

**ORANGE COUNTY FIRE AUTHORITY**

**SINGLE AUDIT REPORT**

**YEAR ENDED JUNE 30, 2006**

ORANGE COUNTY FIRE AUTHORITY

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YEAR ENDED JUNE 30, 2006

ORANGE COUNTY FIRE AUTHORITY

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Certified Public Accountants

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Michael K. Chu  
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Donald G. Slater  
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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*

Board of Directors  
Orange County Fire Authority  
Irvine, California

We have audited the financial statements of the Orange County Fire Authority as of and for the year ended June 30, 2006, and have issued our report thereon dated August 24, 2006. 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 Orange County Fire Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Orange County Fire 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*, issued by the Comptroller General of the United States.





Board of Directors  
Orange County Fire Authority  
Irvine, CA

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*

August 24, 2006



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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

Board of Directors  
Orange County Fire Authority  
Irvine, CA

### Compliance

We have audited the compliance of the Orange County Fire Authority (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, 2006. The Authority's major federal programs are identified in the summary of audit 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 Orange County Fire Authority 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 State and 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 on 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, 2006.

### Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with 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 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, and to test and report on internal control over compliance in accordance with OMB Circular A-133.





Board of Directors  
Orange County Fire Authority  
Irvine, CA

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level, the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the Orange County Fire Authority as of and for the year ended June 30, 2006, and have issued our report thereon dated August 24, 2006. Our audit was performed for the purpose of forming an opinion on 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 &amp; Lunghard, LLP'. The signature is written in a cursive, flowing style.

August 24, 2006

**ORANGE COUNTY FIRE AUTHORITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2006**

<b>Federal Grantor/ Pass-through Grantor/ Program Title</b>	<b>Catalog of Federal Domestic Assistance Number</b>	<b>Program Identification Number</b>	<b>Expenditures of Federal Awards</b>
<u>United States Department of Homeland Security</u>			
Direct Programs:			
National Urban Search and Rescue (US&R) Response System*	97.025	EMW-2003-CA-0434 EMW-2004-CA-0422 EMW-2005-CA-0241	\$ 3,271,706 440,425 <u>304,502</u> <u>4,016,633</u>
Assistance to Firefighters Grant	97.044	EMW-2004-FG-08773	<u>67,359</u>
Passed through local governments:			
Urban Areas Security Initiative * Passed through City of Anaheim Passed through City of Santa Ana	97.008	DHS-2004-GE-T4-0045 CAD - to - CAD 800 Mhz Radios/Training	83,036 <u>48,959</u> <u>131,995</u>
<b>Total United States Department of Homeland Security</b>			<b>4,215,987</b>
<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	260,308
<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	36,849
<b>Total Federal Expenditures</b>			<b><u><u>\$ 4,513,144</u></u></b>

\*Major Program

Note a: Refer to Note 1 in the financial statements for a description of significant accounting policies used in preparing this schedule.

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

**See Accompanying Note to Schedule of Expenditures of Federal Awards**



**ORANGE COUNTY FIRE AUTHORITY**

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2006**

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**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 this fund type. 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, 2006, the Orange County Fire Authority did not disburse any federal grant money to subrecipients.

**ORANGE COUNTY FIRE AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2006**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not considered to be material weakness(es)? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not considered to be material weakness(es)? 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>
97.008	Urban Areas Security Initiative
97.025	National Urban Search and Rescue (US&R) Response System

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

Auditee qualified as low-risk auditee? yes no

**ORANGE COUNTY FIRE AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
YEAR ENDED JUNE 30, 2006**

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**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, 2006**

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**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.