire/activation	6,512,904	6,512,904
Grants	1,196,151	1,196,151
Property tax/tax increment	5,701,875	5,701,875
Other/miscellaneous	<u>78,427</u>	<u>78,427</u>
Total	<u>\$16,765,308</u>	<u>\$16,765,308</u>

(8) Capital Assets

(a) Changes in Capital Asset Balances by Asset Class

Capital asset activity for the year ended June 30, 2020, 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	294,365	350,579	-	(306,390)	338,554
Work in progress	<u>9,104,582</u>	<u>1,387,590</u>	<u>-</u>	<u>(9,029,627)</u>	<u>1,462,545</u>
Total capital assets not depreciated/amortized	<u>52,156,797</u>	<u>1,738,169</u>	<u>-</u>	<u>(9,336,017)</u>	<u>44,558,949</u>
Capital assets depreciated/amortized:					
Buildings	153,293,703	42,776	(5,800)	306,390	153,637,069
Equipment	65,139,767	3,505,620	(1,052,535)	2,893,443	70,486,295
Vehicles	<u>95,874,855</u>	<u>5,674,199</u>	<u>(4,119,055)</u>	<u>6,136,184</u>	<u>103,566,183</u>
Subtotal	<u>314,308,325</u>	<u>9,222,595</u>	<u>(5,177,390)</u>	<u>9,336,017</u>	<u>327,689,547</u>
Less accumulated depreciation/amortization:					
Buildings	(50,229,264)	(3,384,000)	1,348	-	(53,611,916)
Equipment	(41,993,666)	(3,275,029)	1,041,053	-	(44,227,642)
Vehicles	<u>(55,599,513)</u>	<u>(5,478,470)</u>	<u>3,986,480</u>	<u>-</u>	<u>(57,091,503)</u>
Subtotal	<u>(147,822,443)</u>	<u>(12,137,499)</u>	<u>5,028,881</u>	<u>-</u>	<u>(154,931,061)</u>
Total capital assets depreciated/amortized, net	<u>166,485,882</u>	<u>(2,914,904)</u>	<u>(148,509)</u>	<u>9,336,017</u>	<u>172,758,486</u>
Capital assets, net	<u>\$218,642,679</u>	<u>\$ (1,176,735)</u>	<u>\$ (148,509)</u>	<u>\$ -</u>	<u>\$217,317,435</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>(1,665)</u>	<u>(799)</u>	<u>-</u>	<u>-</u>	<u>(2,464)</u>
Capital assets, net	<u>\$ 14,314</u>	<u>\$ (799)</u>	<u>-</u>	<u>-</u>	<u>\$ 13,515</u>

(b) Investment in Capital Assets

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

	Primary Government Governmental Activities	Component Unit OCFA Foundation
Capital assets, net of accumulated depreciation/amortization	<u>\$217,317,435</u>	<u>\$13,515</u>

(c) Depreciation/Amortization Expense

Depreciation/amortization expense in the amounts of \$12,137,499 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, 2020:

	Governmental Funds	Primary Government Governmental Activities
	General Fund	
Unearned revenue:		
FIRIS pilot program cash advance	\$ 568,329	\$ 568,329
Cell tower rent – July 2020	4,023	4,023
Miscellaneous cash advances	<u>1,650</u>	<u>1,650</u>
Total	<u>\$ 574,002</u>	<u>\$ 574,002</u>
Unavailable revenue:		
City of Garden Grove start-up costs	<u>\$1,022,603</u>	
Total	<u>\$1,022,603</u>	

(10) Due to Other Governments

Amounts due to other governments consist of the following as of June 30, 2020:

	Governmental Funds	Primary Government Governmental Activities
	General Fund	
Pass-through payments for activations and exercises:		
City of Anaheim	\$ 34,452	\$ 34,452
City of Orange	40,041	40,041
Grant overpayment:		
Federal Emergency Management Agency	30,232	30,232
Miscellaneous refunds	<u>1,312</u>	<u>1,312</u>
Total	<u>\$106,037</u>	<u>\$106,037</u>

(11) Fund Balance of Governmental Funds – Restricted

Restricted fund balance consists of the following as of June 30, 2020:

Description	Governmental Funds		
	General Fund	Fire Stations and Facilities	Total
Capital improvement program	\$ -	\$391,477	\$ 391,477
Various departments	4,148,316	-	4,148,316
Section 115 pension trust	<u>2,120,383</u>	<u>-</u>	<u>2,120,383</u>
Total	<u>\$6,268,699</u>	<u>\$391,477</u>	<u>\$6,660,176</u>
Type/Source of Restriction			
Encumbrances	\$1,836,756	\$ -	\$1,836,756
CalFire drought augmentation funding	956,880	-	956,880
CalFire greenhouse gas reduction funding	1,354,680	-	1,354,680
CalFire contract revenues	-	391,477	391,477
Section 115 pension trust	<u>2,120,383</u>	<u>-</u>	<u>2,120,383</u>
Total	<u>\$6,268,699</u>	<u>\$391,477</u>	<u>\$6,660,176</u>

Restricted fund balance in the General Fund includes grant-funded or other restricted, unexpended encumbrances outstanding at year-end; unencumbered CalFire funding restricted for drought augmentation and greenhouse gas reduction activities; and amounts set aside in a Section 115 trust for pension obligations. 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, 2020, the remaining unspent amount, plus accrued interest earnings, totaling \$1,288,272 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	\$ 62,719
Dana Point	58,857
Irvine	1,019,506
Laguna Niguel	102,304
Lake Forest	20,660
Rancho Santa Margarita	15,998
San Juan Capistrano	953
Villa Park	<u>7,275</u>
Total	<u>\$1,288,272</u>

(13) Fund Balance of Governmental Funds – Assigned

Assigned fund balance includes the following as of June 30, 2020:

Capital Improvement Program	\$ 32,017,913
Workers' compensation	98,998,999
Assigned, unexpended encumbrances	<u>17,411,507</u>
Total	<u>\$148,428,419</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 \$32,017,913 as of June 30, 2020, and is reported in the General Fund (\$5,123,124), Communications and Information Systems Fund (\$6,121,588), Fire Apparatus Fund (\$4,149,456) and Fire Stations and Facilities Fund (\$16,623,745).
- 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 \$98,998,999 as of June 30, 2020.

Assigned fund balance pertaining to unexpended encumbrances outstanding as of June 30, 2020, totaled \$17,411,507 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 1 engines	\$ -	\$ 8,830,210	\$ -
Type 3 engines	-	1,629,096	-
100' tractor drawn aerial	-	1,259,743	-
Water tenders	-	881,980	-
Air utility support vehicle	-	611,628	-
RFOTC training ground improvements	-	-	580,609
Foam tender	-	537,205	-
Trucks, sport utility vehicles, and vans	-	542,050	-
Hazmat support vehicle	-	451,165	-
Other vehicles, outfitting, and improvements	-	97,996	-
Next Generation CAD2CAD project	38,015	-	-
800 MHz radio project	35,579	-	-
Enterprise audio visual upgrade	28,939	-	-
Station No. 10 (Yorba Linda) replacement	-	-	16,255
Station No. 49 (Laguna Niguel) apparatus bay floor repair	-	-	15,840
Data Center fire suppression system	<u>545</u>	<u>-</u>	<u>-</u>
Total	<u>\$103,078</u>	<u>\$14,841,073</u>	<u>\$612,704</u>

Purpose of Encumbrance	General Fund				
	Various Departments	Facilities Projects	Communications/ IT Projects	Construction Projects	Total
Station bathroom gender compliance projects	\$ -	\$ -	\$ -	\$398,258	\$ 398,258
Station phone, alarm, sound systems	-	-	304,501	-	304,501
Service Center stock items	162,825	-	-	-	162,825
Station dorm privacy projects	-	-	-	150,336	150,336
COVID-19 pandemic	141,523	-	-	-	141,523
Station No. 41 (Air Operations) projects to accommodate 24/7 operations	-	-	-	112,300	112,300
Service level assessment	45,766	-	-	-	45,766
Probationary firefighter manipulative test	42,800	-	-	-	42,800
Station No. 26 (Irvine) shower remodel	-	11,383	-	-	11,383
Other	<u>346,486</u>	<u>72,185</u>	<u>54,643</u>	<u>11,646</u>	<u>484,960</u>
Total	<u>\$739,400</u>	<u>\$83,568</u>	<u>\$359,144</u>	<u>\$672,540</u>	<u>\$1,854,652</u>

(14) Fund Balance of Governmental Funds – Unassigned

Unassigned fund balance in the General Fund consists of the following as of June 30, 2020:

10% Operating Contingency	\$34,353,935
All other residual amounts available for any purpose	-
Total	<u>\$34,353,935</u>

The total amount of the 10% Operating Contingency calculation was \$38,709,546 as of June 30, 2020, which exceeded the General Fund's total unassigned fund balance by \$4,355,611.

(15) Commitments and Contingencies

(a) Settlement Agreement

Effective March 28, 2019, OCFA and Irvine entered into a Settlement Agreement, which was amended December 4, 2019, to 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 15 beginning July 15, 2019, and ending July 15, 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. OCFA’s expenditures for Fiscal Year 2019/20 totaled \$500,000.
- **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 15 beginning July 15, 2019, and ending July 15, 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. OCFA’s expenditures for Fiscal Year 2019/20 totaled \$118,000.
- **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 15 of each fiscal year beginning July 15, 2019, and ending July 15, 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 15, 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 remitted payment(s) to the 115 Trust totaling \$2,000,000 during Fiscal Year 2019/20.

OCFA's remaining financial commitment as of June 30, 2020, under the various provisions of the Settlement Agreement totals approximately \$47,730,000 over the ten-year period July 1, 2020, 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>	<u>-</u>
Total original financial commitment	<u>\$ 2,668,000</u>	<u>\$21,000,000</u>
Total remaining OCFA financial commitment over ten fiscal years (Fiscal Year 2020/21 through Fiscal Year 2029/30)	\$26,680,000	\$21,000,000

(b) Commitments for Outstanding Encumbrances

As of June 30, 2020, commitments with vendors for outstanding encumbrances (unperformed purchase orders and contracts for goods and services) by major governmental fund are as follows:

General Fund	\$ 3,691,408
Communications and Information Systems	103,078
Fire Apparatus	14,841,073
Fire Stations and Facilities	<u>612,704</u>
Total outstanding encumbrances	<u>\$19,248,263</u>

Significant individual commitments with vendors as of June 30, 2020, are identified below.

Fund / Vendor	Description	Original Commitment	Spent-to-Date	Remaining Commitment
<u>General Fund:</u>				
Boise Mobile Equipment	(2) Crew carrier vehicles	\$ 606,664	\$ -	\$ 606,664
Boise Mobile Equipment	(2) Crew carrier vehicles	606,664	-	606,664
Griffin Structures, Inc.	Project and construction management services for bathroom gender compliance and dorm privacy projects	285,000	10,657	274,343
Gillis + Panichapan Architects	Pre-construction architectural and engineering support for station renovation projects	274,250	-	274,250
Boise Mobile Equipment	Heavy duty service truck	208,060	-	208,060
BOA Architecture	Planning, design, and construction support for Station No. 41 (Air Operations) projects	129,600	17,300	112,300

Communications and Information Systems:

Safariland, LLC	Hazmat radio interface device	35,579	-	35,579
Dell Marketing, L.P.	Audio visual hardware	25,123	-	25,123

Fire Apparatus:

KME Fire Apparatus	(13) Type 1 engines	8,830,210	-	8,830,210
KME Fire Apparatus	(3) Type 3 engines	1,629,096	-	1,629,096
KME Fire Apparatus	(1) 100' tractor drawn aerial	1,259,743	-	1,259,743
KME Fire Apparatus	(2) Water tenders	881,980	-	881,980

Fire Stations and Facilities:

RSSE Structural Engineers, Inc.	Planning, design, and construction project management for RFOTC training grounds tower project	790,855	212,955	577,900
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(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, 2020, are as follows:

Fund	Transfers In	Transfers Out
Fire Apparatus	\$8,000,000	\$ -
Fire Stations and Facilities	-	8,000,000
Total	<u>\$8,000,000</u>	<u>\$8,000,000</u>

Transfers totaling \$8,000,000 were made from the Fire Stations and Facilities fund to the Fire Apparatus fund for current and future capital improvement projects identified in the Capital Improvement Plan.

(17) Lessor in Operating Lease Agreements

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 \$47,480 for Fiscal Year 2019/20.

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Future lease payments through the July 14, 2022, renewal period are as follows:

<u>Fiscal Year</u>	<u>Carriers 1-3</u>
2020/21	\$ 48,961
2021/22	50,425
2022/23	<u>4,305</u>
Total	<u>\$103,691</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 December 2050, with a fifteen-year extension option through December 2065. Fiscal Year 2019/20 rent expenditures totaled \$77,862.
- 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 2019/20 rent expenditures totaled \$20,574.

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>
2020/21	\$ 80,148	\$20,808	\$ 100,956
2021/22	82,560	3,474	86,034
2022/23	85,032	-	85,032
2023/24	87,588	-	87,588
2024/25	90,216	-	90,216
2025/26 - 2029/30	493,272	-	493,272
2030/31 - 2034/35	571,752	-	571,752
2035/36 - 2039/40	662,748	-	662,748
2040/41 - 2044/45	768,360	-	768,360
2045/46 - 2049/50	890,700	-	890,700
2050/51 - 2054/55	<u>97,242</u>	<u>-</u>	<u>97,242</u>
Total	<u>\$3,909,618</u>	<u>\$24,282</u>	<u>\$3,933,900</u>

(19) Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2020, is summarized in the table below. All 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	\$466,731,526	\$ -	\$(112,336,069)	\$354,395,457	\$ -
Extra Help pension plan	<u>113,591</u>	<u>-</u>	<u>(37,740)</u>	<u>75,851</u>	<u>-</u>
	466,845,117	-	(112,373,809)	354,471,308	-
Net OPEB liability	219,437,807	31,614,382	(6,087,926)	244,964,263	-
Accrued claims and judgments – workers’ compensation	86,616,986	29,668,931	(12,340,122)	103,945,795	14,808,917
Compensated absences	<u>17,787,731</u>	<u>15,740,223</u>	<u>(14,004,871)</u>	<u>19,523,083</u>	<u>4,486,981</u>
Total	<u>\$790,687,641</u>	<u>\$77,023,536</u>	<u>\$(144,806,728)</u>	<u>\$722,904,449</u>	<u>\$19,295,898</u>

(20) Compensated Absences

OCFA is obligated to its employees for accumulated earned but unused leave benefits as of June 30, 2020. 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, 2020:

	Vacation	Comp/Other	Sick Leave	Total
Safety Members	\$11,952,612	\$204,495	\$ 2,335,959	\$14,493,066
General Members	<u>2,530,569</u>	<u>570,571</u>	<u>1,928,877</u>	<u>5,030,017</u>
Total	<u>\$14,483,181</u>	<u>\$775,066</u>	<u>\$4,264,836</u>	<u>\$19,523,083</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 2019/20 included the following:

Notable Exposure Data:

Total Insured Values	\$338,987,526
Total Fleet Values	\$109,339,909

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 (Employment Practices; D&O)	\$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
Auto (Comp and Collision)	\$5,000 (Emergency Vehicles); \$1,000 (Private Passenger)
Garage Keepers	\$250 (Comprehensive); \$500 (Collision)
Property	\$5,000
Crime	\$1,000

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, 2020, 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, 2020, accrued claims and judgments for workers' compensation totaled \$103,945,795 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, 2019, 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, 2020 and 2019, are as follows:

Primary Government/ Governmental Activities	Fiscal Year Ended	
	June 30, 2020	June 30, 2019
Unpaid claims at beginning of fiscal year	\$ 86,616,986	\$73,331,644
Incurred claims (including IBNR's)	29,668,931	25,246,649
Claim payments	<u>(12,340,122)</u>	<u>(11,961,307)</u>
Unpaid claims at end of fiscal year	<u>\$103,945,795</u>	<u>\$86,616,986</u>
Due within one year	\$ 14,808,917	\$14,128,312
Due in more than one year	<u>89,136,878</u>	<u>72,488,674</u>
Unpaid claims at end of fiscal year	<u>\$103,945,795</u>	<u>\$86,616,986</u>
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 \$98,998,999. 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) 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 23 and Note 24. OCFA also provides other postemployment benefits (OPEB) through the Retiree Medical Plan. Additional plan information is provided within these notes as Note 25. Following is a summary of plan balances as of and for the year ended June 30, 2020:

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	\$354,395,457	\$112,123,798	\$ 97,996,328	\$67,124,196
Extra Help Pension Plan	75,851	874	-	(31,130)
Subtotal	354,471,308	112,124,672	97,996,328	67,093,066
OPEB	244,964,263	15,297,531	14,274,883	3,616,673
Total	<u>\$599,435,571</u>	<u>\$127,422,203</u>	<u>\$112,271,211</u>	<u>\$70,709,739</u>

(23) 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, 2020, 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, 2020:

Category	Plan	Tier	Benefit Formula	Employer Contribution Rates			Employee Contribution Rates (See Below)
				Normal Cost	UAAL	Total	
Safety	E	I	3.0% at 50	27.24%	20.80%	48.04%	11.11% - 14.95%
Safety	F	II	3.0% at 50	27.24%	20.80%	48.04%	15.01% - 21.22%
Safety	R	II	3.0% at 55	21.97%	20.80%	42.77%	14.21% - 20.08%
Safety	V	II	2.7% at 57 (PEPRA)	15.44%	20.80%	36.24%	13.13% - 20.64%
General	I	I	2.7% at 55	14.72%	15.74%	30.46%	10.51% - 16.61%
General	J	II	2.7% at 55	14.72%	15.74%	30.46%	10.06% - 16.61%
General	N	II	2.0% at 55	13.46%	15.74%	29.20%	7.67% - 13.72%
General	U	II	2.5% at 67 (PEPRA)	10.41%	15.74%	26.15%	8.30% - 14.96%

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, 2020.

Employee Hire Date	Benefit Formula	Employee Contribution Rate
Safety – Firefighter Unit		
Prior to 1/1/2011	3.0% at 50	19.99% as of 9/1/2018^ 20.53% as of 9/1/2019^
1/1/2011 - 6/30/2012	3.0% at 50	19.99% as of 9/1/2018^
On or After 7/1/2012 (with reciprocity)	3.0% at 55	20.53% as of 9/1/2019^
On or After 1/1/2013 (without reciprocity)	2.7% at 57 (PEPRA)	50% of Normal Cost
Safety – Firefighter Management Unit		
Prior to 7/1/2012	3.0% at 50	20.22% as of 7/1/2019^
On or After 7/1/2012 (with reciprocity)	3.0% at 55	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

Employee Hire Date	Benefit Formula	Employee Contribution Rate
<i>Safety – Executive Management</i>		
Prior to 7/1/2011	3.0% at 50	50% of Normal Cost
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%
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%
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, 2020, employer and employee contributions remitted to OCERS were as follows:

	Employer Contributions	Employee Contributions	Total Contributions
Contributions paid by OCFA	\$93,232,215	\$ -	\$ 93,232,215
Contributions paid by employees	-	25,657,245	25,657,245
Total	<u>\$93,232,215</u>	<u>\$25,657,245</u>	<u>\$118,889,460</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, 2019, 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, 2018, rolled forward to December 31, 2019, 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, 2020 and 2019 was as follows:

Member Type	OCFA's Proportionate Share of the Total OCERS Net Pension Liability					
	At June 30, 2019		Increase (Decrease)		At June 30, 2020	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Safety	\$410,894,885	6.6%	\$ (88,953,143)	(0.2%)	\$321,941,742	6.4%
General	55,836,641	0.9%	(23,382,926)	(0.3%)	32,453,715	0.6%
Total	<u>\$466,731,526</u>	<u>7.5%</u>	<u>\$ (112,336,069)</u>	<u>(0.5%)</u>	<u>\$354,395,457</u>	<u>7.0%</u>

For the year ended June 30, 2020, OCFA recognized pension expense of \$67,124,196. At June 30, 2020, 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	\$ 24,478,887	\$(38,937,675)
Changes in assumptions	29,267,911	(130,986)
Net differences between projected and actual earnings on plan investments	<u>-</u>	<u>(58,927,667)</u>
	53,746,798	(97,996,328)
Employer contributions subsequent to measurement date	<u>58,377,000</u>	<u>-</u>
Total	<u>\$112,123,798</u>	<u>\$(97,996,328)</u>

Deferred outflows of resources related to contributions subsequent to the measurement date totaling \$58,377,000 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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
2021	\$(22,142,217)
2022	(14,700,769)
2023	10,935,776
2024	(22,568,325)
2025	<u>4,226,005</u>
Total	<u>\$(44,249,530)</u>

(c) Actuarial Assumptions

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2018	
Measurement Date	December 31, 2019, rolled forward on an actuarial basis	
Actuarial Cost Method	Entry age actuarial cost method (normal)	
Discount rate	7.00%	
Inflation	2.75%	
Investment rate of return	7.00%, net of pension plan investment expense, including inflation	
Salary increases	Safety 4.75% to 17.25% and General 4.25% to 12.25% (vary by service, including inflation)	
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
• 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.
• 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
• 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
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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, 2019, and December 31, 2018, 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, 2019, and December 31, 2018.

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>\$664,737,575</u>	<u>\$354,395,457</u>	<u>\$101,964,573</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.

(24) 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, 2020, lump sum distributions totaling \$13,768 were made to three participants. Currently, there are no participants collecting retirement benefits.

Plan Membership

As of June 30, 2020, Plan membership consisted of the following:

Plan Members (or Beneficiaries)	Balance as of June 30, 2020		
	\$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>1</u>	-	<u>1</u>
Total	<u>37</u>	<u>2</u>	<u>39</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, 2020, employee and employer contributions totaled \$891 and \$1,072, 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, 2020, using an actuarial valuation as of January 1, 2020, rolled forward to June 30, 2020, using standard update procedures. A summary of components of the Plan's net pension liability as of June 30, 2020, is shown below, followed by principal assumptions and methods used to determine the net pension liability.

Total pension liability	\$122,785
Plan fiduciary net position	<u>(46,934)</u>
Net pension liability	<u>\$ 75,851</u>
Plan fiduciary net position as a % of the total pension liability	38.22%

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, 2020, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	January 1, 2020
Measurement Date	June 30, 2020, rolled forward on an actuarial basis
Actuarial Cost Method	Entry age normal
Discount rate	2.45%, 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	2.45%
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	PubS2010 mortality table with generational improvements based on the MP-2019 scale. As the plan is not large enough to have credible experience, mortality assumptions are set to reflect general population trends.
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. As the plan is not large enough to have credible experience, forms of payment are based on professional judgment and expectations based on the provisions of the plan.
Retirement	100% retirement at age 65. Due to the size of the plan, use of an assumption more than a single point estimate is not merited.
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, 2020 and 2019:

	<u>As of June 30, 2020</u>	<u>As of June 30, 2019</u>	<u>Change</u>
Discount rate	2.45%	3.15%	(0.70)%
Inflation	2.75%	2.75%	n/a
Investment rate of return	2.45%	3.15%	(0.70)%
Salary increases	3.00%	3.00%	n/a

Discount Rate

The discount rate used to measure the total pension liability was 2.45% (a decrease of 0.70% 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, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Local Agency Investment Fund	100.00%	2.45%

The annual money-weighted rate of return was 2.30%, 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, 2020, were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/ (Asset)
Balance at June 30, 2019	<u>\$171,139</u>	<u>\$57,548</u>	<u>\$113,591</u>
Changes in the year:			
Service cost	6,786	-	6,786
Interest	5,388	-	5,388
Differences between expected and actual experience	(63,020)	-	(63,020)
Changes of assumptions	16,260	-	16,260
Contributions – employer	-	1,072	(1,072)
Contributions – plan members	-	891	(891)
Net investment income	-	1,191	(1,191)
Benefit payments, including refunds of employee contributions	<u>(13,768)</u>	<u>(13,768)</u>	<u>-</u>
Net changes	<u>(48,354)</u>	<u>(10,614)</u>	<u>(37,740)</u>
Balance at June 30, 2020	<u>\$122,785</u>	<u>\$46,934</u>	<u>\$ 75,851</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 2.45%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current rate:

	1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
Net pension liability	<u>\$101,176</u>	<u>\$75,851</u>	<u>\$56,179</u>

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

For the year ended June 30, 2020, OCFA recognized pension expense (credit) of \$(31,130). At June 30, 2020, 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	\$ -	\$ -
Changes in assumptions	-	-
Net differences between projected and actual earnings on plan investments	<u>874</u>	<u>-</u>
Total	<u>\$874</u>	<u>\$ -</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
2021	\$278
2022	353
2023	155
2024	<u>88</u>
Total	<u>\$874</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, 2020:

	Extra Help Retirement
Assets:	
Cash and investments:	
Local Agency Investment Fund:	
Domestic fixed income	<u>\$46,934</u>
Total assets	<u>46,934</u>
Net position restricted for pensions	<u>\$46,934</u>
Additions:	
Contributions:	
Employer	\$ 1,072
Plan members	<u>891</u>
Total contributions	<u>1,963</u>
Net investment income:	
Total investment income	<u>1,191</u>
Total net investment income	<u>1,191</u>
Total additions	<u>3,154</u>
Deductions:	
Benefits and refunds paid to plan members and beneficiaries	<u>13,768</u>
Total deductions	<u>13,768</u>
Change in net position	(10,614)
Net position, beginning of year	<u>57,548</u>
Net position, end of year	<u>\$46,934</u>

(25) Other Postemployment Benefits (OPEB)

(a) General Information

Plan 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, 2019. 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, 2019 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 \$136 for 2019 and \$139 for 2020. 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 26.

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 2018 through 2020:

<u>Calendar Year</u>	<u>Monthly Grant Amount</u>	<u>% Increase</u>
2020	\$27.74	5.0%
2019	\$26.42	1.4%
2018	\$26.06	2.2%

- 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, 2019, the date of the latest actuarial valuation:

Plan Membership Status	Retiree Medical Plan (Hired Prior to January 1, 2007)	PEMHCA Eligible Employees (Hired on or After January 1, 2007)	Total
Inactive plan members or beneficiaries currently receiving benefit payments	787	1	788
Inactive plan members entitled to but not yet receiving benefit payments	34	-	34
Active plan members	<u>451</u>	<u>959</u>	<u>1,410</u>
Total	<u>1,272</u>	<u>960</u>	<u>2,232</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, 2019	Fiscal Year Ending June 30, 2020
Cash contributions	\$ -	\$ -
Implicit subsidy	<u>2,221,564</u>	<u>2,252,945</u>
Total	<u>\$2,221,564</u>	<u>\$2,252,945</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, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>
Credit	11.0%
Real Assets	17.0%
Global Equities	35.0%
Private Equity	10.0%
Fixed Income	17.0%
Risk Mitigation	<u>10.0%</u>
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, 2019. 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, 2019, the annual money-weighted rate of return on OCERS' plan assets, net of investment expense, was 14.8%. 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, 2019, using an actuarial valuation as of December 31, 2019, rolled forward to December 31, 2019, 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	\$286,369,153
Plan fiduciary net position	<u>(41,404,890)</u>
Net OPEB liability	<u>\$244,964,263</u>
Plan fiduciary net position as a % of the total OPEB liability	14.46%

Actuarial Assumptions

The total OPEB liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2019		
Measurement Date	December 31, 2019		
Actuarial Cost Method	Entry age normal		
Discount Rate	3.31%; Based on the blended rate of return on invested assets available to pay future benefits and the Bond Buyer 20-Bond GO index (3.26% as of December 31, 2019). 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 SOA Pub-2010 Headcount Weighted Mortality Tables for General, Safety, and Continuing Survivor projected fully generational using Scale MP-2019.		
Healthcare Cost Trend Rates	<u>Year</u>	<u>Trend</u>	
	2020	6.5%	
	2021	6.0%	
	2022	5.5%	
	2023	5.0%	
	2024	4.5%	
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 2019 and 2020 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, 2019 and 2018:

	As of December 31, 2019	As of December 31, 2018	Change
Discount rate	3.31%	4.17%	(0.86%)
Twenty-year bond rate	3.26%	4.11%	(0.85%)
Crossover year	2025	2025	n/a
Mortality rate scale	MP-2019	MP-2018	n/a
Pre-retirement turnover	0.2% - 11.0%	0.2% - 11.0%	n/a

Discount Rate

The discount rate used to measure the total OPEB liability was 3.31% (a decrease of 0.86% 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 3.26% (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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Credit	11.0%	5.0%
Real Assets	17.0%	5.0%
Global Equities	35.0%	5.0%
Private Equity	10.0%	7.0%
Fixed Income	17.0%	1.0%
Risk Mitigation	<u>10.0%</u>	4.0%
Total	<u>100.0%</u>	

The annual money-weighted rate of return was 14.8%.

(d) Changes in the Net OPEB Liability

Changes in the Plan's net OPEB liability for the year ended June 30, 2020, were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2019	<u>\$258,469,145</u>	<u>\$39,031,338</u>	<u>\$219,437,807</u>
Changes in the year:			
Service cost	6,034,031	-	6,034,031
Interest on the total OPEB liability	10,878,843	-	10,878,843
Difference between expected and actual experience	(647,369)	-	(647,369)
Changes in assumptions	18,873,824	-	18,873,824
Contributions – employer	-	2,221,564	(2,221,564)
Contributions – plan members	-	2,111,158	(2,111,158)
Net investment income (loss)	-	5,301,391	(5,301,391)
Benefit payments, including refunds of employee contributions	(7,239,321)	(7,239,321)	-
Administrative expense	-	(21,240)	21,240
Net changes	<u>27,900,008</u>	<u>2,373,552</u>	<u>25,526,456</u>
Balance at June 30, 2020	<u>\$286,369,153</u>	<u>\$41,404,890</u>	<u>\$244,964,263</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 3.31%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.31%) or one percentage point higher (4.31%) than the current discount rate:

	1% Decrease (2.31%)	Current Discount Rate (3.31%)	1% Increase (4.31%)
Net OPEB liability	<u>\$299,205,826</u>	<u>\$244,964,263</u>	<u>\$202,575,653</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 4.5%), 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 3.5%) or one percentage point higher (7.5% decreasing to 5.5%) than the current rates:

	1% Decrease (5.5% decreasing to 3.5%)	Current Healthcare Cost Trend Rates (6.5% decreasing to 4.5%)	1% Increase (7.5% decreasing to 5.5%)
Net OPEB liability	<u>\$228,593,091</u>	<u>\$244,964,263</u>	<u>\$256,757,743</u>

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

For the year ended June 30, 2020, OCFA recognized OPEB expense of \$3,616,673. At June 30, 2020, OCFA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience in the total OPEB liability	\$ -	\$ (1,455,276)
Changes in assumptions	14,155,368	(11,810,640)
Net differences between projected and actual earnings on plan investments	-	(1,008,967)
	14,155,368	(14,274,883)
Contributions subsequent to measurement date	<u>1,142,163</u>	-
Total	<u>\$15,297,531</u>	<u>\$ (14,274,883)</u>

Deferred outflows of resources related to contributions subsequent to the measurement date totaling \$1,142,163 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. 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>
2021	\$(8,554,580)
2022	4,225,811
2023	4,739,190
2024	<u>(529,936)</u>
Total	<u>\$ (119,515)</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, 2020:

	<u>Retiree Medical Plan</u>
Assets:	
Cash and investments:	
Pooled amounts held in trust with OCERS	<u>\$42,242,955</u>
Total cash and investments	42,242,955
Receivables:	
Other receivables	<u>12,302</u>
Total assets	<u>\$42,255,257</u>
Liabilities:	
Accrued liabilities	<u>850,367</u>
Total liabilities	<u>850,367</u>
Net position restricted for postemployment benefits other than pensions	<u>\$41,404,890</u>
Additions:	
Contributions:	
Employer	\$ 2,221,564
Plan members	<u>2,111,158</u>
Total contributions	<u>4,332,722</u>
Net investment income:	
Total investment income (loss)	5,565,786
Investment fees and expenses	<u>(264,395)</u>
Total net investment income (loss)	<u>5,301,391</u>
Total additions	<u>9,634,113</u>
Deductions:	
Benefits and refunds paid to plan members and beneficiaries	7,239,321
Administrative expenses	<u>21,240</u>
Total deductions	<u>7,260,561</u>
Change in net position	2,373,552
Net position, beginning of year	<u>39,031,338</u>
Net position, end of year	<u>\$41,404,890</u>

(26) 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, 2020, totaled \$3,587,220.

(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 25.

(27) 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. The 457(b) Deferred Compensation Plan (457b Plan) is administered by the Nationwide Trust Company. Employees may make voluntary contributions to the 457b Plan, including after-tax Roth 457 contributions, up to the maximum annual amounts permitted by the Internal Revenue Service. Voluntary employee contributions to the 457b Plan for the fiscal year ended

June 30, 2020, totaled \$11,558,606. 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 457b Plan for the fiscal year ended June 30, 2020, totaled \$11,000 for Administrative Management employees.

On February 28, 2019, OCFA's Board of Directors created the Orange County Fire Authority 401(a) Deferred Compensation Plan (401a 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. The 401a Plan is also administered by Nationwide Trust Company. 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. Contractually required employer contributions to the 401a Plan for the fiscal year ended June 30, 2020, totaled \$104,919 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-Milias-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 24.

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, 2020, totaled \$17,815.

(28) Subsequent Events

(a) Deposit to 115 Trust

On July 1, 2020, OCFA deposited \$1,500,000 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) Fire Services and Emergency Medical Services Agreement with the City of Placentia

The City of Placentia issued a notice of withdrawal to the OCFA, as allowed per the Joint Powers Agreement, prior to June 30, 2018. Effective July 1, 2020, the City of Placentia was no longer a member of OCFA and the responsibility to provide fire and emergency medical services were transferred to the new Placentia Fire and Life Safety Department.

(c) Approval of Memorandum of Understanding – Orange County Professional Firefighters Association

On August 27, 2020, OCFA's Board of Directors approved a Memorandum of Understanding (MOU) between OCFA and the Orange County Professional Firefighters Association (OCPFA), with a term of September 1, 2020, to August 31, 2022. The financial impact of the MOU is the equivalent-cost of a 3.08% employee salary increase over two years (\$4.2 million in year one and \$3.5 million in year two). Significant terms of the MOU included the following: (1) all specialty pays provided for in the existing MOU were converted from a percentage of top step firefighter salary to a percentage of each

employee's base salary; (2) Emergency Medical Technician (EMT) pay increased by 2% of base salary in September 2020 (from 5% to 7%) and 2% in September 2021 (from 7% to 9%); and (3) hazardous duty pay at 7.5% of base salary was added for Arson Investigators and Air Operations.

(d) Approval of Memorandum of Understanding – Orange County Fire Authority Chief Officers Association

On September 24, 2020, OCFA's Board of Directors approved a Memorandum of Understanding (MOU) between OCFA and the Orange County Fire Authority Chief Officers Association (COA), with a term of July 1, 2020, to June 30, 2023. The financial impact of the MOU is the equivalent-cost of a 7.59% employee salary increase over three years (\$630,636 in year one, \$236,471 in year two, and \$355,120 in year three). Significant terms of the MOU included the following: (1) new 4.5% Emergency Medical Technician (EMT) pay for employees with a current EMT or paramedic certification, increasing to 6.25% of base pay as of July 1, 2021 and 6.5% of base pay as of July 1, 2022; (2) new 3% longevity pay effective July 1, 2022, upon commencement of an employee's third year in a COA classification; and (3) an increase in sick leave accruals by seven and ten hours per year for staff and shift employees, respectively.

(e) Ongoing Response to COVID-19 Pandemic

The World Health Organization declared COVID-19 a global pandemic in March 2020 and government measures taken to contain the virus have adversely affected the economy. The exact impact of any continued negative economic activity on assessed property values and property taxes, OCFA's primary revenue source, is unknown at this time. There is generally a delay of one to two fiscal years between when a significant economic event occurs and when property tax revenues are subsequently impacted. OCFA has taken measures to monitor and prevent the effects of COVID-19, such as implementing employee health and safety measures and securing personal protective equipment essential to emergency response and support operations. Due to the ongoing nature of the pandemic, OCFA plans to continue its proactive measures to minimize the potential for exposure to OCFA's workforce. The exact financial impact of those activities for the remainder of 2020 cannot be predicted.

Required Supplementary Information



Open House
October 5, 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, 2020
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 seven 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

2018		2019	2020		
7.485%		7.531%	6.982%		
\$	370,674,668	\$	466,731,526	\$	354,395,457
\$	148,890,685	\$	155,479,486	\$	164,583,742
248.96%		300.19%	215.33%		
\$	14,801,895,000	\$	14,481,680,000	\$	16,678,581,000
74.93%		70.03%	76.67%		
12/31/2017			12/31/2018		
			12/31/2019		

ORANGE COUNTY FIRE AUTHORITY

OCERS Retirement Plan
A Cost-Sharing, Multiple-Employer Defined Benefit Pension Plan
As of June 30, 2020
Last Ten Fiscal Years

Schedule of Contributions

	Fiscal Year Ended June 30			
	2011	2012	2013	2014
Required employer contributions (actuarially determined)	\$ 45,543,856	\$ 55,756,764	\$ 61,206,670	\$ 57,795,043
Actual employer contributions	45,543,856	55,756,764	61,206,670	63,030,796
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,235,753</u>
Covered payroll	\$ 107,268,263	\$ 111,444,130	\$ 128,121,447	\$ 125,869,628
Actual contributions as a percentage of covered payroll	42.46%	50.03%	47.77%	50.08%

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.

2015	2016	2017	2018	2019	2020
\$ 61,323,319	\$ 63,297,103	\$ 66,284,815	\$ 67,135,009	\$ 68,220,529	\$ 72,228,778
82,699,618	78,708,605	82,880,775	90,230,805	91,053,475	93,232,215
<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>	<u>\$ 21,003,437</u>
(A)					
\$ 128,215,528	\$ 132,248,620	\$ 144,564,215	\$ 149,170,809	\$ 153,247,752	\$ 176,975,377
64.50%	59.52%	57.33%	60.49%	59.42%	52.68%

ORANGE COUNTY FIRE AUTHORITY

Extra Help Retirement Plan
A Single-Employer Defined Benefit Pension Plan
As of June 30, 2020
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	2020
\$ 5,386	\$ 2,911	\$ 6,786
6,297	5,007	5,388
(36,700)	21,397	(63,020)
5,961	9,879	16,260
<u>(24,786)</u>	<u>(16,426)</u>	<u>(13,768)</u>
(43,842)	22,768	(48,354)
<u>192,213</u>	<u>148,371</u>	<u>171,139</u>
<u>148,371</u>	<u>171,139</u>	<u>122,785</u>
1,519	876	1,072
16,641	9,043	891
1,196	1,731	1,191
<u>(24,786)</u>	<u>(16,426)</u>	<u>(13,768)</u>
(5,430)	(4,776)	(10,614)
<u>67,754</u>	<u>62,324</u>	<u>57,548</u>
<u>62,324</u>	<u>57,548</u>	<u>46,934</u>
<u>\$ 86,047</u>	<u>\$ 113,591</u>	<u>\$ 75,851</u>
42.01%	33.63%	38.22%
\$ 73,747	\$ 160,212	\$ 9,541
116.68%	70.90%	795.00%
3.50%	3.15%	2.45%
2.75%	2.75%	2.75%
3.00%	3.00%	3.00%

ORANGE COUNTY FIRE AUTHORITY

Extra Help Retirement Plan
A Single-Employer Defined Benefit Pension Plan
As of June 30, 2020
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

2018	2019	2020
\$ 1,519	\$ 876	1,072
1,519	876	1,072
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
100.00%	100.00%	100.00%
\$ 73,747	\$ 160,212	\$ 9,541
2.06%	0.55%	11.24%

-	-	-
37	38	38
24	4	1
<u>61</u>	<u>42</u>	<u>39</u>

ORANGE COUNTY FIRE AUTHORITY

Extra Help Retirement Plan
A Single-Employer Defined Benefit Pension Plan
As of June 30, 2020
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%	
2020	2.30%	

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, 2020
For the Last Ten Fiscal Years (A)

Schedule of Changes in Net OPEB Liability and Related Ratios

	Fiscal Year Ended June 30		
	2018	2019	2020
Total OPEB liability (TOPEBL):			
Service cost	\$ 7,712,349	\$ 7,989,994	\$ 6,034,031
Interest	10,007,111	10,432,082	10,878,843
Differences between expected and actual experience	-	(2,909,247)	(647,369)
Changes of assumptions	-	(35,431,920)	18,873,824
Benefit payments, including refunds of member contributions	(5,581,055)	(6,803,645)	(7,239,321)
Net change in total pension liability	12,138,405	(26,722,736)	27,900,008
Total OPEB liability - beginning	273,053,476	285,191,881	258,469,145
Total OPEB liability - ending	285,191,881	258,469,145	286,369,153
Plan fiduciary net position (FNP):			
Contributions - employer	1,603,537	4,002,323	2,221,564
Contributions - plan members	2,379,665	2,259,947	2,111,158
Net investment income (loss)	5,116,794	(728,045)	5,301,391
Benefit payments, including refunds of member contributions	(5,581,055)	(6,803,645)	(7,239,321)
Administrative expense	(27,068)	(30,304)	(21,240)
Net change in plan fiduciary net position	3,491,873	(1,299,724)	2,373,552
Total plan fiduciary net position - beginning	36,839,189	40,331,062	39,031,338
Total plan fiduciary net position - ending	40,331,062	39,031,338	41,404,890
Net OPEB liability (NOPEBL)	\$ 244,860,819	\$ 219,437,807	\$ 244,964,263
Plan FNP as a % of the TOPEBL	14.14%	15.10%	14.46%
Covered employee payroll	\$ 68,808,979	\$ 66,697,012	\$ 63,351,188
NOPEBL as a % of covered employee payroll	355.86%	329.01%	386.68%

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	12/31/2019
(C) Change in actuarial assumptions:			
Discount rate	3.60%	4.17%	3.31%
Twenty-year bond rate	3.44%	4.11%	3.26%
Crossover year	2028	2025	2025
Mortality rate scale	MP-2015	MP-2018	MP-2019
Pre-retirement turnover	0.00% - 5.00%	0.20% - 11.00%	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, 2020
For the Last Ten Fiscal Years (A)

Schedule of Contributions

	Fiscal Year Ended June 30		
	2018	2019	2020
Required employer contributions (contractually determined) (B)	\$ 3,941,686	\$ 1,974,029	\$ 2,252,945
Actual employer contributions	3,941,686	1,974,029	2,252,945
Contribution excess (deficiency)	\$ -	\$ -	\$ -
Actual contributions as a % of contractually required contributions	100.00%	100.00%	100.00%
Covered employee payroll	\$ 65,955,614	\$ 62,958,049	\$ 59,454,055
Actual contributions as a % of covered employee payroll	5.98%	3.14%	3.79%

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	2020
Retiree Medical Plan (Hired Prior to January 1, 2007):			
Inactive; currently receiving benefits	738	781	817
Inactive; entitled to but no yet receiving benefits	41	39	36
Active	511	457	419
Subtotal	1,290	1,277	1,272
PEMHCA Eligible Employees (Hired on or After January 1, 2007):			
Inactive; currently receiving benefits	1	1	4
Active	763	821	1,008
Subtotal	764	822	1,012
Total Plan Members as of June 30:			
Inactive; currently receiving benefits	739	782	821
Inactive; entitled to but no yet receiving benefits	41	39	36
Active	1,274	1,278	1,427
Total	2,054	2,099	2,284

ORANGE COUNTY FIRE AUTHORITY

Retiree Medical Plan
A Single-Employer Defined Benefit Other Postemployment Benefit (OPEB) Plan
As of June 30, 2020
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%
2020	2019	14.81%

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

Burn Safety (Part 3 of 3)

(Continued from Page 36)



In 2018, roughly 70,000 people went to the emergency room because of contact burns. About one-third of these patients were children under the age of 5.

Safety Tips

A burn is damage to the skin caused by heat. Burns and scalds can occur from certain tools, appliances, hot water, or the sun. Every 60 seconds, someone in the United States sustains a burn serious enough to require treatment.

Burn Prevention Tips

- ✓ Create a safety zone of at least 3 feet around hot objects or appliances.
- ✓ Do not leave hot objects unattended and unplug tools when not in use.
- ✓ Keep hot objects away from counter edges and out of the reach of children.

Supplementary Schedules



Girls Empowerment Camp
March 7, 2020

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, 2020
(With Comparative Data for Prior Year)

	2020			2019
	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	Actual Amounts
Budgetary fund balance, July 1	\$ 7,907,713	\$ 7,907,713	\$ 7,907,713	\$ -
Resources (inflows):				
Use of money and property	91,948	119,948	132,392	12,444
Transfers in	-	-	-	-
Total resources (inflows)	91,948	119,948	132,392	12,444
Amounts available for appropriations	7,999,661	8,027,661	8,040,105	12,444
Charges to appropriation (outflows):				
Services and supplies	1,142,727	2,384,745	573,225	1,811,520
Capital outlay	1,613,216	2,899,588	1,237,967	1,661,621
Total charges to appropriations	2,755,943	5,284,333	1,811,192	3,473,141
Budgetary fund balance, June 30	\$ 5,243,718	\$ 2,743,328	\$ 6,228,913	\$ 3,485,585

ORANGE COUNTY FIRE AUTHORITY
Fire Apparatus
Budgetary Comparison Schedule
Year ended June 30, 2020
(With Comparative Data for Prior Year)

	2020			2019
	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	Actual Amounts
Budgetary fund balance, July 1	\$ 11,631,823	\$ 11,631,823	\$ 11,631,823	\$ -
Resources (inflows):				
Charges for services	1,750,537	1,750,537	1,750,537	-
Use of money and property	434,978	286,978	339,613	52,635
Transfers in	8,000,000	8,000,000	8,000,000	-
Total resources (inflows)	10,185,515	10,037,515	10,090,150	52,635
Amounts available for appropriations	21,817,338	21,669,338	21,721,973	52,635
Charges to appropriation (outflows):				
Capital outlay	15,274,467	21,078,413	2,731,444	18,346,969
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total charges to appropriations	15,274,467	21,078,413	2,731,444	18,346,969
Budgetary fund balance, June 30	\$ 6,542,871	\$ 590,925	\$ 18,990,529	\$ 18,399,604

ORANGE COUNTY FIRE AUTHORITY
Fire Stations and Facilities
Budgetary Comparison Schedule
Year ended June 30, 2020
(With Comparative Data for Prior Year)

	2020			2019
	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	Actual Amounts
Budgetary fund balance, July 1	\$ 25,942,605	\$ 25,942,605	\$ 25,942,605	\$ -
Resources (inflows):				
Use of money and property	385,115	300,115	344,906	44,791
Developer contributions	-	635,400	679,800	44,400
Total resources (inflows)	385,115	935,515	1,024,706	89,191
Amounts available for appropriations	26,327,720	26,878,120	26,967,311	89,191
Charges to appropriation (outflows):				
Services and supplies	533,351	783,351	761,453	21,898
Capital outlay	8,907,023	9,273,729	577,932	8,695,797
Transfers out	8,000,000	8,000,000	8,000,000	-
Total charges to appropriations	17,440,374	18,057,080	9,339,385	8,717,695
Budgetary fund balance, June 30	\$ 8,887,346	\$ 8,821,040	\$ 17,627,926	\$ 8,806,886

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.

Settlement Agreement

This sub-fund is used to account for the activities of a Settlement Agreement between OCFA and the City of Irvine to provide various provisions benefiting the citizens of Orange County and enhancing services provided throughout OCFA’s jurisdiction, including a Joint Police-Fire Training Facility, a Drone Program, Bi-Directional Amplifiers, training of Irvine Police Department Emergency Medical Technicians, a Public Safety Community Emergency Response Team Coordinator in the City of Irvine, and pension funding through a Section 115 Trust.

ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Balance Sheet
June 30, 2020
(With Comparative Data for Prior Year)

	General Operating Fund	General Fund CIP	Structural Fire Entitlement	Self Insurance	Settlement Agreement	Eliminations	Total General Fund	
							2020	2019
Assets:								
Cash and investments	\$ 15,673,569	\$ 6,409,806	\$ 1,336,170	\$ 99,323,270	\$ 21,411,693	\$ -	\$ 144,154,508	\$ 132,646,495
Accounts receivable, net	2,566,137	-	-	-	-	-	2,566,137	3,875,095
Accrued interest receivable	82,851	-	1,586	153,270	-	-	237,707	364,028
Prepaid costs and other assets	42,624,291	93,436	-	-	-	-	42,717,727	36,758,935
Due from other governments, net	16,765,308	-	-	-	-	-	16,765,308	11,461,876
Restricted cash and investments	-	-	-	-	2,121,417	-	2,121,417	-
Total assets	\$ 77,712,156	\$ 6,503,242	\$ 1,337,756	\$ 99,476,540	\$ 23,533,110	\$ -	\$ 208,562,804	\$ 185,106,429
Liabilities:								
Accounts payable	\$ 4,523,991	\$ 239,768	\$ 49,484	\$ 477,541	\$ 1,034	\$ -	\$ 5,291,818	\$ 5,220,369
Accrued liabilities	10,980,091	-	-	-	-	-	10,980,091	10,183,314
Unearned revenue	574,002	-	-	-	-	-	574,002	29,120
Due to other governments	106,037	-	-	-	-	-	106,037	298,186
Total liabilities	16,184,121	239,768	49,484	477,541	1,034	-	16,951,948	15,730,989
Deferred inflows of resources:								
Unavailable revenue	1,022,603	-	-	-	-	-	1,022,603	650,814
Total deferred inflows of resources	1,022,603	-	-	-	-	-	1,022,603	650,814
Fund balances:								
Nonspendable prepaid costs	42,607,136	93,436	-	-	-	-	42,700,572	36,732,385
Restricted:								
Various departments	4,148,316	-	-	-	-	-	4,148,316	3,874,815
Communications/ IT projects	-	-	-	-	-	-	-	12,012
Section 115 pension trust	-	-	-	-	2,120,383	-	2,120,383	-
Committed to SFF cities enhancements	-	-	1,288,272	-	-	-	1,288,272	1,338,850
Assigned:								
Capital improvement program	-	5,123,124	-	-	-	-	5,123,124	3,408,234
Workers' compensation	-	-	-	98,998,999	-	-	98,998,999	88,772,530
Various departments	724,170	15,230	-	-	-	-	739,400	1,391,734
Facilities projects	83,568	-	-	-	-	-	83,568	216,020
Communications/ IT projects	-	359,144	-	-	-	-	359,144	175,111
Construction projects	-	672,540	-	-	-	-	672,540	122,265
Unassigned	12,942,242	-	-	-	21,411,693	-	34,353,935	32,680,670
Total fund balances	60,505,432	6,263,474	1,288,272	98,998,999	23,532,076	-	190,588,253	168,724,626
Total liabilities, deferred inflows of resources, and fund balances	\$ 77,712,156	\$ 6,503,242	\$ 1,337,756	\$ 99,476,540	\$ 23,533,110	\$ -	\$ 208,562,804	\$ 185,106,429

ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2020
(With Comparative Data for Prior Year)

	General Operating Fund	General Fund CIP	Structural Fire Entitlement	Self Insurance	Settlement Agreement	Eliminations	Total General Fund	
							2020	2019
Revenues:								
Taxes	\$ 277,721,815	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 277,721,815	\$ 264,267,387
Intergovernmental	41,258,003	-	-	-	-	-	41,258,003	28,521,605
Charges for services	136,890,975	-	-	19,573,944	-	(19,573,944)	136,890,975	112,272,830
Use of money and property	1,464,960	-	24,846	1,722,978	494,085	(895,508)	2,811,361	3,277,839
Miscellaneous	6,251,167	5,401	-	-	-	-	6,256,568	1,428,134
Total revenues	<u>463,586,920</u>	<u>5,401</u>	<u>24,846</u>	<u>21,296,922</u>	<u>494,085</u>	<u>(20,469,452)</u>	<u>464,938,722</u>	<u>409,767,795</u>
Expenditures:								
Current - public safety:								
Salaries and benefits	394,606,091	-	-	-	-	(19,573,944)	375,032,147	346,953,705
Services and supplies	51,058,637	1,832,584	75,424	12,340,122	630,009	-	65,936,776	48,487,512
Capital outlay	1,641,148	1,601,592	-	-	-	-	3,242,740	2,030,019
Debt service:								
Interest and fiscal charges	<u>1,221,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(895,508)</u>	<u>325,640</u>	<u>321,241</u>
Total expenditures	<u>448,527,024</u>	<u>3,434,176</u>	<u>75,424</u>	<u>12,340,122</u>	<u>630,009</u>	<u>(20,469,452)</u>	<u>444,537,303</u>	<u>397,792,477</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,059,896</u>	<u>(3,428,775)</u>	<u>(50,578)</u>	<u>8,956,800</u>	<u>(135,924)</u>	<u>-</u>	<u>20,401,419</u>	<u>11,975,318</u>
Other financing sources (uses):								
Transfers in	507,495	5,907,542	-	-	24,175,495	(30,590,532)	-	-
Transfers out	(30,083,037)	-	-	-	(507,495)	30,590,532	-	(2,150,000)
Sale of capital assets	142,044	-	-	-	-	-	142,044	22,548
Insurance recoveries	<u>50,495</u>	<u>-</u>	<u>-</u>	<u>1,269,669</u>	<u>-</u>	<u>-</u>	<u>1,320,164</u>	<u>775,470</u>
Total other financing sources (uses)	<u>(29,383,003)</u>	<u>5,907,542</u>	<u>-</u>	<u>1,269,669</u>	<u>23,668,000</u>	<u>-</u>	<u>1,462,208</u>	<u>(1,351,982)</u>
Net change in fund balances	<u>(14,323,107)</u>	<u>2,478,767</u>	<u>(50,578)</u>	<u>10,226,469</u>	<u>23,532,076</u>	<u>-</u>	<u>21,863,627</u>	<u>10,623,336</u>
Fund balances, beginning 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>-</u>	<u>168,724,626</u>	<u>158,101,290</u>
Fund balances, end of year	<u>\$ 60,505,432</u>	<u>\$ 6,263,474</u>	<u>\$ 1,288,272</u>	<u>\$ 98,998,999</u>	<u>\$ 23,532,076</u>	<u>\$ -</u>	<u>\$ 190,588,253</u>	<u>\$ 168,724,626</u>

ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Original Budget
Year ended June 30, 2020

	General Operating Fund	General Fund CIP	Structural Fire Entitlement	Self Insurance	Settlement Agreement	Eliminations	Total General Fund 2020
Budgetary fund balance, July 1	\$ 74,828,539	\$ 3,784,707	\$ 1,338,850	\$ 88,772,530	\$ -	\$ -	\$ 168,724,626
Resources (inflows):							
Taxes	272,047,362	-	-	-	-	-	272,047,362
Intergovernmental	19,961,585	-	-	-	-	-	19,961,585
Charges for services	136,507,014	-	-	17,855,023	-	(17,855,023)	136,507,014
Use of money and property	1,170,026	-	17,945	2,084,251	357,402	(25,666)	3,603,958
Miscellaneous	980,758	-	-	-	-	-	980,758
Transfers in	-	4,900,000	-	-	23,668,000	(28,568,000)	-
Sale of capital assets	48,027	-	-	-	-	-	48,027
Total resources (inflows)	<u>430,714,772</u>	<u>4,900,000</u>	<u>17,945</u>	<u>19,939,274</u>	<u>24,025,402</u>	<u>(46,448,689)</u>	<u>433,148,704</u>
Amounts available for appropriations	<u>505,543,311</u>	<u>8,684,707</u>	<u>1,356,795</u>	<u>108,711,804</u>	<u>24,025,402</u>	<u>(46,448,689)</u>	<u>601,873,330</u>
Charges to appropriation (outflows):							
Salaries and benefits	385,812,740	-	-	-	-	(17,855,023)	367,957,717
Services and supplies	36,040,328	3,577,528	971,617	11,459,428	2,168,000	-	54,216,901
Capital outlay	1,323,926	3,686,460	-	-	-	-	5,010,386
Interest and fiscal charges	35,000	-	-	-	-	(25,666)	9,334
Transfers out	28,568,000	-	-	-	-	(28,568,000)	-
Total charges to appropriations	<u>451,779,994</u>	<u>7,263,988</u>	<u>971,617</u>	<u>11,459,428</u>	<u>2,168,000</u>	<u>(46,448,689)</u>	<u>427,194,338</u>
Budgetary fund balance, June 30	<u>\$ 53,763,317</u>	<u>\$ 1,420,719</u>	<u>\$ 385,178</u>	<u>\$ 97,252,376</u>	<u>\$ 21,857,402</u>	<u>\$ -</u>	<u>\$ 174,678,992</u>

ORANGE COUNTY FIRE AUTHORITY
Components of General Fund
Combining Final Budget
Year ended June 30, 2020

	General Operating Fund	General Fund CIP	Structural Fire Entitlement	Self Insurance	Settlement Agreement	Eliminations	Total General Fund 2020
Budgetary fund balance, July 1	\$ 74,828,539	\$ 3,784,707	\$ 1,338,850	\$ 88,772,530	\$ -	\$ -	\$ 168,724,626
Resources (inflows):							
Taxes	274,312,362	-	-	-	-	-	274,312,362
Intergovernmental	45,809,560	-	-	-	-	-	45,809,560
Charges for services	136,033,917	-	-	19,573,944	-	(19,573,944)	136,033,917
Use of money and property	1,306,026	-	21,945	1,461,251	322,402	(895,508)	2,216,116
Miscellaneous	6,336,757	-	-	-	-	-	6,336,757
Transfers in	507,495	5,907,542	-	-	24,175,495	(30,590,532)	-
Sale of capital assets	48,027	-	-	-	-	-	48,027
Insurance recoveries	-	-	-	996,183	-	-	996,183
Total resources (inflows)	<u>464,354,144</u>	<u>5,907,542</u>	<u>21,945</u>	<u>22,031,378</u>	<u>24,497,897</u>	<u>(51,059,984)</u>	<u>465,752,922</u>
Amounts available for appropriations	<u>539,182,683</u>	<u>9,692,249</u>	<u>1,360,795</u>	<u>110,803,908</u>	<u>24,497,897</u>	<u>(51,059,984)</u>	<u>634,477,548</u>
Charges to appropriations (outflows):							
Salaries and benefits	400,620,875	-	-	-	-	(19,573,944)	381,046,931
Services and supplies	61,808,929	4,694,004	1,301,444	11,599,428	2,178,000	-	81,581,805
Capital outlay	4,948,863	4,516,268	-	-	-	-	9,465,131
Interest and fiscal charges	1,221,148	-	-	-	-	(895,508)	325,640
Transfers out	30,083,037	-	-	-	507,495	(30,590,532)	-
Total charges to appropriations	<u>498,682,852</u>	<u>9,210,272</u>	<u>1,301,444</u>	<u>11,599,428</u>	<u>2,685,495</u>	<u>(51,059,984)</u>	<u>472,419,507</u>
Budgetary fund balance, June 30	<u>\$ 40,499,831</u>	<u>\$ 481,977</u>	<u>\$ 59,351</u>	<u>\$ 99,204,480</u>	<u>\$ 21,812,402</u>	<u>\$ -</u>	<u>\$ 162,058,041</u>



Orange County Fire Authority Safety Message

Extreme Heat Safety **(Part 1 of 3)**



The most common types of heat related illnesses are heat cramps, heat exhaustion, and heat stroke. Conditions resulting from extreme heat can result in illness, injury, or even death.

Safety Tips

In extreme heat and high humidity, evaporation is slowed and the body must work harder to maintain a normal temperature. Below are some safety tips and recommendations for how you can prepare for extreme heat waves, ensuring you and your family stay safe.

If the Weather Is Extremely Hot

- ✓ Stay indoors as much as possible and limit exposure to the sun.
- ✓ Avoid strenuous work or activities during the warmest part of the day. Use a buddy system when working in extreme heat and take frequent breaks.
- ✓ Eat well-balanced, light, and regular meals.
- ✓ Drink plenty of water.
- ✓ Limit intake of alcoholic beverages and sugary drinks.
- ✓ Dress in loose-fitting, lightweight, and light-colored clothes.
- ✓ Protect your face and head by wearing a wide-brimmed hat.

(Continued on Page 110)

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, 2020
(With Comparative Data for Prior Year)

	Extra Help Retirement	Retiree Medical Plan	Total Pension and Other Employee Benefit Trust Funds	
			2020	2019
Assets:				
Cash and investments:				
Local Agency Investment Fund:				
Domestic fixed income	\$ 46,934	\$ -	\$ 46,934	\$ 57,548
Pooled amounts held in trust with OCERS	-	42,242,955	42,242,955	39,397,934
Total cash and investments	46,934	42,242,955	42,289,889	39,455,482
Receivables:				
Other receivables	-	12,302	12,302	8,423
Total assets	46,934	42,255,257	42,302,191	39,463,905
Liabilities:				
Accrued liabilities	-	850,367	850,367	375,019
Total liabilities	-	850,367	850,367	375,019
Net position restricted for:				
Pensions	46,934	-	46,934	57,548
Postemployment benefits other than pensions	-	41,404,890	41,404,890	39,031,338
Total net position	<u>\$ 46,934</u>	<u>\$ 41,404,890</u>	<u>\$ 41,451,824</u>	<u>\$ 39,088,886</u>

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, 2020
(With Comparative Data for Prior Year)

	Extra Help Retirement	Retiree Medical Plan	Total Pension and Other Employee Benefit Trust Funds	
			2020	2019
Additions:				
Contributions:				
Employer	\$ 1,072	\$ 2,221,564	\$ 2,222,636	\$ 4,003,199
Plan members	891	2,111,158	2,112,049	2,268,990
Total contributions	1,963	4,332,722	4,334,685	6,272,189
Net investment income:				
Total investment income (loss)	1,191	5,565,786	5,566,977	(455,999)
Investment fees and expenses	-	(264,395)	(264,395)	(270,315)
Total net investment income (loss)	1,191	5,301,391	5,302,582	(726,314)
Total additions	3,154	9,634,113	9,637,267	5,545,875
Deductions:				
Benefits and refunds paid to plan members and beneficiaries	13,768	7,239,321	7,253,089	6,820,071
Administrative expenses	-	21,240	21,240	30,304
Total deductions	13,768	7,260,561	7,274,329	6,850,375
Change in net position	(10,614)	2,373,552	2,362,938	(1,304,500)
Net position, beginning of year	57,548	39,031,338	39,088,886	40,393,386
Net position, end of year	\$ 46,934	\$ 41,404,890	\$ 41,451,824	\$ 39,088,886



Orange County Fire Authority Safety Message

Extreme Heat Safety (Part 2 of 3)

(Continued from Page 106)



The most common types of heat related illnesses are heat cramps, heat exhaustion, and heat stroke. Conditions resulting from extreme heat can result in illness, injury, or even death.

Safety Tips

In extreme heat and high humidity, evaporation is slowed and the body must work harder to maintain a normal temperature. Below are some safety tips and recommendations for how you can prepare for extreme heat waves, ensuring you and your family stay safe.

If the Weather Is Extremely Hot, (Continued)

- ✓ Check on co-workers, friends, and neighbors who do not have air conditioning and who spend much of their time alone.
- ✓ Watch for signs and signals of sunburn, heat cramps, heat exhaustion, and heat stroke. Those most at risk include infants, young children, adults over 65 years of age, and those with chronic conditions.
- ✓ Protect your skin by using “broad spectrum” or “UVA/UVB protection” sunscreen.
- ✓ Limit outdoor activities to the coolest part of the day, usually before 10am and after 3pm. Rest often in the shade if you are outside.
- ✓ Never leave infants, young children, or pets in a hot car.

(Continued on Page 112)

Statistical Section



Academy 50 Graduation
May 21, 2020

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

Extreme Heat Safety (Part 3 of 3)

(Continued from Page 110)



The most common types of heat related illnesses are heat cramps, heat exhaustion, and heat stroke. Conditions resulting from extreme heat can result in illness, injury, or even death.

Safety Tips

In extreme heat and high humidity, evaporation is slowed and the body must work harder to maintain a normal temperature. Below are some safety tips and recommendations for how you can prepare for extreme heat waves, ensuring you and your family stay safe.

To Prepare for Extreme Heat, You Should:

- ✓ Install window air conditioners snugly; insulate if necessary.
- ✓ Check air-conditioning ducts for proper insulation.
- ✓ Install temporary window reflectors to reflect heat back outside.
- ✓ Weather-strip doors and door sills to keep cool air in.
- ✓ Cover windows that receive morning or afternoon sun with drapes, shades, awnings, or louvers as they can reduce the heat that enters a home by up to 80 percent.

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			
	2011	2012	2013	2014
Governmental activities:				
Net investment in capital assets	\$ 186,297,543	\$ 183,584,385	\$ 181,363,364	\$ 180,917,654
Restricted	1,627,233	3,252,969	1,690,858	1,810,134
Unrestricted	<u>99,704,595</u>	<u>81,450,846</u>	<u>74,510,482</u>	<u>61,026,827</u>
Total governmental activities net position	<u>\$ 287,629,371</u>	<u>\$ 268,288,200</u>	<u>\$ 257,564,704</u>	<u>\$ 243,754,615</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.

2015	2016	2017	2018	2019	2020
\$ 190,800,116	\$ 187,910,677	\$ 192,430,467	\$ 207,951,822	\$ 218,642,679	\$ 217,317,435
1,840,561	2,881,910	3,897,614	3,953,884	4,278,304	6,660,176
<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>	<u>(498,642,409)</u>
(1)			(2)		
<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>	<u>\$ (274,664,798)</u>

ORANGE COUNTY FIRE AUTHORITY
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Governmental Activities	Fiscal Year Ended June 30			
	2011	2012	2013	2014
Expenses - public safety:				
Salaries and benefits	\$ 221,031,439	\$ 240,084,607	\$ 264,067,489	\$ 266,764,367
Services and supplies	30,736,034	37,069,099	45,879,501	47,912,808
Depreciation and amortization	8,970,508	9,300,853	9,793,491	9,612,453
Interest on long-term debt	677,910	494,014	367,701	311,327
Total program expenses	<u>261,415,891</u>	<u>286,948,573</u>	<u>320,108,182</u>	<u>324,600,955</u>
Program revenues - public safety:				
Charges for services	61,975,963	76,347,126	102,875,410	106,874,513
Operating grants and contributions	5,963,648	6,580,681	19,523,853	10,339,966
Capital grants and contributions	395,180	3,926,275	2,811,180	1,462,540
Total program revenues	<u>68,334,791</u>	<u>86,854,082</u>	<u>125,210,443</u>	<u>118,677,019</u>
Net program revenues (expenses)	<u>(193,081,100)</u>	<u>(200,094,491)</u>	<u>(194,897,739)</u>	<u>(205,923,936)</u>
General revenues:				
Property taxes	177,181,086	177,728,290	181,720,253	190,873,689
Investment income	611,408	524,602	(136,493)	823,010
Gain on disposal of capital assets	39,803	79,705	11,924	21,834
Miscellaneous	835,021	2,420,723	4,329,603	1,200,195
Total general revenues	<u>178,667,318</u>	<u>180,753,320</u>	<u>185,925,287</u>	<u>192,918,728</u>
Changes in net position	<u>\$ (14,413,782)</u>	<u>\$ (19,341,171)</u>	<u>\$ (8,972,452)</u>	<u>\$ (13,005,208)</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.

(4) The City of Garden Grove became a member city of OCFA during Fiscal Year 2019/20 (August 2019).

2015	2016	2017	2018	2019	2020
\$ 335,419,737	\$ 316,292,785	\$ 327,515,166	\$ 323,845,042	\$ 339,249,853	\$ 352,573,221
46,073,201	35,127,573	52,819,125	57,275,465	62,877,930	84,600,263
9,050,195	9,267,982	9,512,777	10,084,196	10,531,098	12,137,499
582,565	917,320	133,239	70,751	11,444	-
<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>	<u>449,310,983</u>
113,150,325	117,263,679	121,875,157	132,634,280	128,320,646	156,740,363
11,410,019	12,165,015	11,992,438	13,920,686	15,454,060	29,275,482
9,182,195	3,331,088	1,040,129	16,875,139	454,200	3,850,481
<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>189,866,326</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>	<u>(259,444,657)</u>
205,141,237	219,840,417	232,832,758	250,326,172	264,267,387	277,721,815
839,864	1,654,065	990,851	2,188,611	4,236,800	3,302,632
63,953	6,000	657,944	719,372	-	12,641
<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>1,813,085</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>282,850,173</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>	<u>\$ 23,405,516</u>
(2)			(3)		(4)

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

	Fiscal Year Ended June 30			
	2011	2012	2013	2014
General Fund:				
Nonspendable	\$ 23,186,680	\$ 22,756,709	\$ 26,727,849	\$ 30,560,638
Restricted	111,980	1,699,787	137,676	766,094
Committed	797,935	1,372,789	1,268,160	784,617
Assigned	35,550,989	34,715,397	53,668,608	61,236,092
Unassigned	25,592,531	25,751,128	25,782,851	22,156,848
Total General Fund	<u>\$ 85,240,115</u>	<u>\$ 86,295,810</u>	<u>\$ 107,585,144</u>	<u>\$ 115,504,289</u>
All other governmental funds:				
Nonspendable	\$ 478,449	\$ 405,815	\$ 352,318	\$ 284,349
Restricted	1,515,253	1,553,182	1,553,182	1,044,040
Assigned	78,023,210	74,037,637	67,317,090	64,340,833
Total all other governmental funds	<u>\$ 80,016,912</u>	<u>\$ 75,996,634</u>	<u>\$ 69,222,590</u>	<u>\$ 65,669,222</u>

SOURCE: OCFA Comprehensive Annual Financial Reports

2015	2016	2017	2018	2019	2020
\$ 31,127,148	\$ 36,779,845	\$ 33,750,548	\$ 34,800,682	\$ 36,732,385	\$ 42,700,572
1,307,329	2,348,678	3,364,382	3,420,652	3,886,827	6,268,699
691,265	584,464	549,651	1,496,954	1,338,850	1,288,272
69,282,830	78,922,725	78,346,099	83,030,746	94,085,894	105,976,775
17,864,685	34,421,993	31,346,672	35,352,256	32,680,670	34,353,935
<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>	<u>\$ 190,588,253</u>
\$ 32,946	\$ -	\$ 4,608	\$ 25,216	\$ 13,725	\$ 4,247
533,232	533,232	533,232	533,232	391,477	391,477
56,050,351	55,779,948	65,015,386	59,924,778	45,076,939	42,451,644
<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>	<u>\$ 42,847,368</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			
	2011	2012	2013	2014
Revenues:				
Taxes	\$ 177,181,086	\$ 177,728,290	\$ 181,720,253	\$ 190,873,689
Intergovernmental	11,080,619	12,894,882	28,883,649	19,111,811
Charges for services	56,582,867	65,556,905	95,904,052	97,705,183
Use of money and property	822,002	660,621	(20,556)	932,284
Miscellaneous	1,364,034	2,800,466	5,155,759	1,697,087
Developer contributions	43,200	10,140	538,260	1,271,400
Total revenues	<u>247,073,808</u>	<u>259,651,304</u>	<u>312,181,417</u>	<u>311,591,454</u>
Expenditures:				
Current - public safety:				
Salaries and benefits	211,801,889	228,452,010	255,301,913	257,134,030
Services and supplies	28,207,018	30,737,551	32,613,137	40,187,878
Capital outlay	9,899,979	932,034	5,420,102	7,681,418
Debt service:				
Principal retirement	1,911,912	2,139,694	2,162,809	2,219,152
Interest and fiscal charges	890,067	635,351	484,851	421,845
Issuance costs	-	286,599	-	-
Total expenditures	<u>252,710,865</u>	<u>263,183,239</u>	<u>295,982,812</u>	<u>307,644,323</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,637,057)</u>	<u>(3,531,935)</u>	<u>16,198,605</u>	<u>3,947,131</u>
Other financing sources (uses):				
Transfers in	4,137,811	-	381,222	5,370,375
Transfers out	(4,137,811)	-	(381,222)	(5,370,375)
Issuance of long-term debt	-	16,756,078	-	-
Refinanced long-term debt	-	(16,377,093)	-	-
Sale of capital assets	391,736	99,272	14,200	57,843
Insurance recoveries	8,405	89,095	53,529	360,803
Total other financing sources (uses)	<u>400,141</u>	<u>567,352</u>	<u>67,729</u>	<u>418,646</u>
Net change in fund balances	<u>\$ (5,236,916)</u>	<u>\$ (2,964,583)</u>	<u>\$ 16,266,334</u>	<u>\$ 4,365,777</u>
Debt service as a percentage of noncapital expenditures	1.2%	1.1%	0.9%	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.

2015	2016	2017	2018	2019	2020
\$ 205,141,237	\$ 219,840,417	\$ 232,832,758	\$ 250,326,172	\$ 264,267,387	\$ 277,721,815
23,565,214	25,978,081	29,069,065	37,063,147	28,521,605	41,258,003
102,000,677	103,830,436	106,061,060	108,750,420	113,719,047	138,641,512
841,522	1,671,316	1,257,155	2,576,401	4,558,041	3,628,272
1,701,736	2,800,713	4,611,210	4,594,285	1,428,134	6,256,568 (A)
8,307,207	3,233,082	962,627	3,545,139	454,200	679,800
<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>	<u>468,185,970</u>
285,988,997	294,414,084	309,507,433	340,720,267	346,953,705	375,032,147
40,490,370	36,303,618	48,087,618	49,871,973	49,488,301	67,271,454
16,644,798	3,996,650	12,116,937	9,970,652	20,095,072	7,790,083
2,276,963	2,336,279	2,397,140	2,459,589	1,253,718	-
585,501	935,881	400,887	459,924	333,385	325,640
-	-	-	-	-	-
<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>450,419,324</u>
(4,429,036)	19,367,533	2,283,860	3,373,159	(5,175,767)	17,766,646
6,845,320	78,187	33,724,099	-	2,150,000	8,000,000
(6,845,320)	(78,187)	(33,724,099)	-	(2,150,000)	(8,000,000)
-	-	-	-	-	-
-	-	-	-	-	-
112,363	9,930	37,400	844,512	22,548	142,044 (A)
32,948	121,288	1,218,433	1,456,267	775,470	1,320,164
<u>145,311</u>	<u>131,218</u>	<u>1,255,833</u>	<u>2,300,779</u>	<u>798,018</u>	<u>1,462,208</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>	<u>\$ 19,228,854</u>
0.9%	1.0%	0.8%	0.7%	0.4%	0.1%



Orange County Fire Authority Safety Message

Senior Fall Prevention (Part 1 of 3)



Every 11 seconds, an elderly adult is treated in the emergency room for a fall. Every 19 minutes, an elderly adult dies from a fall.

Safety Tips

Falls are the leading cause of injuries for the elderly community and can greatly reduce their ability to remain independent. Take steps now to protect your health and reduce your fall risk.

Manage Meals, Meds, and Exercise

- ✓ Choose healthy meals and stay hydrated to prevent drops in blood pressure.
- ✓ Review medications with your doctor or pharmacist. Many drugs prescribed for seniors come with fall-risk warnings.
- ✓ Do exercises that will improve your strength and balance such as Tai Chi or Yoga.

(Continued on Page 132)

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 2010/11	FY 2011/12	FY 2012/13	FY 2013/14
Buena Park	\$ 7,478,553	\$ 7,484,717	7,602,927	7,886,342
Garden Grove (4)	n/a	n/a	n/a	n/a
Placentia	4,969,023	5,007,558	5,080,849	5,203,417
San Clemente	12,431,717	12,356,019	12,506,118	12,824,727
Santa Ana (4)	n/a	20,100,864	20,339,779	21,119,683
Seal Beach	4,282,032	4,434,345	4,480,557	4,580,472
Stanton	2,042,112	2,063,293	2,073,752	2,144,270
Tustin	9,419,294	9,378,899	9,502,173	9,732,381
Westminster	6,779,972	6,935,762	7,023,383	7,176,141
Total cash contract cities (3)	47,402,703	67,761,457	68,609,538	70,667,433
Aliso Viejo	7,459,562	7,511,408	7,605,524	7,877,812
Cypress	5,514,794	5,560,190	5,666,354	5,854,809
Dana Point	8,687,748	8,735,352	8,844,364	9,126,750
Irvine	46,538,576	47,136,231	48,646,093	51,002,248
Laguna Hills	5,460,470	5,463,649	5,513,066	5,643,545
Laguna Niguel	11,892,951	11,991,939	12,116,601	12,402,919
Laguna Woods	2,214,363	2,186,990	2,193,624	2,237,288
Lake Forest	10,744,518	10,721,083	10,885,724	11,238,775
La Palma	1,698,469	1,698,169	1,718,007	1,744,907
Los Alamitos	1,616,120	1,603,255	1,638,193	1,674,933
Mission Viejo	13,157,979	13,226,115	13,320,574	13,639,460
Rancho Santa Margarita	6,605,397	6,623,819	6,679,191	6,759,144
San Juan Capistrano	5,817,501	5,799,444	5,833,269	6,039,344
Villa Park	1,353,409	1,372,687	1,398,666	1,466,599
Yorba Linda	10,936,312	11,262,427	11,484,958	11,857,840
Unincorporated	21,485,307	21,509,471	21,332,072	21,915,863
Total SFF jurisdictions (2)	161,183,476	162,402,229	164,876,280	170,482,236
Percentage change from prior year	-0.67%	0.76%	1.52%	3.40%
Total assessed valuation	\$ 208,586,179	\$ 230,163,686	\$ 233,485,818	\$ 241,149,669
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. Garden Grove joined OCFA on August 16, 2019.

FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
8,313,496	8,769,022	9,229,491	9,771,180	10,534,143	11,010,946
n/a	n/a	n/a	n/a	n/a	17,647,291
5,519,085	5,878,473	6,133,423	6,445,280	6,778,269	7,057,342
13,666,851	14,447,434	15,269,878	16,078,965	16,904,336	17,783,910
22,075,383	23,013,226	23,886,126	25,232,515	26,520,241	27,943,961
4,891,060	5,081,691	5,167,629	5,428,187	5,625,920	5,981,331
2,297,508	2,433,266	2,569,937	2,679,870	2,836,469	3,015,953
10,292,805	11,004,027	11,577,792	12,399,614	13,043,122	13,658,894
7,628,669	8,279,644	8,410,335	8,907,507	9,391,194	9,801,405
<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>	<u>113,901,033</u>
8,440,740	8,765,964	9,262,105	9,757,603	10,320,678	10,706,653
6,104,218	6,463,650	6,751,019	7,049,085	7,492,895	7,865,560
9,787,132	10,513,667	11,209,516	12,184,560	12,716,978	13,330,883
55,693,885	60,912,694	65,754,243	71,898,708	78,439,756	85,045,012
5,961,947	6,256,109	6,506,374	6,744,152	7,169,367	7,360,865
13,270,851	14,015,647	14,571,803	15,341,994	15,925,158	16,566,379
2,424,736	2,620,217	2,772,774	2,949,710	3,141,574	3,308,199
11,920,081	12,672,969	13,710,657	14,701,561	15,968,847	17,239,225
1,829,353	1,904,950	1,998,105	2,042,167	2,137,829	2,218,935
1,778,110	1,887,771	1,961,259	2,068,339	2,165,016	2,279,998
14,533,544	15,262,434	15,835,376	16,538,595	17,362,619	18,087,505
7,231,597	7,572,862	7,810,951	8,247,183	8,640,697	8,947,481
6,443,224	6,828,239	7,190,143	7,600,135	7,959,762	8,336,034
1,527,255	1,596,806	1,674,085	1,755,259	1,836,352	1,912,173
12,668,130	13,488,124	14,098,053	14,862,265	15,623,191	16,292,118
23,573,390	24,999,336	26,380,370	28,230,720	29,526,544	31,132,442
<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>	<u>250,629,462</u>
7.45%	6.86%	5.99%	6.98%	6.51%	6.01%
<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>	<u>\$ 364,530,495</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
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
2020	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 2010/11 (A)			Fiscal Year 2019/20 (B)		
	Actual Taxes		Percent of Total Taxes Levied	Actual Taxes		Percent of Total Taxes Levied
	Levied	Rank		Levied	Rank	
Irvine Company	\$ 65,842	1	1.38%	\$ 81,402	1	1.19%
Irvine Company LLC	\$ 26,654	3	0.56%			
Irvine Apartment Communities	\$ 9,658	5	0.20%			
Irvine Community Development	\$ 6,264	9	0.13%			
	<u>\$ 108,418</u>			<u>\$ 81,402</u>		
Walt Disney Parks & Resorts U.S. (Walt Disney World Co.)	\$ 44,124	2	0.93%	\$ 55,432	2	0.81%
Southern California Edison Company (Edison International)	\$ 24,691	4	0.52%	\$ 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)	\$ 6,756	8	0.14%	\$ 10,673	6	0.16%
AT&T (Pacific Bell Telephone Company)	\$ 7,290	6	0.15%	\$ 9,448	7	0.14%
BEX Portfolio, Inc.				\$ 8,588	8	0.13%
Heritage Fields El Toro, LLC	\$ 7,288	7	0.15%			
Anbang Insurance Group Company (Ritz-Carlton, Montage)				\$ 6,876	9	0.10%
Bella Terra Associates, LLC	\$ 4,681	10	0.10%	\$ 6,229	10	0.09%

SOURCE:

(A) OCFA Comprehensive Annual Financial Report for Fiscal Year 2010/11

(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.

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collection of Prior Year Levies		Collection of Penalties and Interest		Total Collection to Date		Collection of Property Tax Increment Pass-Through (1)	
		Amount	% of Levy	Teeter Plan	Delinquencies and Other	Delinquency Penalties	Interest	Total Amounts Collected	% of Levy	RDA	H&S
2011	\$178,812	\$172,543	96.5%	\$ 2,510	\$ 246	\$ 79	\$ 58	\$175,436	98.1%	\$ -	\$ -
2012	\$179,564	\$173,169	96.4%	\$ 2,324	\$ 262	\$ 79	\$ 46	\$175,880	97.9%	\$ 3,468	\$ -
2013	\$184,029	\$178,299	96.9%	\$ 1,674	\$ 157	\$ 30	\$ 37	\$180,197	97.9%	\$ 6,248	\$ 10,269
2014	\$192,876	\$187,828	97.4%	\$ 1,371	\$ 49	\$ 32	\$ 37	\$189,317	98.2%	\$ 6,958	\$ 208
2015	\$207,775	\$202,356	97.4%	\$ 1,336	\$ 50	\$ 32	\$ 38	\$203,812	98.1%	\$ 8,110	\$ 605
2016	\$224,452	\$216,219	96.3%	\$ 1,368	\$ 157	\$ 38	\$ 73	\$217,855	97.1%	\$ 9,180	\$ 639
2017	\$237,082	\$229,934	97.0%	\$ 1,329	\$ 140	\$ 35	\$ 105	\$231,543	97.7%	\$ 9,237	\$ 662
2018	\$253,371	\$246,607	97.3%	\$ 1,461	\$ 156	\$ 36	\$ 189	\$248,449	98.1%	\$ 11,095	\$ 694
2019	\$267,727	\$262,561	98.1%	\$ 1,737	\$ 149	\$ 42	\$ 248	\$264,737	98.9%	\$ 9,627	\$ 732
2020	\$280,282	\$273,453	97.6%	\$ 2,202	\$ 165	\$ 47	\$ 342	\$276,209	98.5%	\$ 13,256	\$ 774

SOURCE:

County of Orange, Auditor-Controller, Tax Ledger Detail by Fiscal Year

Tax Ledger Selection C84 Orange County Fire Authority

http://tax.ocgov.com/acledger/choice_eGov.asp

NOTES:

- (1) 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)

	Governmental Activities (A)		(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	
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	
2020	\$ -	\$ -	\$103	0.0%	1,966	\$0	(2)

SOURCES:

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

NOTE:

- (1) The population data presented in this schedule includes only the cities and unincorporated county areas served by the OCFA. Since the City of Santa Ana became a member of the OCFA in April 2012, its population data is not included with population totals prior to Fiscal Year 2011/12. The Fiscal Year 2011/12 population total includes 327,731 for the City of Santa Ana.
- (2) The population data presented in this schedule includes only the cities and unincorporated county areas served by the OCFA. Since the City of Garden Grove became a member of the OCFA in August 2019, its population data is not included with population totals prior to Fiscal Year 2019/20. The Fiscal Year 2019/20 population total includes 174,801 for the City of Garden Grove.

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

Fiscal Year Ended June 30	(A)	(B)							
	Population (OCFA Jurisdiction Only)	Assessed Value	Gross Bonded Debt	Amounts Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita		
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%	\$ -		
2020	1,966	\$ 364,530,495	\$ -	\$ -	\$ -	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

Senior Fall Prevention (Part 2 of 3)

(Continued from Page 122)



Every 11 seconds, an elderly adult is treated in the emergency room for a fall. Every 19 minutes, an elderly adult dies from a fall.

Safety Tips

Falls are the leading cause of injuries for the elderly community and can greatly reduce their ability to remain independent. Take steps now to protect your health and reduce your fall risk.

Make Your Home Safer

- ✓ Add grab bars outside the shower or tub and near the toilet.
- ✓ Place non-slip mats in the bathtub and on the shower floor.
- ✓ Keep traffic areas clear by removing shoes, clothing, books, electrical cords, or other items you may trip over.
- ✓ Make sure bathrooms, hallways, and stairs are well lit.
- ✓ Replace throw rugs with non-slip rugs. Use non-skid pads under rugs to add stability.

(Continued on Page 152)

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)

Fiscal Year Ended June 30	(A)	(B)		(C)
	Population (Orange County)	Total Personal Income	Per Capita Income	Unemployment Rate
2011	3,030	\$ 154,486,000	\$ 50,985	9.4
2012	3,056	\$ 169,584,000	\$ 55,492	8.3
2013	3,082	\$ 166,370,000	\$ 53,981	6.9
2014	3,114	\$ 179,141,000	\$ 57,528	5.6
2015	3,147	\$ 193,081,000	\$ 61,354	4.6
2016	3,183	\$ 200,027,000	\$ 62,842	4.3
2017	3,194	\$ 208,950,000	\$ 65,420	3.7
2018	3,221	\$ 220,685,000	\$ 68,514	3.3
2019	3,222	\$ 230,299,000	\$ 71,477	2.9
2020	3,194	\$ 226,531,000	\$ 70,924	13.7

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 2015 - 2019 have been updated as of June 30, 2020.
Most recent year (2020) is a forecasted estimate.
- (C) Bureau of Labor Statistics (<https://www.bls.gov/data/>), Local Area Unemployment Statistics,
Anaheim-Santa Ana-Irvine, CA Metropolitan Statistical Area. Figures reflect revised inputs, re-
estimation, and new statewide control, if applicable. Unemployment rate is the monthly rate
for June of the applicable fiscal year (i.e., June 2020 for FY 2019/20). The amount reported for
the most recent fiscal year is based on preliminary BLS data.

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 and Nine Years Ago

Jurisdiction	Population			Housing Units		
	2011	2020	% Change	2011	2020	% Change
Aliso Viejo	48,320	50,044	3.6%	19,026	20,192	6.1%
Buena Park	80,868	81,998	1.4%	24,679	25,134	1.8%
Cypress	47,907	49,272	2.8%	16,072	16,631	3.5%
Dana Point	33,429	33,146	-0.8%	15,944	16,172	1.4%
Garden Grove (B)	171,327	174,801	2.0%	47,787	48,257	1.0%
Irvine	219,156	281,707	28.5%	87,126	108,822	24.9%
Laguna Hills	30,410	31,508	3.6%	11,049	11,298	2.3%
Laguna Niguel	63,228	65,316	3.3%	25,363	26,236	3.4%
Laguna Woods	16,224	16,243	0.1%	13,016	13,079	0.5%
Lake Forest	77,490	84,711	9.3%	27,115	30,244	11.5%
La Palma	15,596	15,492	-0.7%	5,223	5,240	0.3%
Los Alamitos	11,474	11,567	0.8%	4,356	4,414	1.3%
Mission Viejo	93,483	94,267	0.8%	34,227	34,959	2.1%
Placentia	50,665	51,494	1.6%	16,883	17,184	1.8%
Rancho Santa Margarita	47,947	48,793	1.8%	17,260	17,346	0.5%
San Clemente	63,743	64,581	1.3%	26,006	26,573	2.2%
San Juan Capistrano	34,734	36,318	4.6%	11,966	12,558	4.9%
Santa Ana (A)	325,228	335,052	3.0%	76,914	78,761	2.4%
Seal Beach	24,215	24,992	3.2%	14,558	14,535	-0.2%
Stanton	38,317	39,077	2.0%	11,300	11,448	1.3%
Tustin	75,781	80,382	6.1%	26,509	28,257	6.6%
Villa Park	5,823	5,766	-1.0%	2,016	2,031	0.7%
Westminster	89,937	92,421	2.8%	27,669	28,002	1.2%
Yorba Linda	64,855	68,650	5.9%	22,477	23,795	5.9%
Unincorporated	121,488	128,421	5.7%	39,968	42,433	6.2%
Total OCFA, adjusted (A, B)	1,851,645	1,966,019	6.2%	624,509	663,601	6.3%
Total non-OCFA	1,178,214	1,228,313	4.3%	430,117	447,820	4.1%
Total Orange County	3,029,859	3,194,332	5.4%	1,054,626	1,111,421	5.4%
Total OCFA, adjusted	1,851,645			624,509		
Less: Garden Grove and Santa Ana totals	(496,555)			(124,701)		
Total OCFA, actual as reported nine years ago	1,355,090	1,966,019	45.1%	499,808	663,601	32.8%

SOURCE: California Department of Finance, Population and Housing Estimates Table E-5

As of January 1, 2011 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 2011 data has been identified separately for comparison purposes.
- (B) Before Garden Grove became an OCFA member city in August 2019, the city's data was included in the "non-OCFA" total. However, Garden Grove's 2011 data has been identified separately for comparison purposes.

ORANGE COUNTY FIRE AUTHORITY
Principal Employers
Current and Nine Years Ago

Employer	Fiscal Year 2010/11			Fiscal Year 2019/20		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Walt Disney Co.	20,000	2	1.27%	30,000	1	1.86%
University of California, Irvine	20,650	1	1.31%	23,884	2	1.48%
County of Orange	17,324	3	1.10%	18,313	3	1.14%
St. Joseph Health System	11,965	4	0.76%	14,000	4	0.87%
Kaiser Permanente	5,397	9	0.34%	8,178	5	0.51%
Albertsons				7,670	6	0.48%
Target Corporation	5,325	10	0.34%	6,300	7	0.39%
Walmart				6,200	8	0.38%
Hoag Memorial Hospital				6,100	9	0.38%
Boeing Co.	8,060	5	0.51%	6,000	10	0.37%
Yum! Brands Inc.	6,500	7	0.41%			
Supervalu Inc.	5,900	8	0.37%			
Bank of America Corporation	6,500	6	0.41%			

SOURCE:

County of Orange Comprehensive Annual Financial Report for Fiscal Year 2018/19

For years ended June 30, 2019 and 2010

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Firefighter	863	1,010	1,011	1,011	1,011	1,023	1,023	1,048	1,153	1,152
Fire Management	41	45	45	45	45	45	45	45	52	53
General	196	203	205	205	205	213	213	211	252	248
Supervisory Management	28	28	28	27	27	27	27	30	32	33
Supported Employment	4	4	4	4	4	4	4	4	4	4
Administrative Management	42	42	43	44	44	43	43	43	41	46
Executive Management	7	7	7	7	8	8	8	7	10	10
Subtotal	1,181	1,339	1,343	1,343	1,344	1,363	1,363	1,388	1,544	1,546
Board Director	-	-	-	-	-	-	-	25	25	25
Total authorized positions	<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>	<u>1,571</u>
Funded positions:										
General Operating Fund	1,086	1,245	1,238	1,240	1,244	1,274	1,284	1,400	1,566	1,541
Total funded positions	<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>	<u>1,541</u>
Unfunded positions:										
Unbudgeted positions	-	1	3	3	3	3	3	-	-	-
Frozen	95	93	102	100	97	86	76	13	3	30
Total unfunded positions	<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>	<u>30</u>
Total authorized positions	<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>	<u>1,571</u>
Increase (decrease) from prior fiscal year:										
Total funded positions	(10)	159	(7)	2	4	30	10	116	166	(25)
Total unfunded positions	9	(1)	11	(2)	(3)	(11)	(10)	(66)	(10)	27
Total authorized positions	<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>	<u>2</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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Firefighter Unit:										
Fire Apparatus Engineer	18	18	24	24	24	21	20	-	-	6
Fire Captain	24	24	27	27	27	24	22	3	1	7
Fire Pilot	-	-	-	1	1	1	1	-	-	-
Firefighter	18	18	18	18	18	18	18	-	-	15
Heavy Fire Equipment Operator	1	1	1	1	1	1	1	-	-	-
Total Firefighter Unit	61	61	70	71	71	65	62	3	1	28
Fire Management Unit:										
Fire Battalion Chief	2	2	2	2	2	2	1	-	-	-
Total Fire Management Unit	2	2	2	2	2	2	1	-	-	-
General Unit:										
Accountant	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	5	4	4	4	4	4	4	2	-	-
Fire Prevention Specialist	1	2	2	2	-	-	-	-	-	-
Human Resources Analyst	1	1	1	1	1	-	-	-	-	-
Management Assistant	1	1	1	-	-	-	-	-	-	-
Office Services Specialist	2	2	2	3	3	-	-	-	1	1
Project Specialist, Improvement	1	-	-	-	-	-	-	-	-	-
Public Relations Specialist	1	-	-	-	-	-	-	-	-	-
Senior Fire Equipment Technician	1	1	-	-	-	-	-	-	-	-
Senior Fire Prevention Specialist	4	3	3	2	2	2	2	2	-	-
WEFIT Coordinator	-	-	1	-	-	-	-	-	-	-
Total General Unit	24	22	22	20	18	13	7	5	1	1
Supervisory Management Unit:										
Accounting Support Supervisor	1	-	-	-	-	-	-	-	-	-
Assistant Fire Marshal	1	1	1	1	1	1	1	1	-	-
Information Technology Supervisor	1	1	1	1	1	-	-	-	-	-
Senior Fire Communications Supervisor	-	-	-	-	-	-	-	1	-	-
Total Supervisory Management Unit	3	2	2	2	2	1	1	2	-	-
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	-	-
ODT Program Manager	1	1	1	1	-	-	-	-	1	1
Senior Accountant	1	2	2	2	2	2	2	1	-	-
Senior Human Resources Analyst	1	1	1	1	1	1	-	-	-	-
Total Administrative Management Unit	5	6	6	5	4	5	5	3	1	1
Total frozen positions	95	93	102	100	97	86	76	13	3	30

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
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	-	
2020	25	593	1,966,019	79	7	New Stations 80 through 86 (Garden Grove)

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.
The City of Garden Grove became an OCFA member city in Fiscal Year 2019/20.

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, Command & Emergency Planning Division

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	
2011	1,541	158	61,870	1,011	6,157	12,897	4,293	51	249	88,227	
2012	1,635	157	66,383	965	6,457	12,802	4,065	4	192	92,660	(2)
2013	2,004	219	80,167	1,100	7,753	14,786	5,710	1	149	111,889	(2)
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	
2020	2,313	226	114,758	1,348	7,978	18,532	7,482	12	137	152,786	(3)

SOURCE:
Orange County Fire Authority, Command & Emergency Planning Division

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) 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.

(3) The City of Garden Grove joined the OCFA effective August 16, 2019. Fiscal Year 2019/20 data is reported only for the portion of the fiscal year during which the city was a member of OCFA.

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

Member	Fiscal Year Ended June 30 (1)									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Aliso Viejo	2,094	2,071	2,226	2,194	2,420	2,511	2,654	2,810	2,871	3,022
Buena Park	5,652	5,836	5,849	6,057	6,569	7,016	7,053	7,193	7,242	7,175
Cypress	2,490	2,556	2,699	2,633	2,833	3,013	3,145	3,238	3,292	3,215
Dana Point	2,870	2,772	2,950	2,925	3,297	3,291	3,663	3,717	3,399	3,343
Garden Grove (3)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11,288
Irvine	12,214	11,969	12,485	12,896	13,875	14,688	15,967	16,325	16,797	16,481
La Palma	778	750	808	925	1,036	1,059	1,212	1,303	1,282	1,224
Laguna Hills	2,614	2,542	2,579	2,584	2,675	2,887	3,078	3,303	3,303	3,122
Laguna Niguel	3,255	3,358	3,476	3,685	3,584	3,861	4,054	3,947	4,192	4,421
Laguna Woods	4,560	4,717	4,748	4,306	4,847	5,319	5,636	5,281	5,342	4,967
Lake Forest	4,334	4,230	4,459	4,297	4,651	4,995	5,474	5,333	5,335	5,378
Los Alamitos	1,055	1,101	1,199	1,123	1,254	1,380	1,360	1,477	1,468	1,405
Mission Viejo	6,379	6,355	6,760	6,791	7,072	7,508	7,777	8,041	7,989	7,718
Placentia	2,837	2,714	2,846	2,806	2,981	3,132	3,325	3,609	3,564	3,616
Rancho Santa Margarita	2,015	2,105	1,983	2,111	2,254	2,415	2,447	2,542	2,366	2,521
San Clemente	3,813	3,999	4,187	4,334	4,668	5,080	5,311	5,239	5,069	4,999
San Juan Capistrano	2,580	2,617	2,701	2,934	3,164	3,629	3,899	3,931	3,786	3,571
Santa Ana (2)	n/a	3,654	18,915	19,303	21,465	23,455	25,074	26,707	27,518	27,335
Seal Beach	3,375	3,617	3,571	3,343	3,783	4,882	4,753	4,591	4,216	4,300
Stanton	2,597	2,660	2,878	2,879	3,113	3,413	3,396	3,284	3,343	3,645
Tustin	4,055	4,196	4,582	4,614	5,205	5,406	5,419	5,470	5,748	5,623
Villa Park	388	363	392	338	378	452	475	448	480	469
Westminster	5,882	6,012	6,486	6,201	6,880	7,442	7,560	7,702	7,772	7,945
Yorba Linda	2,928	3,125	3,277	3,185	3,547	3,716	3,747	4,059	4,146	4,023
Unincorporated	6,087	5,991	6,312	6,073	6,496	6,719	7,390	7,437	7,573	7,788
	84,852	89,310	108,368	108,537	118,047	127,269	133,869	136,987	138,093	148,594
Auto/Mutual Aid Given	3,375	3,350	3,521	4,488	5,947	7,346	5,614	5,397	5,507	4,192
Total	88,227	92,660	111,889	113,025	123,994	134,615	139,483	142,384	143,600	152,786

Orange County Fire Authority, Command & Emergency Planning Division

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) 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.

(3) The City of Garden Grove joined the OCFA effective August 16, 2019. Fiscal Year 2019/20 data is reported only for the portion of the fiscal year during which the city was a member of OCFA.

ORANGE COUNTY FIRE AUTHORITY
Capital Equipment by Category
Last Ten Fiscal Years

Category	June 30, 2011		June 30, 2012	
	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	754,726	23	716,800	18
Boat	23,412	2	31,515	4
Breathing Apparatus	-	-	-	-
Camera, thermal imaging	1,223,802	91	1,251,757	104
Camera, other	41,577	3	11,171	1
Communications equipment	1,488,213	41	1,512,740	42
Computer	82,126	5	82,126	5
Defibrillator	1,149,858	90	1,528,398	105
Exercise equipment	35,622	5	35,622	5
Fleet equipment	170,441	16	172,042	16
Forklift	88,098	2	93,177	3
Generator	510,078	23	504,562	22
GPS equipment (AVL regional interoperability projects)	1,391,000	2	1,391,000	2
Hazmat equipment	248,782	20	337,453	24
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	770,085	42	778,885	42
Hydraulic tool	195,119	31	368,216	55
Kitchen equipment	33,403	4	33,403	4
Laptop	56,632	9	44,108	7
Manikin	67,452	11	67,452	11
Miscellaneous equipment	559,561	35	597,167	40
Mobile radio project (FY 2003/04 - FY 2004/05)	2,424,594	1	2,424,594	1
Mobile radio	116,008	18	107,671	17
Mobile radio, mobile data computer (MDC)	-	-	-	-
Network equipment	967,465	28	804,981	27
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	72,039	7
Projector	25,838	4	10,372	2
Router	37,405	4	37,405	4
Scanner	-	-	-	-
Search equipment	204,105	14	163,944	11
Server	1,049,533	82	1,027,950	81
Software	7,068,488	55	7,074,050	55
Switch	282,393	16	282,393	16
Tablet	-	-	-	-
Tent	122,237	12	122,237	12
Trailer	423,376	16	437,742	16
Workstation	1,641,243	25	1,641,243	25
	<u>\$ 54,135,637</u>	<u>781</u>	<u>\$ 54,569,962</u>	<u>828</u>

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

June 30, 2013		June 30, 2014		June 30, 2015	
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	734,581	20
31,515	4	31,515	4	31,515	4
-	-	-	-	-	-
1,117,422	97	1,214,725	113	1,167,318	107
11,171	1	11,171	1	33,713	4
1,533,009	44	1,458,744	39	1,458,744	39
82,126	5	82,126	5	90,386	6
1,528,398	105	1,526,069	105	1,526,069	105
35,622	5	35,622	5	35,622	5
172,042	16	172,042	16	189,888	17
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
336,275	23	432,282	23	479,786	26
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
-	-	-	-	-	-
-	-	-	-	-	-
787,062	43	780,245	42	942,245	43
377,287	56	401,133	60	468,400	67
33,403	4	33,403	4	33,403	4
29,058	5	29,058	5	29,058	5
67,452	11	67,452	11	67,452	11
643,040	46	660,496	49	702,500	52
2,424,594	1	2,424,594	1	2,424,594	1
107,671	17	107,671	17	82,659	14
-	-	-	-	-	-
952,374	30	1,321,172	31	1,288,223	29
638,472	7	632,865	6	632,865	6
236,843	14	274,656	14	352,872	17
79,452	15	79,452	15	143,605	27
72,039	6	72,039	6	72,039	6
10,372	2	10,372	2	10,372	2
37,405	4	37,405	4	37,405	4
-	-	-	-	5,489	1
163,944	11	196,302	13	210,657	14
1,022,818	81	997,288	79	1,000,858	69
7,117,506	56	7,117,506	56	9,176,979	50
282,393	16	312,760	17	312,760	17
-	-	-	-	5,455	1
122,237	12	122,237	12	122,237	12
527,629	18	512,761	18	523,455	18
1,641,243	25	1,641,243	25	1,641,243	25
<u>\$ 54,832,732</u>	<u>843</u>	<u>\$ 55,555,368</u>	<u>863</u>	<u>\$ 58,076,609</u>	<u>875</u>

(Continued on next page)

ORANGE COUNTY FIRE AUTHORITY
Capital Equipment by Category
(Continued)

Category	June 30, 2016		June 30, 2017	
	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	64,986	6
Breathing Apparatus	-	-	-	-
Camera, thermal imaging	1,115,772	102	1,107,655	101
Camera, other	44,264	5	44,264	5
Communications equipment	1,523,812	51	1,702,712	83
Computer	90,386	6	25,900	4
Defibrillator	1,526,069	105	5,312,042	229
Exercise equipment	35,622	5	40,790	6
Fleet equipment	252,867	24	284,885	27
Forklift	93,177	3	134,138	4
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	995,953	46
Hydraulic tool	490,913	69	535,309	72
Kitchen equipment	33,403	4	26,394	3
Laptop	23,832	4	17,957	3
Manikin	67,452	11	67,452	11
Miscellaneous equipment	735,503	55	798,762	59
Mobile radio project (FY 2003/04 - FY 2004/05)	2,424,594	1	2,424,594	1
Mobile radio	88,700	16	88,700	16
Mobile radio, mobile data computer (MDC)	-	-	196,398	30
Network equipment	1,294,452	30	1,294,452	30
Office equipment	632,865	6	632,865	6
Portable building	352,872	17	352,872	17
Portable radio	138,477	26	138,477	26
Printer	72,039	6	68,552	6
Projector	10,372	2	10,372	2
Router	72,745	8	72,745	8
Scanner	5,489	1	5,489	1
Search equipment	236,657	16	258,921	18
Server	1,211,242	72	936,541	57
Software	10,502,153	53	10,491,277	52
Switch	349,909	20	349,909	20
Tablet	24,882	4	24,882	4
Tent	122,237	12	154,551	13
Trailer	523,455	18	465,143	18
Workstation	1,641,243	25	1,641,243	25
	<u>\$ 59,874,567</u>	<u>914</u>	<u>\$ 63,930,534</u>	<u>1,099</u>

June 30, 2018		June 30, 2019		June 30, 2020	
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
80,606	7	80,606	7	80,606	7
-	-	20,394	4	20,394	4
1,198,258	111	1,251,200	117	1,360,096	131
44,264	5	44,264	5	44,264	5
1,689,198	81	1,696,094	82	3,919,452	83
25,900	4	25,900	4	34,261	5
3,802,620	121	4,089,086	130	4,334,152	138
40,790	6	40,790	6	40,790	6
261,714	28	294,849	29	292,914	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	500,242	30	801,854	32
28,854,977	4	28,854,977	4	28,854,977	4
319,149	4	319,149	4	319,149	4
148,104	2	213,749	3	213,749	3
168,804	2	168,804	2	168,804	2
-	-	183,096	2	366,193	4
1,003,199	47	1,003,199	47	1,003,199	47
1,108,303	148	905,931	119	882,673	113
26,394	3	20,395	2	20,395	2
17,957	3	17,957	3	12,081	2
75,129	12	32,371	5	109,410	13
891,816	67	978,892	74	2,580,791	197
2,424,594	1	2,424,594	1	2,424,594	1
88,700	16	99,592	18	136,527	23
196,398	30	385,726	60	385,726	60
1,294,452	30	1,294,452	30	1,294,452	23
642,985	7	685,053	9	685,053	9
352,872	17	687,025	20	980,837	28
138,477	26	400,892	71	400,892	71
68,552	6	77,501	7	66,101	6
5,153	1	5,153	1	5,153	1
72,745	8	72,745	8	58,132	7
5,489	1	5,489	1	5,489	1
258,921	18	258,921	18	258,921	18
1,150,118	72	944,725	48	870,201	41
10,491,277	52	10,538,302	56	10,666,466	50
356,521	21	514,813	58	522,347	59
24,882	4	24,882	4	24,882	4
180,849	15	194,207	16	226,055	18
572,659	21	656,551	22	836,564	25
1,641,243	25	1,647,704	26	1,698,204	27
<u>\$ 63,699,329</u>	<u>1,110</u>	<u>\$ 65,155,746</u>	<u>1,211</u>	<u>\$ 70,502,274</u>	<u>1,361</u>

ORANGE COUNTY FIRE AUTHORITY
Capital Vehicles by Category
Last Ten Fiscal Years

Category	June 30, 2011		June 30, 2012	
	Historical Cost	Quantity	Historical Cost	Quantity
Air Utility	\$ 629,011	3	\$ 820,733	4
Ambulance	776,283	6	776,283	6
Battalion Chief Vehicle	1,488,518	28	1,518,914	29
Brush Chipper	34,289	2	34,289	2
Crew Cab	139,057	3	69,009	2
Crew-Carrying Vehicle	297,336	4	452,373	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	376,164	3
Hazmat Unit	674,962	2	1,077,646	3
Heavy Rescue Unit	658,107	1	658,107	1
Hose Tender	103,189	1	103,189	1
Lift Truck	71,780	1	71,780	1
Loader	-	-	-	-
Paramedic Van	1,860,604	22	1,860,604	22
Parade Engine	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	1,796,208	49
Road Grader	102,396	1	102,396	1
Sedan	61,256	3	61,256	3
Squad	578,998	7	578,998	7
Stakeside	34,289	1	34,289	1
Sport Utility Vehicle (SUV)	2,820,880	104	2,658,508	98
Telesquirt	2,099,242	6	2,344,077	7
Transport Tractor	506,673	5	506,673	5
Truck, 90', 100' and 110' Tractor Drawn Aerials	4,428,314	5	4,943,110	8
Truck, 75' Quint	3,536,736	7	3,124,257	6
Truck, 90' Quint	4,429,851	9	3,562,035	7
Truck, 100' Quint	-	-	2,354,146	2
Truck, Other	427,613	5	427,538	5
Truck, Compressed Air Foam System (CAFS)	-	-	21,649	1
Type 1 Engine	25,031,630	84	26,638,285	90
Type 1 Wildland Urban Interface Engine	2,127,949	5	2,127,949	5
Type 2 Engine	305,219	2	152,610	1
Type 3 Engine	4,105,746	13	4,105,746	13
Utility	161,801	4	145,169	3
Van	623,608	24	623,608	24
Water Tender	753,535	5	753,535	5
	<u>\$ 64,464,368</u>	<u>447</u>	<u>\$ 68,624,259</u>	<u>458</u>

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

June 30, 2013		June 30, 2014		June 30, 2015	
Historical Cost	Quantity	Historical Cost	Quantity	Historical Cost	Quantity
820,733	4	\$ 820,733	4	\$ 820,733	4
674,739	5	674,739	5	573,194	4
1,518,914	29	1,518,914	29	1,518,914	29
34,289	2	34,289	2	34,289	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	820,829	4	674,655	3
723,403	4	723,403	4	550,978	2
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
-	-	-	-	81,996	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
1,943,905	51	2,081,006	53	2,081,006	53
102,396	1	102,396	1	102,396	1
61,256	3	44,994	2	44,994	2
578,998	7	578,998	7	578,998	7
34,289	1	34,289	1	34,289	1
2,637,875	97	2,560,913	94	2,505,905	92
1,995,305	6	1,736,407	5	1,736,407	5
506,673	5	506,673	5	506,673	5
4,938,110	7	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	3,062,553	6
2,354,146	2	2,354,146	2	2,354,146	2
427,538	5	592,188	7	768,076	11
44,058	2	44,058	2	44,058	2
26,638,285	90	28,363,285	92	28,442,065	90
3,451,627	8	3,451,627	8	3,451,627	8
152,610	1	152,610	1	152,610	1
3,871,874	11	4,653,221	13	4,653,221	13
145,169	3	145,169	3	145,169	3
623,608	24	623,608	24	451,395	19
753,535	5	753,535	5	753,535	5
<u>69,408,222</u>	<u>458</u>	<u>\$ 72,213,263</u>	<u>461</u>	<u>\$ 71,403,080</u>	<u>452</u>

(Continued on next page)

ORANGE COUNTY FIRE AUTHORITY
Capital Vehicles by Category
(Continued)

Category	June 30, 2016		June 30, 2017	
	Historical Cost	Quantity	Historical Cost	Quantity
Air Utility	820,733	4	820,733	4
Ambulance	573,194	4	573,194	4
Battalion Chief Vehicle	2,098,087	42	2,161,593	42
Brush Chipper	103,545	3	84,438	2
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	939,162	2
Heavy Rescue Unit	679,608	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	2,327,501	63	3,213,233	85
Road Grader	102,396	1	102,396	1
Sedan	-	-	-	-
Squad	578,998	7	496,839	6
Stakeside	34,289	1	34,289	1
Sport Utility Vehicle (SUV)	2,621,995	93	2,602,271	92
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	4,948,930	8	6,641,223	9
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	804,028	11
Truck, Compressed Air Foam System (CAFS)	44,058	2	44,058	2
Type 1 Engine	30,580,415	94	32,151,624	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	435,224	18
Water Tender	753,535	5	753,535	5
	<u>\$ 74,539,771</u>	<u>480</u>	<u>\$ 78,512,818</u>	<u>498</u>

June 30, 2018		June 30, 2019		June 30, 2020	
Historical Cost	Quantity	Historical Cost	Quantity	Historical Cost	Quantity
820,733	4	820,733	4	1,216,732	5
573,194	4	573,194	4	-	-
2,224,326	42	2,468,254	46	2,603,667	47
84,438	2	84,438	2	160,272	3
-	-	-	-	-	-
447,373	3	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	1,112,241	3
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
-	-	-	-	-	-
71,780	1	71,780	1	71,780	1
81,996	1	81,996	1	248,479	3
1,566,150	19	1,566,150	19	1,468,553	18
-	-	-	-	-	-
1,791,780	20	1,791,780	20	1,791,780	20
858,456	12	858,456	12	858,456	12
3,275,670	86	3,726,138	98	5,190,357	130
170,438	2	170,438	2	170,438	2
-	-	-	-	-	-
1,074,089	9	1,465,052	11	1,465,052	11
34,289	1	34,289	1	34,289	1
2,224,726	79	2,186,521	77	1,889,421	59
1,387,635	4	1,038,862	3	-	-
506,673	5	506,673	5	1,093,171	8
9,236,148	11	17,609,131	17	18,802,835	18
3,124,257	6	3,124,257	6	2,694,556	5
3,062,553	6	3,062,553	6	3,062,553	6
2,354,146	2	2,354,146	2	2,354,146	2
790,798	10	790,798	10	1,138,258	12
44,058	2	44,058	2	44,058	2
32,151,624	94	37,752,647	103	43,198,345	113
3,451,627	8	3,451,627	8	3,451,627	8
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	649,798	26	557,619	22
753,535	5	753,535	5	753,535	5
<u>\$ 80,987,894</u>	<u>486</u>	<u>\$ 95,874,855</u>	<u>524</u>	<u>\$ 103,566,183</u>	<u>546</u>



Orange County Fire Authority Safety Message

Senior Fall Prevention (Part 3 of 3)

(Continued from Page 132)



Every 11 seconds, an elderly adult is treated in the emergency room for a fall. Every 19 minutes, an elderly adult dies from a fall.

Safety Tips

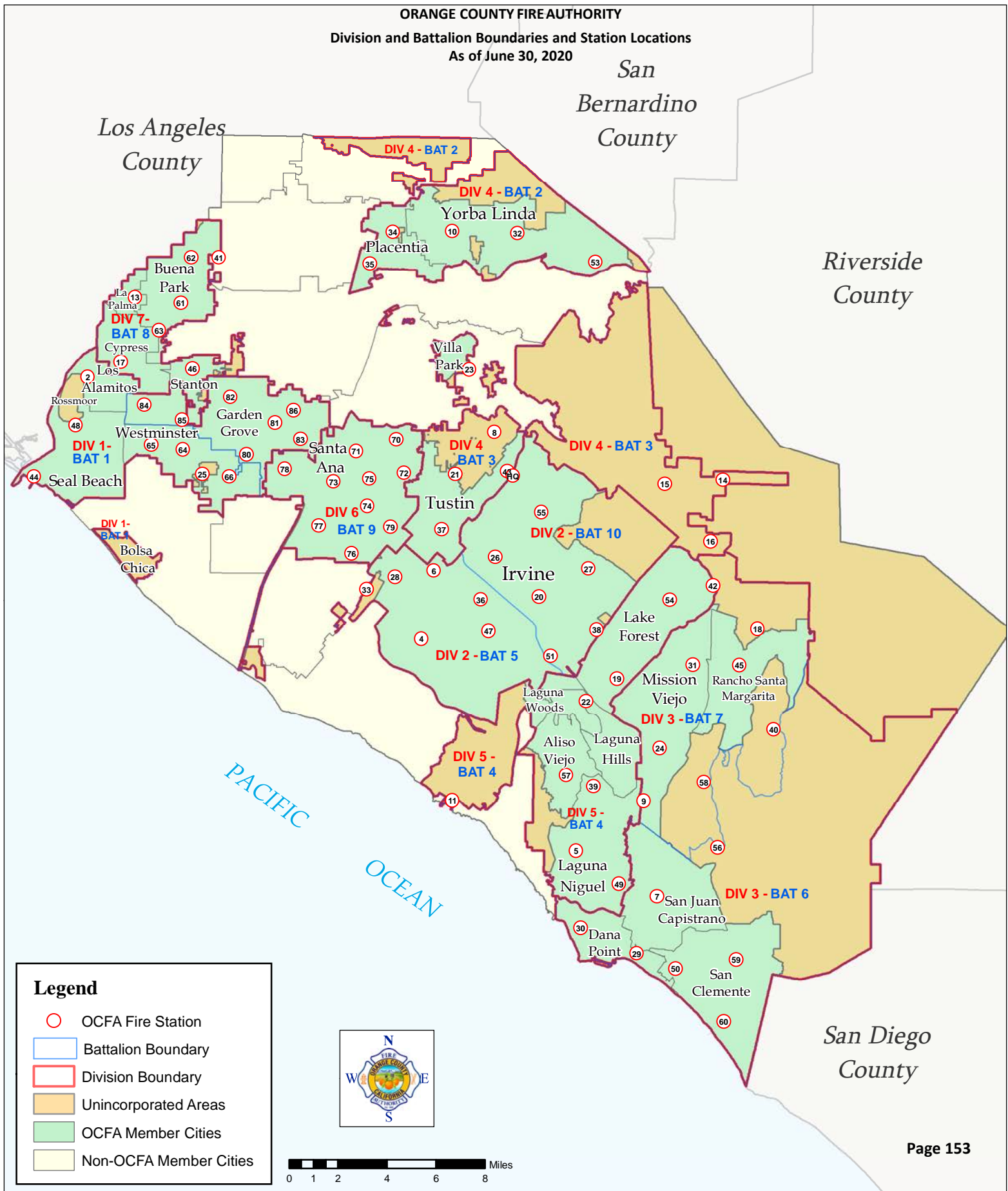
Falls are the leading cause of injuries for the elderly community and can greatly reduce their ability to remain independent. Take steps now to protect your health and reduce your fall risk.

Make Your Home Safer, (Continued)

- ✓ Install handrails along both sides of hallways and stairs.
- ✓ Use risers to elevate beds, chairs, and sofas.
- ✓ Rearrange cabinets and drawers so items used most often are within easy reach.
- ✓ Wear sturdy shoes with non-slip soles both inside and outside your home.

Have Your Eyes Checked

- ✓ See your eye doctor at least once a year and update your eye glasses, if needed.



ORANGE COUNTY FIRE AUTHORITY
List of Stations by Member Agency
As of June 30, 2020



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 Garden Grove
#80, 14162 Forsyth Ln. 92844
#81, 112611 Acacia Pkwy. 92840
#82, 11805 Gilbert St. 92841
#83, 12132 Trask Ave. 92843
#84, 12191 Valley View St. 92845
#85, 12751 Western Ave. 92841
#86, 12232 West St. 92840



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 Golden Lantern St. 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

ORANGE COUNTY FIRE AUTHORITY
List of Stations by Member Agency
As of June 30, 2020, (Continued)



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, 2020

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 – Operations, Emergency Medical Services (EMS), Business Services, Community Risk Reduction, Human Resources, and Logistics – which are further organized into divisions, battalions, 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.
- **Community Education** facilitates public safety education and awareness through large-scale educational campaigns and community outreach events.

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 (OCIAC).
- **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 78 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. **Battalion 11** primarily serves the city of Garden Grove. 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. The division is also responsible for coordinating all grants received from the Office of Homeland Security.
- **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 of 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 **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

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 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.

HUMAN RESOURCES DEPARTMENT

The **Human Resources Department** provides the following programs and services:

- The **Benefits Division** 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.
- The **Employee Relations Division** 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.
- The **Recruitment Division** oversees recruitment and selection processes.
- The **Risk Management Division** 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.

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.



CAFR 2020

FISCAL YEAR ENDED JUNE 30



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



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 aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of the Orange County Fire Authority (the "Authority"), as of and for the year ended June 30, 2020, 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 8, 2020.

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) as a basis for designing 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 financial statements. 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



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

no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 & Lughard, LLP

Brea, California
October 8, 2020



October 8, 2020

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, 2020. 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 March 19, 2020. 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. As described in Note 3 to the financial statements, the Authority changed accounting policies related to the reporting of fiduciary activities by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities*, in fiscal year 2019-2020. There was no effect from the accounting change as of the beginning of the year as reported in the statement of fiduciary net position, as the Authority's fiduciary activities did not change. 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 liabilities and net other post-employment 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 post-employment 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.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.





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

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
Payments made after 6/30/2020 for expenditures incurred prior to 6/30/2020 were not accrued.	\$ 128,400
Cash receipts received after 6/30/2020 for revenues earned prior to 6/30/2020 were not accrued.	209,218
Certain capital assets were not booked as of 6/30/2020	(42,209)
<i>(All items were identified by management, and a decision was made to pass on adjustment due to the immateriality of the items, rather than reopening the books at 6/30/2020 to record)</i>	-
	-
Cumulative effect (before effect of prior year differences)	295,409
Effect of unadjusted audit difference - prior year	(165,782)
Cumulative effect (after effect of prior year differences)	\$ 129,627

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 8, 2020.

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.

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.



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

Review Procedures for Emergency Purchases

We examined a sample of purchase orders, sole source contracts, and emergency purchases made during the fiscal year. The purpose of the testing was to verify compliance with the Authority's internal policies and procedures. We identified the Authority was following its policies and procedures and controls were functioning as designed. One area we did want to bring to your attention related to the handling of emergency purchases during the Coronavirus pandemic. The Authority procurement policy, considering the unusual nature of the Coronavirus pandemic, is somewhat unclear regarding timing of the Executive Committee approval for emergency purchases. The Authority has traditionally taken items requiring Executive Committee approval to the meeting immediately following the emergency. However, with the extended nature of the Coronavirus emergency and uncertainty on when the emergency will be over, we recommend the Authority reevaluate its practice of when emergency purchases are provided to the Executive Committee for consideration to allow for more timely review and ratification of such purchases. The purchases we selected were for personal protective equipment, sanitation services, and other purchases and were made starting at the beginning of the pandemic and over time exceeded management's authority thresholds. We did identify that these purchases were presented to the Executive Committee for review and ratification during the September 2020 meeting.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedules of plan contributions, the schedule of changes in the net pension liability and related ratios, the schedules of money weighted rate of return, the schedule of changes in net other post-employment benefits liability and related ratios 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 the combining and individual fund 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 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.



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

New Accounting Standards

The following pronouncements have been postponed as a temporary relieve to governments and other stakeholders in light of the COVID-19 pandemic and the new effective date are reflected in the following fiscal years.

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2019-2020 audit:

GASB Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*

GASB Statement No. 88, *Certain Disclosure Related to Debt, including Direct Borrowing and Direct Placements.*

The following Governmental Accounting Standards Board (GASB) pronouncements are effective in the following fiscal year audits and should be reviewed for proper implementation by management:

Fiscal year 2020-2021

GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statement Nos. 14 and 61.*

Fiscal year 2021-2022

GASB Statement No. 87, *Leases.*

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.*

Fiscal year 2022-2023

GASB Statement No. 91, *Conduit Debt Obligations.*

Restriction on Use

This information is intended solely for the use of Board of Directors and management of the 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,

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

Brea, California

ORANGE COUNTY FIRE AUTHORITY
Fund Balance Assigned for Capital Improvement Program (CIP)
Final Calculation
As of June 30, 2020

Attachment 4A

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 @ 6/30/2020	FYE 6/30/2020 CAFR, pages 28, 102	6,263,474	6,228,913	18,990,529	17,627,926	49,110,842
Less nonspendable fund balance - prepaid items	FYE 6/30/2020 CAFR, pages 28, 102	(93,436)	(4,247)	-	-	(97,683)
Less restricted fund balance	FYE 6/30/2020 CAFR, pages 28, 102				(391,477)	(391,477)
Less outstanding encumbrances:						
Pertaining to restricted resources	FYE 6/30/2020 CAFR, pages 28, 102	-	-	-	-	-
Pertaining to committed resources	FYE 6/30/2020 CAFR, pages 28, 102	-	-	-	-	-
Pertaining to assigned resources	FYE 6/30/2020 CAFR, pages 28, 102	(1,046,914)	(103,078)	(14,841,073)	(612,704)	(16,603,769)
Actual fund balance available for CIP assignment @ 6/30/2020 (A)		5,123,124	6,121,588	4,149,456	16,623,745	32,017,913

Possible CIP Expenditures, Net of Offsetting Revenues and Funding Sources

Appropriations Re-Budgeted to Next Fiscal Year, Net

Carryover expenditures	Board of Directors approval 9/24/2020, Item #2B	4,251,843	2,948,389	2,409,530	6,021,771	15,631,533
Less: Carryover revenues	Board of Directors approval 9/24/2020, Item #2B	-	-	-	-	-
Net		4,251,843	2,948,389	2,409,530	6,021,771	15,631,533

Five-Year CIP Plan - Budgeted CIP Projects, Net

Five-year CIP plan expenditures	FY 2020/21 Adopted Budget	36,983,500	11,426,292	51,503,539	51,525,000	151,438,331
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	-	-	(8,355,446)	-	(8,355,446)
Developer-funded projects (cost-reimbursable budgeted costs)	FY 2020/21 Adopted Budget	-	-	(3,473,463)	-	(3,473,463)
Construction of new Fire Station 52 (Irvine Business District)	FY 2020/21 Adopted Budget, capped at maximum available restricted fund balance	-	-	-	(391,477)	(391,477)
Net		36,983,500	11,426,292	39,674,630	51,133,523	139,217,945

Possible CIP expenditures, net of offsetting revenues and funding sources (B)		41,235,343	14,374,681	42,084,160	57,155,294	154,849,478
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Over (under) funded as of 6/30/2020 (A-B)		(36,112,219)	(8,253,093)	(37,934,704)	(40,531,549)	(122,831,565)
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Final Fund Balance Assignment

Actual fund balance available for CIP assignment @ 6/30/2020		5,123,124	6,121,588	4,149,456	16,623,745	32,017,913
Less: Over funded amount to be transferred back to the General Fund		-	-	-	-	-
Final fund balance assignment @ 6/30/2020	FYE 6/30/2020 CAFR, page 28	5,123,124	6,121,588	4,149,456	16,623,745	32,017,913

ORANGE COUNTY FIRE AUTHORITY
Fund Balance Assigned for Workers Compensation
Final Calculation
As of June 30, 2020

Attachment 4B

		Self Insurance Fund		
Description	Source	Final Budget	Positive (Negative) Variance	Actual
Revenues:				
Interest	FYE 6/30/2020 CAFR, pages 103, 105	\$ 1,461,251	261,727	\$ 1,722,978
Workers' compensation charges	FYE 6/30/2020 CAFR, pages 103, 105	19,573,944	-	19,573,944
Insurance recoveries	FYE 6/30/2020 CAFR, pages 103, 105	996,183	273,486	1,269,669
Subtotal - revenues		22,031,378	535,213	22,566,591
Expenditures:				
Workers' compensation claims paid	FYE 6/30/2020 CAFR, pages 103, 105	(11,599,428)	(740,694)	(12,340,122)
Subtotal - expenditures		(11,599,428)	(740,694)	(12,340,122)
Total change in fund balance		\$ 10,431,950	\$ (205,481)	\$ 10,226,469
		(A)	(B)	
Assignment for Workers' Compensation:				
Actual assignment @ 6/30/2019	FYE 6/30/2019 CAFR, page 28		\$ 88,772,530	
Budgeted change in fund balance	(A)		10,431,950	
Budgeted assignment @ 6/30/2020			99,204,480	
Variance between final budget and actual amounts	(B)		(205,481)	
Actual assignment @ 6/30/2020	FYE 6/30/2020 CAFR, page 28		\$ 98,998,999	

Orange County Fire Authority
Calculation of Unencumbered Fund Balance
General Operating Fund (121-12150)*
Fiscal Year 2019/20

		Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Property tax revenue (Structural Fire Fund - SFF)		\$ 274,312,362	\$ 277,721,815	\$ 3,409,453
Other revenues		189,534,287	186,057,644	(3,476,643)
Transfers in		507,495	507,495	-
Subtotal revenues and transfers in	(A)	464,354,144	464,286,954	(67,190)
Expenditures		468,599,815	448,527,024	20,072,791
Transfers out		30,083,037	30,083,037	-
Subtotal expenditures and transfers out		498,682,852	478,610,061	20,072,791
Less: Prior year encumbrances		(2,851,945)	(1,678,150)	(1,173,795)
Plus: Current year encumbrances		-	2,644,360	(2,644,360)
Subtotal budgetary expenditures	(B)	495,830,907	479,576,271	16,254,636
Total unencumbered fund balance before adjustments	(A+B)	(31,476,763)	(15,289,317)	16,187,446
Reconciling Items:				
Rebudget of FY 2019/20 uncompleted projects:				
Carryover budgeted FY 2019/20 revenues				7,853,974
Carryover budgeted FY 2019/20 appropriations				(10,468,027)
Subtotal				(2,614,053)
GASB 31 interest adjustment (investment market value)				(38,806)
Subtotal				(38,806)
Total reconciling items	(C)			(2,652,859)
Total unencumbered fund balance with adjustments	(A+B+C)			\$ 13,534,587

FY 2020/21 General Operating Fund budget (expenditures, other uses, and transfers out) \$ 450,491,621

Unencumbered fund balance as a percentage of next year's General Operating Fund budget 3.00%

* In the 2019/20 Financial Statements, the Combined General Fund includes four "sub-funds" as follows: General Fund CIP (12110), Structural Fire Entitlement (171), Workers' Compensation (190), and Settlement Agreement (139) which should not be included in the calculations of unencumbered fund balance. Therefore, activities in these four 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), which is identified separately only for internal accounting purposes.



Orange County Fire Authority **AGENDA STAFF REPORT**

Budget and Finance Committee Meeting
November 4, 2020

Agenda Item No. 3B
Discussion Calendar

FY 2020/21 Fiscal Update & Snowball Pension Paydown Payment

Contact(s) for Further Information

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Stuart Lam, Budget Manager Treasury & Financial Planning	stuartlam@ocfa.org	714.573.6302

Summary

This item is submitted to provide a fiscal update on OCFA's Fiscal Year 2020/21 and seek approval to remit the Snowball pension paydown payment of \$12.4M included in the Adopted Budget to the Orange County Employees Retirement System (OCERS) prior to December 31, 2020.

Prior Board/Committee Action

On May 28, 2020, the OCFA Board of Directors approved the FY 2020/21 Budget and directed staff to delay the timing for when OCFA remits the Fiscal Year 2020/21 Snowball pension paydown plan payment to OCERS until further direction is provided by the Board.

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 19, 2020, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Receive and file the FY 2020/21 Fiscal Update.
2. Direct staff to remit the FY 2020/21 budgeted Snowball pension paydown payment of \$12.4 million to OCERS prior to December 31, 2020.

Impact to Cities/County

To date, the OCFA's Snowball Pension Paydown Plan has produced interest savings totaling \$24,582,776 on behalf of all OCFA member agencies. Continued progress with the Snowball payments that are included in each annual budget will generate even greater interest savings, resulting in lower required employer contributions over the long-term.

Fiscal Impact

The Board adopted FY2020/21 Budget includes the Snowball pension paydown payment of \$12.4 million, in compliance with the Fourth Amendment to the OCFA's Joint Powers Agreement.

Background

At the time of the FY2020/21 Budget approval process, the OCFA was in the midst of a global COVID-19 Pandemic that created a heightened level of uncertainty regarding budget assumptions

for Property Tax revenue, OCERS investment rate of return, magnitude of COVID-19 related cost impacts, and MOU negotiations. The extent of COVID-19 impacts were yet unknown and led to an extensive discussion during the May 13, 2020, Budget & Finance Committee regarding the proposed FY2020/21 budget, the Snowball pension paydown payment, and the possibility of mitigating impacts to cash contract cities. Given the discussion, staff prepared three options for the Board's consideration regarding the approval of the FY 2020/21 Budget. One of the options for Board consideration included the delay of the \$12.4M Snowball pension paydown payment to allow staff additional time to receive and review updated property tax and OCERS information, and to gain a better understanding of the financial impacts of COVID-19.

Therefore, on May 28, 2020, the OCFA Board of Directors adopted the Fiscal Year 2020/21 Budget and directed the delay in the timing of when OCFA remits the \$12.4 million Fiscal Year 2020/21 Snowball pension paydown plan payment to OCERS until further direction is provided by the Board. The Board also directed staff to remove the Snowball pension paydown payment from the cash contract city charge calculation in order to provide relief from future ongoing increases.

Since the adoption of the FY 2020/21 budget, staff has gained a better understanding of COVID-19 related revenue and expenditure impacts. This includes receiving favorable news from the County Auditor-Controller regarding the actual property tax roll for FY 2020/21, favorable news from OCERS regarding its projected investment rate of return and lower future pension costs, and successfully negotiated MOU's with the Chief Officer's Association and Local 3631.

Updated Five-Year Financial Forecast

The Five-Year Financial Forecast has been updated since Budget adoption to reflect more current information regarding OCFA's revenues and expenditures. This additional information is intended to provide the Board a snapshot of OCFA's overall fiscal health and assist in directing staff to remit the Snowball pension paydown payment to OCERS in December 2020. The Five-Year Financial Forecast includes updates to secured property taxes, CRR revenues, interest earnings, retirement contribution rates, and Chief Officer Association and Orange County Professional Firefighters, Local 3631 MOU changes (Attachment 1). Following are highlights of the Five-Year Financial Forecast adjustments:

Property Tax Revenues

Based on the recently published Assessor's Office Data, estimated secured property tax receipts are projected to be \$2.4 million (or an estimated 1%) higher than the Fiscal Year 2020/21 Budget.

CRR Revenues

The COVID-19 Pandemic presents several challenges concerning commercial and residential annual inspections. Of primary concern is the health and safety of our firefighters and inspectors; our ability to access buildings during a major shutdown; assessing risk if not conducted; meeting State mandates that are not officially forgiven and cost recovery revenue reduction. During the Pandemic, the Community Risk Reduction Department (CRR) will continue State mandated inspections including high rise structures, jails, apartments, hotels/motels, and schools (public and private). All other annual inspections will be on temporary hold until COVID lessens and businesses regain economic strength. CRR will re-evaluate this temporary measure in January 2021. Potential revenue impacts are estimated at a \$1.4 million reduction for FY 2020/21.

Retirement Contribution Rates

OCERS provided an updated report dated July 9, 2020, prepared by Segal which included revised retirement rate projections. Compared to the retirement rate projections used in the adopted budget, from FY 2021/22 to FY 2024/25, revised retirement rates were on average 2.62% lower for non-safety employees and 2.97% lower for safety employees. This resulted in decreases to retirement costs ranging from \$4.9M to \$5.2M in the outer years of the forecast.

Pension Liability

OCERS is on a calendar year basis, and its assumed rate of return is 7.0%. As of September 2020, its year-to-date return was 2.0%. OCERS CEO recently indicated to OCFA staff that they believed they could achieve a 7.0% return by year end. If OCERS does not reach its assumed rate of return, the shortfall will be smoothed over the following five years, per OCERS' standard funding policies, along with other annual gains and losses to reduce volatility in annual retirement costs for plan sponsors.

Snowball Pension Payment Plan

The Snowball pension paydown plan was originally adopted by the Board in September 2013 and later amended in November of 2015, November of 2016 and March 2017. In late 2018, the Board formalized its commitment to the Snowball accelerated pension liability paydown plan by adopting the Fourth Amendment to the JPA and its Operative Amendments. The Fourth Amendment went into effect spring of 2019 once two-thirds of its members (16) formally approved the item by their respective governing boards. The approval process took approximately five months (November 2018 to March 2019) to secure the necessary 16 members to execute the Fourth Amendment. In total, 21 members executed the Fourth Amendment.

The Fourth Amendment to the JPA binds OCFA to remit the Snowball Pension Payment unless we meet the definition of a fiscal hardship. Section 7.C.1. of the JPA defines fiscal hardship as follows, "*Fiscal hardship shall refer to a substantial reduction in OCFA anticipated revenue and/or a significant increase in anticipated expenses that are beyond the reasonable control of the OCFA Board.*"

At this point in time, the OCFA does not meet the definition of a fiscal hardship. As such, staff recommends the approval of the recommended actions as stated above.

Attachment(s)

Updated Five-Year Financial Forecast

Scenario 1 - Typical Property Tax Forecast with 0% Salary Increase After MOU Expirations		PROJECTED FY 2020/21	PROJECTED FY 2021/22	PROJECTED FY 2022/23	PROJECTED FY 2023/24	PROJECTED FY 2024/25
A.	BEGINNING FUND BALANCE - All Funds Combined	214,187,358	179,225,622	179,299,228	172,984,093	175,351,647
GENERAL FUND Revenues & Expenditures						
	Property Taxes	288,007,776	296,053,767	303,750,193	314,620,205	325,542,979
	State Reimbursements	8,057,496	8,057,496	8,057,496	8,057,496	8,057,496
	Federal Reimbursements	100,000	100,000	100,000	100,000	100,000
	One-Time Grant/ABH/RDA	19,480,130	-	-	-	-
	Community Redevelopment Agency Pass-thru	16,828,753	17,017,436	18,321,556	19,346,947	19,050,047
	Cash Contracts	127,106,614	132,008,763	134,536,024	136,265,782	137,670,246
	Community Risk Reduction Fees	4,645,900	6,061,323	6,061,323	6,061,323	6,061,323
	ALS Supplies & Transport Reimbursement	4,547,600	4,547,600	4,547,600	4,547,600	4,547,600
	Interest Earnings	142,640	679,681	704,091	727,932	751,083
	Other Revenue	1,245,100	1,245,100	1,245,100	1,245,100	1,245,100
	[a] Unencumbered Fund Balance for Paydown of UAAL	3,000,000	-	-	-	-
	General Fund Revenues	473,162,009	465,771,166	477,323,383	490,972,384	503,025,875
	New Positions for New Stations	-	2,871,854	5,835,319	5,928,390	8,661,778
	Employee Salaries	233,891,419	239,252,867	240,414,444	240,902,090	240,902,090
	Retirement - Regular Annual Payments	94,443,020	92,262,219	92,530,286	93,103,956	95,084,507
	Retirement - Accelerated Pension Paydown Plan	15,368,859	14,279,280	17,787,217	20,772,547	21,814,115
	Workers' Compensation (Transfer to Fund 190)	20,093,346	25,096,683	26,357,344	27,148,064	27,962,506
	Other Insurance	35,799,840	38,336,801	40,670,547	43,156,210	45,720,766
	Medicare	3,335,213	3,389,348	3,396,280	3,403,351	3,403,351
	One-Time Grant/ABH Expenditures	617,231	-	-	-	-
	Salaries & Employee Benefits	403,548,928	415,489,053	426,991,436	434,414,608	443,549,113
	Services & Supplies/Equipment	41,830,231	33,526,388	32,468,261	32,536,137	32,541,071
	Irvine Settlement Agreement (Transfer to Fund 139)	2,668,000	2,668,000	2,668,000	2,668,000	2,668,000
	New Station/Enhancements S&S Impacts	-	155,807	320,963	330,592	535,087
	One-Time Grant Expenditures	11,907,610	-	-	-	-
	General Fund Expenditures	459,954,769	451,839,249	462,448,661	469,949,337	479,293,271
B.	Incremental Increase in GF 10% Contingency	650,421	549,890	976,948	451,535	830,237
	GENERAL FUND SURPLUS/(DEFICIT)	12,556,818	13,382,028	13,897,775	20,571,513	22,902,367
C.	Operating Transfer from Operating Contingency	-	-	-	-	-
	← Transfers to CIP Funds from General Fund Surplus	12,556,818	13,382,028	13,897,775	20,571,513	22,902,367
	One-Time Paydown of UAAL from General Fund Surplus	-	-	-	-	-
	CAPITAL IMPROVEMENT PROGRAM (CIP)					
	Interest Earnings	363,636	1,470,644	1,408,799	1,361,281	1,438,655
	Cash Contracts	1,632,441	1,681,414	1,731,857	1,783,813	1,837,329
	Developer Contributions	540,000	1,048,573	1,827,923	-	822,770
	→ Operating Transfers into CIP from General Fund Surplus	12,556,818	13,382,028	13,897,775	20,571,513	22,902,367
	Total CIP Revenues	15,092,895	17,582,658	18,866,354	23,716,607	27,001,121
	Fund 12110 - General Fund CIP	12,314,343	7,599,000	4,362,000	8,350,000	8,610,000
	Fund 123 - Fire Stations and Facilities	13,621,771	11,675,000	16,000,000	11,750,000	4,500,000
	Fund 124 - Communications & Information Systems	4,922,093	3,223,704	3,677,490	1,250,000	1,301,394
	Fund 133 - Fire Apparatus	15,596,698	6,517,421	12,945,946	10,554,957	8,298,047
	Total CIP Expenses	46,454,905	29,015,125	36,985,436	31,904,957	22,709,441
D.	CIP SURPLUS/(DEFICIT) - Deposit to/withdraw from CIP reser	(31,362,010)	(11,432,467)	(18,119,082)	(8,188,350)	4,291,680
	OTHER FUNDS					
	Fund 190 - WC Revenue - Transfer from GF	20,093,346	25,096,683	26,357,344	27,148,064	27,962,506
	Fund 190 - WC Cashflow Payments per Actuary	20,057,235	15,640,500	17,030,345	18,543,694	20,191,523
E.	Deposit to WC Cashflow Reserve	36,111	9,456,183	9,326,999	8,604,370	7,770,983
	Fund 139 - Irvine Settlement Revenue - Transfer from GF	2,668,000	2,668,000	2,668,000	2,668,000	2,668,000
	Fund 139 - Irvine Settlement Expenditures - Per Agreement	2,668,000	1,168,000	1,168,000	1,168,000	1,168,000
F.	Deposit to PARS - Pension Reserve [1]	-	1,500,000	1,500,000	1,500,000	1,500,000
G.	Fund 171 - SFDEF Expenditures	1,286,258	-	-	-	-
	ENDING FUND BALANCE (Note) - All Funds Combined	179,225,622	179,299,228	172,984,093	175,351,647	189,744,547
	Ending Balance by Fund					
	Operating Contingency (10% of Expenditures)	42,939,307	43,489,197	44,466,144	44,917,679	45,747,916
	Reserve for Cash Contract City Station Maintenance	510,000	510,000	510,000	510,000	510,000
	Structural Fire Fund Entitlement Fund (Fund 171)	3,171	3,171	3,171	3,171	3,171
	Irvine Settlement Agreement (Fund 139)	23,592,045	25,338,003	27,073,617	28,801,284	30,541,892
	CIP FUND BALANCE	12,911,623	268,093	(19,011,124)	(28,320,477)	(25,213,518)
	Workers' Compensation Cashflow Reserve (Fund 190)	99,269,476	109,690,765	119,942,284	129,439,990	138,155,087
	Total Fund Balances	179,225,622	179,299,228	172,984,093	175,351,647	189,744,547
Note:	Ending Fund Balance is calculated by adding rows A+B+C+D+E+F-G, and excludes row [a] since unencumbered fund balance is already included in the Beg. Fund Balance					

[1] The deposit to the PARS - Pension Reserve in FY2020/21 is \$1.5M. The forecast shows zero due an offset from rebudgeting \$1.5M for one-time joint police-fire training facility and bidirectional amplifier expenditures.

FY 2020/21
Fiscal Update & Snowball
Pension Paydown Payment

Budget & Finance Committee
November 4, 2020



Background

At the time of the FY 2020/21 Budget approval process, the OCFA was in the midst of the COVID-19 Pandemic that created a heightened level of uncertainty regarding budget assumptions.

In May, the Board adopted the FY2020/21 Budget and provided direction to:

- Delay the timing of the \$12.4M Snowball pension paydown payment to OCERS until further direction is provided by the Board
- Remove the Snowball payment from cash contract city charge calculation to provide relief from future on-going increases

Since the adoption of the budget, staff has gained a better understanding of the financial impacts of COVID-19, received favorable news regarding both property tax revenues and retirement costs, and successfully negotiated MOU's with the Chief Officers Association and Local 3631.

Key Updates

Property Tax Revenue:

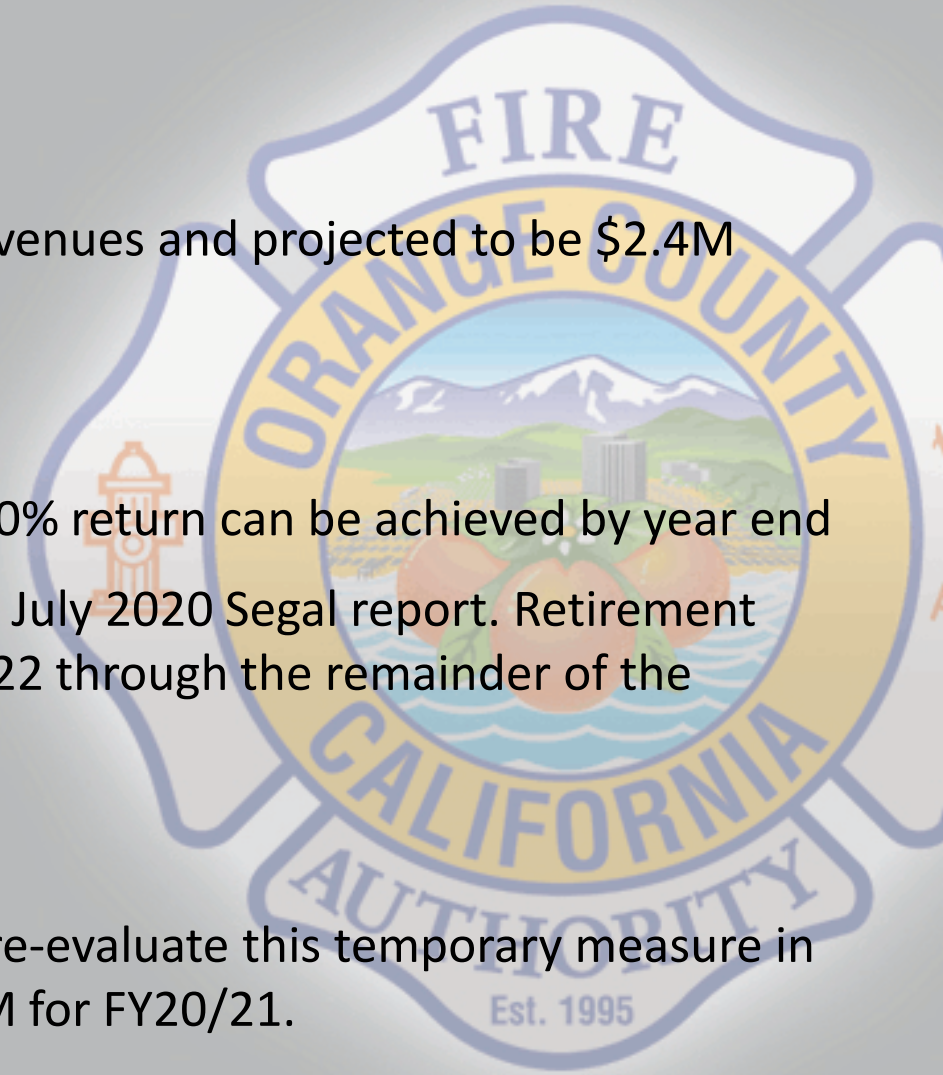
- Property Taxes equate to 63% of general fund revenue
- Secured Property Tax is the largest segment (95.1%) of Prop. Tax revenues and projected to be \$2.4M higher than budgeted per County's actual property tax roll

OCERS Investment Returns & Lower Future Retirement Costs:

- Year-to-date return as of Sept. 2020 is 2%. OCERS CEO believes a 7.0% return can be achieved by year end
- Retirement contribution rates lower than initially projected per the July 2020 Segal report. Retirement costs are expected to decrease an estimated \$5M starting in FY21/22 through the remainder of the forecast.

COVID-19 Impacts:

- CRR will continue to focus on State mandated inspections and will re-evaluate this temporary measure in January of 2021. Potential revenue reduction is estimated at \$1.4M for FY20/21.
- An estimated \$4.2M in FEMA cost reimbursements anticipated during FY20/21



Five-Year Forecast Changes

	2020/21	2021/22	2022/23	2023/24	2024/25
Secured Property Tax Revenue	+\$2.4M	+\$2.5M	+\$2.5M	+\$2.6M	+\$2.7M
CRR Inspection Fees	-\$1.4M	-	-	-	-
Interest Earnings	-\$0.8M	-	-	-	-
Retirement Costs	-	-\$4.9M	-\$5.2M	-\$5.2M	-\$5.1M
Firefighter MOU Costs	+\$3.5M	+\$7.1M	+\$7.7M	+\$7.7M	+\$7.7M
Chief Officers MOU Costs	+\$0.7M	+\$1.0M	+\$1.5M	+\$1.5M	+\$1.5M

Updated Five-Year Forecast

Assumes: Typical Property Tax Forecast with 0% Increase after MOU Expirations

	<i>Year 1</i> FY 2020/21	<i>Year 2</i> FY 2021/22	<i>Year 3</i> FY 2022/23	<i>Year 4</i> FY 2023/24	<i>Year 5</i> FY 2024/25
Beginning Fund Balance	214,187,358	179,225,622	179,299,228	172,984,093	175,351,647
General Fund Revenues	473,162,009	465,771,166	477,323,383	490,972,384	503,025,875
General Fund Expenditures	444,585,910	437,559,969	444,661,444	449,176,790	457,479,156
Paydown of UAAL	15,368,859	14,279,280	17,787,217	20,772,547	21,814,115
Total General Fund Expenditures	459,954,769	451,839,249	462,448,661	469,949,337	479,293,271
Net General Fund Revenue	13,207,239	13,931,918	14,874,723	21,023,048	23,732,603
Less Incremental Increase in 10% GF Op. Cont.	650,421	549,890	976,948	451,535	830,237
General Fund Surplus / (Deficit)	12,556,818	13,382,028	13,897,775	20,571,513	22,902,367
Operating Transfer to CIP Funds	12,556,818	13,382,028	13,897,775	20,571,513	22,902,367
Paydown of UAAL from General Fund Surplus	-	-	-	-	-
CIP Revenues	15,092,895	17,582,658	18,866,354	23,716,607	27,001,121
CIP Expenditures	46,454,905	29,015,125	36,985,436	31,904,957	22,709,441
CIP Surplus / (Deficit)	(31,362,010)	(11,432,467)	(18,119,082)	(8,188,350)	4,291,680
Other Fund Revenues	22,761,346	27,764,683	29,025,344	29,816,064	30,630,506
Other Fund Expenditures	24,011,493	16,808,500	18,198,345	19,711,694	21,359,523
Other Fund Surplus / (Deficit)	(1,250,147)	10,956,183	10,826,999	10,104,370	9,270,983
Ending CIP Fund Balance	12,911,623	268,093	(19,011,124)	(28,320,477)	(25,213,518)
Ending Fund Balance	179,225,622	179,299,228	172,984,093	175,351,647	189,744,547

Capital Improvement Plan Forecast

Assumes: Typical Property Tax Forecast with 0% Increase after MOU Expirations

	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	5-Year Average
<u>CAPITAL IMPROVEMENT PROGRAM (CIP)</u>						
Interest Earnings	363,636	1,470,644	1,408,799	1,361,281	1,438,655	1,208,603
Cash Contracts	1,632,441	1,681,414	1,731,857	1,783,813	1,837,329	1,733,371
Developer Contributions	540,000	1,048,573	1,827,923	-	822,770	847,853
Operating Transfers into CIP from General Fund Surplus	12,556,818	13,382,028	13,897,775	20,571,513	22,902,367	16,662,100
Total CIP Revenues	15,092,895	17,582,658	18,866,354	23,716,607	27,001,121	20,451,927
Fund 12110 - General Fund CIP	12,314,343	7,599,000	4,362,000	8,350,000	8,610,000	8,247,069
Fund 123 - Fire Stations and Facilities	13,621,771	11,675,000	16,000,000	11,750,000	4,500,000	11,509,354
Fund 124 - Communications & Information Systems	4,922,093	3,223,704	3,677,490	1,250,000	1,301,394	2,874,936
Fund 133 - Fire Apparatus	15,596,698	6,517,421	12,945,946	10,554,957	8,298,047	10,782,614
Total CIP Expenses	46,454,905	29,015,125	36,985,436	31,904,957	22,709,441	33,413,973
CIP SURPLUS/(DEFICIT) - Deposit to/withdraw from CIP reserve	(31,362,010)	(11,432,467)	(18,119,082)	(8,188,350)	4,291,680	(12,962,046)

On average, an additional \$13M per year is needed to cover all CIP needs

JPA 4th Amendment

In late 2018, the Board formalized its commitment to the Snowball accelerated pension liability paydown plan by adopting the 4th Amendment to the JPA.

The Fourth Amendment to the JPA binds OCFA to remit the Snowball Pension Payment unless we meet the definition of a fiscal hardship. Section 7.C.1. of the JPA defines fiscal hardship as follows, ***“Fiscal hardship shall refer to a substantial reduction in OCFA anticipated revenue and/or a significant increase in anticipated expenses that are beyond the reasonable control of the OCFA Board.”***

At this point in time, the OCFA does not meet the definition of a fiscal hardship.

Staff Recommendation

Direct staff to remit the FY2020/21 budgeted Snowball pension paydown payment of \$12.4 million to OCERS prior to December 31, 2020.



Comments/Questions?



Harris & Associates Property Tax Assumptions

Harris & Associates Projections	2020/21	2021/22	2022/23	2023/24	2024/25
Typical Property Tax Forecast	4.54%	2.96%	2.75%	3.78%	3.66%
Conservative Property Tax Forecast	2.39%	(0.38%)	2.20%	2.00%	2.00%

Five-Year Forecast Scenario 2

Conservative Property Tax Forecast with 0% Increase after MOU Expirations

	<i>Year 1</i> FY 2020/21	<i>Year 2</i> FY 2021/22	<i>Year 3</i> FY 2022/23	<i>Year 4</i> FY 2023/24	<i>Year 5</i> FY 2024/25
Beginning Fund Balance	214,187,358	179,225,622	170,165,524	152,856,947	138,731,160
General Fund Revenues	473,162,009	456,692,199	466,505,207	474,818,747	481,594,391
General Fund Expenditures	444,585,910	437,559,969	444,661,444	449,176,790	457,479,156
Paydown of UAAL	15,368,859	14,279,280	17,787,217	20,772,547	21,814,115
Total General Fund Expenditures	459,954,769	451,839,249	462,448,661	469,949,337	479,293,271
Net General Fund Revenue	13,207,239	4,852,950	4,056,546	4,869,410	2,301,120
Less Incremental Increase in 10% GF Op. Cont.	650,421	549,890	976,948	451,535	830,237
General Fund Surplus / (Deficit)	12,556,818	4,303,060	3,079,599	4,417,875	1,470,883
Operating Transfer to CIP Funds	12,556,818	4,303,060	3,079,599	4,417,875	1,470,883
Paydown of UAAL from General Fund Surplus	-	-	-	-	-
CIP Revenues	15,092,895	8,448,954	7,872,912	7,223,266	4,999,795
CIP Expenditures	46,454,905	29,015,125	36,985,436	31,904,957	22,709,441
CIP Surplus / (Deficit)	(31,362,010)	(20,566,171)	(29,112,524)	(24,681,691)	(17,709,646)
Other Fund Revenues	22,761,346	27,764,683	29,025,344	29,816,064	30,630,506
Other Fund Expenditures	24,011,493	16,808,500	18,198,345	19,711,694	21,359,523
Other Fund Surplus / (Deficit)	(1,250,147)	10,956,183	10,826,999	10,104,370	9,270,983
Ending CIP Fund Balance	12,911,623	(8,820,536)	(38,948,864)	(64,471,816)	(82,896,923)
Ending Fund Balance	179,225,622	170,165,524	152,856,947	138,731,160	131,122,735

Capital Improvement Plan Scenario 2

Conservative Property Tax Forecast with 0% Increase after MOU Expirations

	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	5-Year Average
<u>CAPITAL IMPROVEMENT PROGRAM (CIP)</u>						
Interest Earnings	363,636	1,415,907	1,233,533	1,021,578	868,813	980,693
Cash Contracts	1,632,441	1,681,414	1,731,857	1,783,813	1,837,329	1,733,371
Developer Contributions	540,000	1,048,573	1,827,923	-	822,770	847,853
Operating Transfers into CIP from General Fund Surplus	12,556,818	4,303,060	3,079,599	4,417,875	1,470,883	5,165,647
Total CIP Revenues	15,092,895	8,448,954	7,872,912	7,223,266	4,999,795	8,727,564
Fund 12110 - General Fund CIP	12,314,343	7,599,000	4,362,000	8,350,000	8,610,000	8,247,069
Fund 123 - Fire Stations and Facilities	13,621,771	11,675,000	16,000,000	11,750,000	4,500,000	11,509,354
Fund 124 - Communications & Information Systems	4,922,093	3,223,704	3,677,490	1,250,000	1,301,394	2,874,936
Fund 133 - Fire Apparatus	15,596,698	6,517,421	12,945,946	10,554,957	8,298,047	10,782,614
Total CIP Expenses	46,454,905	29,015,125	36,985,436	31,904,957	22,709,441	33,413,973
CIP SURPLUS/(DEFICIT) - Deposit to/withdraw from CIP reserve	(31,362,010)	(20,566,171)	(29,112,524)	(24,681,691)	(17,709,646)	(24,686,408)