

ORANGE COUNTY FIRE AUTHORITY
Irvine, California

Single Audit Report on Federal Awards

Year ended June 30, 2011

ORANGE COUNTY FIRE AUTHORITY

Single Audit Report on Federal Awards

Year ended June 30, 2011

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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**

Independent Auditors' Report

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, California ("OCFA") as of and for the year ended June 30, 2011, and have issued our report thereon dated October 14, 2011. 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.

We noted certain matters that we reported to management of the OCFA in a separate letter dated October 14, 2011.

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.

Mayer Hoffman McCorn P.C.

Irvine, California
October 14, 2011



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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditors' Report

Compliance

We have audited the compliance of the Orange County Fire Authority (“OCFA”), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 that could have a direct and material effect on each of its federal programs for the year ended June 30, 2011.

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. Accordingly, we do not express an opinion on the effectiveness of the OCFA’s internal control over compliance.

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

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 governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the OCFA as of and for the year ended June 30, 2011, and have issued our report thereon dated October 14, 2011. 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.

The results of our auditing procedures did disclose an other matter regarding compliance which is described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1.

The OCFA's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the OCFA's response and accordingly express no opinion on it.

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.

Mayor Hoffman McCorn P.C.

Irvine, California
October 14, 2011

ORANGE COUNTY FIRE AUTHORITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2011

<u>Federal Grantor / Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Program / Project Identification Number</u>	<u>Program Expenditures</u>
<u>U.S. Department of Homeland Security:</u>			
Direct assistance via Federal Emergency Management Agency:			
National Urban Search and Rescue (US&R) Response System:			
2009 Cooperative Agreement	97.025	2009-SR-24-K022	\$ 129,896
2010 Cooperative Agreement	97.025	2010-SR-24-K041	<u>1,037,634</u>
Subtotal			<u>1,167,530</u>
2009 Assistance to Firefighters Grant	97.044	EMW-2009-FR-00408	<u>282,160</u>
Subtotal			<u>1,449,690</u>
Passed through the City of Anaheim:			
Urban Areas Security Initiative (UASI):			
2008 UASI - Training	97.008	DHS 2008-GE-T8-0006	10,143
Passed through the City of Santa Ana:			
Urban Areas Security Initiative (UASI):			
2009 UASI - Training	97.008	DHS 2009-GE-T8-0019	<u>87,153</u>
Subtotal			<u>97,296</u>
Passed through the Orange County Sheriff's Department:			
Homeland Security Grant (SHSG) Program:			
2009 SHSG - TLO Program	97.067	2009 TE-GE-0019	46,949
2010 SHSG - TLO Program	97.067	2010 TE-GE-0085	<u>49,989</u>
Subtotal			<u>96,938</u>
Total U.S. Department of Homeland Security			<u>1,643,924</u>
<u>U.S. Department of Transportation:</u>			
Passed through the State of California /			
Governor's Office of Emergency Services:			
Interagency Hazardous Materials Public			
Sector Training and Planning Grants (HMEP):			
OCFA HazMat Area Plan	20.703	HM-HMP-0173-10-01-00	<u>6,400</u>
Total U.S. Department of Transportation			<u>6,400</u>
<u>U.S. Department of Health & Human Services:</u>			
Passed through the Center for Disease Control (CDC) /			
City of Laguna Woods:			
Public Health Emergency Preparedness (PHEP) Program:			
Point of Dispensing (POD) Exercise	93.069	n/a	<u>4,964</u>
Total U.S. Department of Health & Human Services			<u>4,964</u>
Total Federal Awards			<u>\$ 1,655,288</u>

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

ORANGE COUNTY FIRE AUTHORITY

Notes to the Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

(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, 2011.

ORANGE COUNTY FIRE AUTHORITY

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

(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 program of the auditee was CFDA No. 97.025 U.S. Department of Homeland Security (Federal Emergency Management Agency), National Urban Search and Rescue Response System.
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, 2011 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.

ORANGE COUNTY FIRE AUTHORITY

Schedule of Findings and Questioned Costs

(Continued)

(D) Other Matters

2011-1 Payroll Certifications for Employees Charged to Federal Program

CFDA No.: 97.025

CFDA Titles: National Urban Search and Rescue (US&R) Response System

Federal Agency: U.S. Department of Homeland Security

Questioned Costs: \$0

OMB Circular A-87 Section 8(h)(3) states, "Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee."

The Authority does have a Federal program in which 100% of an employee's time is charged to a single Federal program. We noted that the Authority completed the Certification Statements for employees that work solely on the National Urban Search and Rescue Response System (US&R) grant; however, the certifications were only done once for the entire grant period. Circular A-87 specifically states that this should be done at least semi-annually.

Recommendation

We recommend that the Authority prepare these certifications every six months or more frequently as required by the Federal regulations.

Management's Corrective Actions Planned or Taken

The Authority concurs with this recommendation and has prepared certifications as required for the most recent six-month grant period.

ORANGE COUNTY FIRE AUTHORITY

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2011

There were no prior audit findings for the year ended June 30, 2010 that required follow-up during the year ended June 30, 2011.