

**INDEPENDENT AUDITOR'S REPORT ON APPLYING  
AGREED-UPON PROCEDURES ON  
THE MODESTO REGIONAL FIRE AUTHORITY  
LESS THAN COUNTY-WIDE ANALYSIS**

**FOR THE PERIOD JULY 1, 2011  
THROUGH JUNE 30, 2014**

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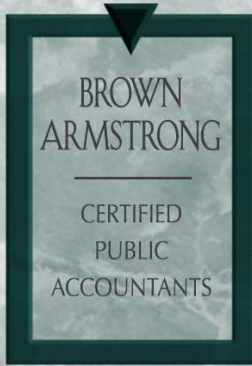
**MODESTO REGIONAL FIRE AUTHORITY  
LESS THAN COUNTY-WIDE ANALYSIS  
FOR THE PERIOD JULY 1, 2011 THROUGH JUNE 30, 2014**

**Background:**

In the early 1950s, a Less than County-wide (LTCW) tax was imposed upon all areas of the County of Stanislaus with the exception of the cities of Modesto and Turlock. This tax was established to fund the County Fire Service department and to pay for fire protection services. The LTCW tax was established to provide funding throughout the County of Stanislaus, except for the cities of Modesto and Turlock, for non-emergency fire protection services including, among other things, organizing fire districts, fire prevention, development and building plan review, arson investigation, administrative support, mutual aid coordination, and assistance in training fire district firefighters.

Government Code Section 25643 authorizes the board of supervisors of a county to determine each year the amount of funds needed for the fire protection services within the county excluding any city. With the formation of the Modesto Regional Fire Authority (MRFA), the LTCW was included as part of the County of Stanislaus' contribution to provide services included in the annual Business Plan for MRFA. This amount was contributed to MRFA as the LTCW tax as a contribution for fire services to be provided by MRFA for the unincorporated areas of the County per the tenants of the joint powers agreement that formed MRFA.

With the dissolution of MRFA effective July 1, 2014, the MRFA Executive Committee has requested the MRFA Accounting Sub-Committee develop a reasonable basis to calculate the MRFA cost of the services that were funded through the LTCW. This calculation has been completed using a variety of assumptions and data that has been pulled from audited financials and MRFA adopted budgets. The committee is requesting procedures to be performed to validate based on the supporting documentation.



**BROWN ARMSTRONG**  
*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

Modesto Regional Fire Authority – Executive Committee  
Modesto, California

We have performed the procedures enumerated below, which were agreed to by Modesto Regional Fire Authority Executive Committee, solely to assist you with respect to Less Than County-Wide (LTCW) contribution analysis of the Modesto Regional Fire Authority for the period July 1, 2011 through June 30, 2014. Modesto Regional Fire Authority's management is responsible for the company's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- 1) Verify amounts on LTCW schedules for all Modesto Regional Fire Authority funding operations are accurate by tracing back to source documentation to ensure that all amounts have been accounted for correctly. The percentages associated with the salaries and benefits for the Finance and Administrative Services, Communications and Technology, and 10% of the Fire Chief's cost added to the Investigation and Inspections cost were based on management estimates.

**Finding:** We traced all amounts on the LTCW schedules to supporting documentation with the exception of the salaries and benefits percentages for the Finance and Administrative Services, Communications and Technology, and 10% of the Fire Chief's salaries and benefits added to the Investigation and Inspections cost. The percentages noted above were solely based on management's estimates. In addition, we determined the salaries and benefit expense for one Fire Chief differed from management's schedule. Management agreed with the finding and updated the schedule accordingly.

- 2) Determine math accuracy of schedules by reviewing calculations made within the corresponding schedules. This will include review of percentage calculations as well as calculations of surplus/deficits and aggregate amounts.

**Finding:** We determined the operations' schedules are mathematically accurate, including the percentage calculations of surplus, deficits, and the aggregate amount.

- 3) Indirect rates will also have their respective computations checked and traced back to the source documentations held by the Modesto Regional Fire Authority.

**Finding:** We traced the indirect rate back to supporting documentation held by the Modesto Regional Fire Authority and recalculated indirect rates without exception.

**MAIN OFFICE**

**4200 TRUXTUN AVENUE**

SUITE 300  
BAKERSFIELD, CA 93309  
TEL 661.324.4971  
FAX 661.324.4997  
EMAIL info@bacpas.com

**7673 N. INGRAM AVENUE**

SUITE 101  
FRESNO, CALIFORNIA 93711  
TEL 559.476.3592  
FAX 559.476.3593

**221 E. WALNUT STREET**

SUITE 260  
PASADENA, CALIFORNIA 91101  
TEL 626.204.6542  
FAX 626.204.6547

**5250 CLAREMONT AVENUE**

SUITE 237  
STOCKTON, CA 95207  
TEL 209.451.4833

- 4) Determine contribution amounts are appropriate and accurate for the contributions made via the Less than County-wide Funding for Fire Investigations, Fire Prevention, Communication, and Administration activities. The percentages associated with the salaries and benefits for the Finance and Administrative Services, Communications and Technology and 10% of the Fire Chief's cost added to the Investigation and Inspections cost were based on management estimates.

Finding: We traced all amounts on the LTCW schedules to supporting documentation with the exception of the salaries and benefits percentages for the Finance and Administrative Services, Communications and Technology, and 10% of the Fire Chief's salaries and benefits added to the Investigation and Inspections cost. The percentages noted above were solely based on management's estimates. In addition, we determined the salaries and benefit expense for one Fire Chief differed from management's schedule. Management agreed with the finding and updated the schedule accordingly.

- 5) Trace Cost Allocation Plan charges to the County system and its records to ensure the amounts charged were accurate and accounted for correctly. The same procedure should occur for the program administration fees.

Finding: We traced the cost allocation plan and program administration fees to the County of Stanislaus records without exception.

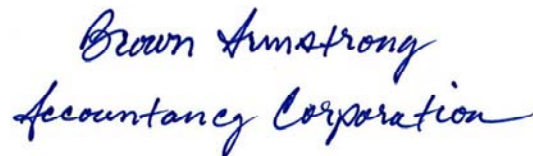
- 6) Determine whether incident counts and percentages are accurate and reported correctly for the services provided during fiscal years 2011-2012 through 2013-2014.

Finding: We determined incident counts and percentages are accurate and reported correctly for services provided for the fiscal years 2011-2012 through 2013-2014.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Modesto Regional Fire Authority Executive Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

Handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation".

Bakersfield, California  
December 12, 2014

**MODESTO REGIONAL FIRE AUTHORITY  
SCHEDULES OF THE LESS THAN COUNTY-WIDE ANALYSIS  
FOR THE PERIOD JULY 1, 2011 THROUGH JUNE 30, 2014**

**Finance and Administrative**

	<u>2011/2012</u>	<u>2012/2013</u>	<u>2013/2014</u>	<u>Total</u>
Budget Per Business Plan	\$ 165,998	\$ 178,171	\$ 169,554	\$ 513,723
Salaries and Benefits				
Fire Warden 25%	46,559	64,207	55,418	166,184
Manager III 50%	57,502	61,851	71,225	190,578
Confidential Assistance IV 30%	22,350	24,089	26,217	72,656
Total Salaries and Benefits	126,410	150,147	152,861	429,418
Property Tax Administrative Fees	21,907	21,872	21,145	64,924
Cost Allocation Plan Charges	9,432	11,415	19,338	40,185
Total Program Cost	<u>157,749</u>	<u>183,434</u>	<u>193,344</u>	<u>534,527</u>
Expenditures Under/(Over) LTCW Appropriations	<u>\$ 8,249</u>	<u>\$ (5,263)</u>	<u>\$ (23,790)</u>	<u>\$ (20,804)</u>

**Communications and Technology**

	<u>2011/2012</u>	<u>2012/2013</u>	<u>2013/2014</u>	<u>Total</u>
Budget Per Business Plan	\$ 141,124	\$ 146,124	\$ 149,133	\$ 436,381
Salaries and Benefits				
Communications Coordinator 100%	110,190	118,392	123,994	352,575
Administrative Analyst 10%	10,521	-	-	10,521
Information Technology Coordinator 10%	-	1,544	6,113	7,658
Total Salaries and Benefits	120,711	119,936	130,107	370,753
Indirect Rate for Year (17.43%/18.96%/17.09%)	21,040	22,740	22,235	66,015
Total Project Cost	<u>141,750</u>	<u>142,676</u>	<u>152,342</u>	<u>436,768</u>
Expenditures Under/(Over) LTCW Appropriations	<u>\$ (626)</u>	<u>\$ 3,448</u>	<u>\$ (3,209)</u>	<u>\$ (387)</u>

**MODESTO REGIONAL FIRE AUTHORITY  
SCHEDULES OF THE LESS THAN COUNTY-WIDE ANALYSIS  
FOR THE PERIOD JULY 1, 2011 THROUGH JUNE 30, 2014**

**Investigations**

	<u>2011/2012</u>	<u>2012/2013</u>	<u>2013/2014</u>	<u>Total</u>
Budget Per Business Plan	\$ 317,390	\$ 317,390	\$ 331,058	\$ 965,838
Salaries and Benefits Costs	528,520	523,669	589,121	1,641,310
Indirect Rate for Year (17.43%/18.96%/17.09%)	<u>92,121</u>	<u>99,288</u>	<u>100,681</u>	<u>292,090</u>
Total Salaries, Benefits, and Indirect Costs	620,641	622,957	689,802	1,933,400
Non-LTCW Based on Incidents (36.9%/38.2%/43.8%)	229,016	237,970	302,133	769,119
LTCW Portion Based on Incidents (63.1%/61.8%/56.2%)	391,624	384,988	387,669	1,164,281
LTCW Portion from Above	<u>391,624</u>	<u>384,988</u>	<u>387,669</u>	<u>1,164,281</u>
Expenditures Under/(Over) LTCW Appropriations	<u>\$ (74,234)</u>	<u>\$ (67,598)</u>	<u>\$ (56,611)</u>	<u>\$ (198,443)</u>

**Fire Prevention**

	<u>2011/2012</u>	<u>2012/2013</u>	<u>2013/2014</u>	<u>Total</u>
Budget Per Business Plan	\$ 543,133	\$ 521,420	\$ 535,420	\$ 1,599,973
Salaries and Benefits Costs	944,589	884,707	797,061	2,626,357
Indirect Rate for Year (17.43%/18.96%/17.09%)	<u>164,642</u>	<u>167,740</u>	<u>136,218</u>	<u>468,600</u>
Total Salaries, Benefits, and Indirect Costs	1,109,231	1,052,447	933,279	3,094,958
Non-LTCW Based on Activities (69.8%/61.2%/52.4%)	774,243	644,098	489,038	1,907,379
LTCW Portion Based on Activities (30.2%/38.8%/47.6%)	334,988	408,350	444,241	1,187,578
LTCW Portion from Above	<u>334,988</u>	<u>408,350</u>	<u>444,241</u>	<u>1,187,578</u>
Expenditures Under/(Over) LTCW Appropriations	<u>\$ 208,145</u>	<u>\$ 113,070</u>	<u>\$ 91,179</u>	<u>\$ 412,395</u>

**Total Expenditures Under/(Over) LTCW Appropriations for all Operations** **\$ 192,761**