

ORANGE COUNTY FIRE AUTHORITY  
Irvine, California

Single Audit Report on Federal Awards

Year ended June 30, 2010

ORANGE COUNTY FIRE AUTHORITY

Single Audit Report on Federal Awards

Year ended June 30, 2010

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Board of Directors  
Orange County Fire Authority  
Irvine, California

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Orange County Fire Authority, California (“OCFA”) as of and for the year ended June 30, 2010, and have issued our report thereon dated October 25, 2010. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the OCFA’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*.

Internal Control Over Financial Reporting

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

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 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.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all the deficiencies in the internal control that might be deficiencies, 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.

This report is intended solely for the information and use of the Board of Directors, the OCFA's management, 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.

*Mayor Hoffman McCann C.*

Irvine, California  
October 25, 2010



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Board of Directors  
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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**

#### Compliance

We have audited the compliance of the Orange County Fire Authority (“OCFA”), 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 its major federal programs for the year ended June 30, 2010. The OCFA’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the OCFA’s management. Our responsibility is to express an opinion on the OCFA’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 OCFA’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 OCFA’s compliance with those requirements.

In our opinion, the OCFA complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2010.

#### Internal Control Over Compliance

The management of the OCFA 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 OCFA’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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable a possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the OCFA as of and for the year ended June 30, 2010, and have issued our report thereon dated October 25, 2010. Our audit was performed for the purpose of forming our opinion on the 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 financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information and use of the Board of Directors, the OCFA's management, 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.

*Margaret Hoffman McCann P.C.*

Irvine, California  
October 25, 2010

ORANGE COUNTY FIRE AUTHORITY  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2010

<u>Federal Grantor / Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Program / Project Identification Number</u>	<u>Program Expenditures</u>
<b><u>U.S. Department of Homeland Security:</u></b>			
Direct assistance via Federal Emergency Management Agency:			
National Urban Search and Rescue (US&R) Response System:			
2008 Cooperative Agreement	97.025	EMW-2008-CA-0511	\$ 185,928
2009 Cooperative Agreement	97.025	2009-SR-24-K022	872,609
Subtotal			<u>1,058,537</u>
Passed through the City of Anaheim:			
Urban Areas Security Initiative (UASI):			
2008 UASI - Training	97.008	DHS 2008-GE-T8-0006	243,486
Passed through the City of Santa Ana:			
Urban Areas Security Initiative (UASI):			
2007 UASI - Training	97.008	DHS 2007-GE-T7-0008	28,657
Subtotal			<u>272,143</u>
Passed through the Orange County Sheriff's Department:			
Homeland Security Grant (SHSG) Program:			
2007 SHSG - DuoDote Nerve Agent Antidote Kits	97.067	2007 TE-GE-0008	153,343
2007 SHSG - Live MUM Project	97.067	2007 TE-GE-0008	57,632
2008 SHSG - State of California Conference	97.067	2008 TE-GE-0006	929
2008 SHSG - TLO Program	97.067	2008 TE-GE-0006	158,819
Subtotal			<u>370,723</u> *
<b>Total U.S. Department of Homeland Security</b>			<b>1,701,403</b>
<b><u>U.S. Department of Commerce:</u></b>			
Passed through the City of Santa Ana:			
Public Safety Interoperable Communications Grant (PSIC) Program:			
2007 PSIC Grant	11.555	2007-GS-H7-0008	784,915 *
<b><u>U.S. Department of Health and Human Services:</u></b>			
Passed through the Center for Disease Control (CDC)/ City of Rancho Santa Margarita:			
Public Health Emergency Preparedness (PHEP) Program:			
Point of Dispensing (POD) Exercise	93.069	n/a	1,924
Total Federal Awards			<u><u>\$ 2,488,242</u></u>

\* Major program

See accompanying notes to the Schedule of Expenditures of Federal Awards.

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### Notes to the Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

(a) Scope of Presentation

The accompanying schedule of expenditures of federal awards presents all expenditures incurred by the Orange County Fire Authority (“OCFA”) under federal programs of federal awards. For the purposes of this schedule, federal awards include both federal awards received directly from a federal agency, as well as federal funds received indirectly by the OCFA from a non-federal agency or other organization. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organization. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(b) Basis of Accounting

The expenditures included in the accompanying schedule were reported on the accrual basis of accounting. Under the accrual basis of accounting, expenditures are recorded when a liability has incurred, regardless of the timing of related cash flows. Expenditures reported also include any property or equipment acquisitions incurred under the federal program.

(c) Subrecipients

OCFA paid no amounts to subrecipients for the year ended June 30, 2010.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2010

(A) Summary of Auditors' Results

1. An unqualified report was issued by the auditors on the financial statements of the auditee.
2. There were no material weaknesses in internal control over financial reporting.
3. The audit disclosed no noncompliance which is material to the financial statements of the auditee.
4. There were no material weaknesses in internal control over the major program of the auditee.
5. An unqualified report was issued by the auditors on compliance for the major program.
6. The audit disclosed no audit findings which the auditor is required to report under paragraph .510(a) of OMB Circular A-133.
7. The major programs of the auditee were CFDA No. 97.067 U.S. Department of Homeland Security, Homeland Security Grant Program and CFDA No. 11.555 U.S. Department of Commerce, Public Safety Interoperable Communications Grant Program.
8. The dollar threshold used to distinguish Type A and Type B programs was \$300,000.
9. The auditee was considered to be a low risk auditee for the year ended June 30, 2010 for purposes of major program determination, as defined by OMB Circular A-133 paragraph .530.

(B) Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS

There are no auditors' findings required to be reported in accordance with GAGAS.

(C) Findings and Questioned Costs for Federal Awards as Defined in Paragraph .510(a) at OMB Circular A-133

There are no auditors' findings required to be reported in accordance with paragraph .510(a) of OMB Circular A-133.

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Summary Schedule of Prior Audit Findings

Year Ended June 30, 2010

There were no prior audit findings for the year ended June 30, 2009 that required follow-up during the year ended June 30, 2010.