

ORANGE COUNTY FIRE AUTHORITY
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2007

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YEAR ENDED JUNE 30, 2007

ORANGE COUNTY FIRE AUTHORITY

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Retired

Robert C. Lance
1914-1994

Richard C. Soll
Fred J. Lunghard, Jr.
1928-1999

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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Orange County Fire Authority (the "Authority") as of and for the year ended June 30, 2007, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated October 16, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Board of Directors
Orange County Fire Authority
Irvine, CA

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors and management of the Orange County Fire Authority, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lance, Soll & Lunghard, LLP

October 16, 2007



Certified Public Accountants

Brandon W. Burrows
Donald L. Parker
Michael K. Chu
David E. Hale
A Professional Corporation
Donald G. Slater
Richard K. Kikuchi

Retired
Robert C. Lance
1914-1994
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Orange County Fire Authority (the "Authority") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.





Board of Directors
Orange County Fire Authority
Irvine, CA

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the Authority as of and for the year ended June 30, 2007, and have issued our report thereon dated October 16, 2007. Our audit was performed for the purpose of forming an opinion of the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors and management of the Authority, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

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

October 16, 2007

ORANGE COUNTY FIRE AUTHORITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007**

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA #	Program Identification Number	Expenditures of Federal Awards
<u>United States Department of Homeland Security</u>			
Direct Programs:			
National Urban Search and Rescue (US&R) Response System *	97.025	EMW-2004-CA-0422	\$ 67,678
		EMW-2005-CA-0241	598,998
		EMW-2006-CA-0199	519,826
			<u>1,186,502</u>
Assistance to Firefighters Grant	97.044	EMW-2004-FG-08773	<u>9,291</u>
Passed through local governments:			
Urban Area Security Initiative	97.008		
Passed through City of Santa Ana			
GIS/ Heavy Rescue Equipment/ Training		2005-TE-GE-0015	1,141,049
Passed through City of Anaheim			
Wireless Mobile Data Network/ Training		2005-TE-GE-0015	527,633
Training		2006-TE-GE-0071	90,204
			<u>1,758,886</u>
State Homeland Security Grant Program *	97.067		
Passed through County of Orange			
Investigation Equipment		2004-TE-GE-0045	78,018
Wireless Mobile Data Network/ Mass Casualty			
Response Unit/ CORT Training/ Golden			
Guardian Exercise		2005-TE-GE-0015	404,075
GIS Phase 2		2006-TE-GE-0071	42,793
			<u>524,886</u>
Total United States Department of Homeland Security			<u>3,479,565</u>
<u>United States Department of Justice</u>			
Direct Program:			
Part E - Developing, Testing and Demonstrating			
Promising New Programs - Regional Juvenile			
Firesetter Program - Fire-FRIENDS	16.541	2003-JS-FX-0048	85,882
<u>United States Department of Health and Human Services</u>			
Direct Program:			
Injury Prevention and Control Research and State and			
Community Based Programs - Public Safety and			
Education Center	93.136	H28/CCH924796-01	52,475
Total Federal Expenditures			<u>\$ 3,617,922</u>

* Major Program

ORANGE COUNTY FIRE AUTHORITY

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007**

Note 1: Summary of Significant Accounting Policies

a. Basis of Accounting

Funds received under the various grant programs have been recorded within the General Fund and special revenue funds of the Orange County Fire Authority. The Authority utilizes the modified accrual basis of accounting for these fund types. The accompanying Schedule of Expenditures of Federal Awards has been prepared accordingly.

b. Schedule of Expenditures of Federal Awards

The Schedule of Expenditures of Federal Awards presented is prepared from only the accounts of the grant programs and, therefore, does not present the financial position or results of operations of the Authority.

c. Subrecipients

During the fiscal year ended June 30, 2007, the Orange County Fire Authority did not disburse any federal grant money to subrecipients.

d. Other

There are no federal awards expended in the form of noncash assistance, insurance in effect, or loans or loan guarantees during the year.

ORANGE COUNTY FIRE AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Significant deficiencies identified? yes no
- Significant deficiencies identified that are considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Significant deficiencies identified? yes no
- Significant deficiencies identified that are considered to be material weaknesses? yes none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.025	National Urban Search & Rescue Response System
97.067	State Homeland Security Grant Program

Dollar threshold used to distinguish between type A and type B program \$300,000

Auditee qualified as low-risk auditee? yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

ORANGE COUNTY FIRE AUTHORITY

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007**

SECTION I – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION II – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.