



ADAM A. HOUSE
Fire Chief

Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite 200 • Mather, California 95655 • Phone (916) 859-4305 • Fax (916) 859-3715

FINANCE AND AUDIT COMMITTEE – REGULAR MEETING AGENDA

THURSDAY, JANUARY 25, 2024 – 5:15 PM


Sacramento Metropolitan Fire District
10545 Armstrong Avenue, Boardroom, 2nd Floor
Mather, California
&

Remotely Via Zoom

Webinar ID: 827 3461 0232 #

Passcode: metro2101

Phone: 1 (669) 444-9171 or 1 (669) 900 6833

 Passcode: 838771796 #

<https://us06web.zoom.us/j/82734610232?pwd=SFILQ1Znd25RSmlhdXZVQVh4d1VWZz09>

COMMITTEE MEMBERS

Director D'Elman Clark

Director Gay Jones

Director Robert Webber

Director Ted Wood - Alternate

CALL TO ORDER

PUBLIC OPPORTUNITY TO DISCUSS MATTERS OF PUBLIC INTEREST WITHIN COMMITTEE'S SCOPE INCLUDING ITEMS ON OR NOT ON AGENDA

CONSENT ITEMS

The Consent Agenda is acted upon with one motion unless a committee member requests separate discussion and/or action.

- | | <u>Page No.</u> |
|--|-----------------|
| 1. Action Summary Minutes Recommendation: Approve the Action Summary Minutes for the Regular Meeting of October 26, 2023. | 3 |
| 2. Quarterly Investment Report – December 2023 Recommendation: Receive and file the investment report for the 2 nd quarter of Fiscal Year 2023-24. | 5 |

ACTION ITEM

- | | |
|--|---|
| 1. Election of Officers (<i>Clerk Rittburg</i>) | * |
| Recommendation: Elect a Chair and Vice Chair to the 2024 Finance Committee. | |

PRESENTATION ITEMS

- | | |
|---|----|
| 1. Bimonthly Fiscal Report Through October 31, 2023 (<i>CFO Dave O'Toole</i>) Recommendation: Receive presentation; no action required. | 7 |
| 2. Fraud Risk Assessment Report (<i>Controller Ron Empedrad</i>) Recommendation: Receive presentation and file report. | 28 |



Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite 200 · Mather, California 95655 · Phone (916) 859-4300 · Fax (916) 859-3700

FINANCE AND AUDIT COMMITTEE AGENDA

THURSDAY, JANUARY 25, 2024


ADJOURNMENT

Posted on January 22, 2024

Marni Rittburg

Marni Rittburg, CMC, CPMC
Clerk of the Board

* No written report

**  Separate Attachment



ADAM A. HOUSE
Fire Chief

Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite 200 • Mather, California 95655 • Phone (916) 859-4305 • Fax (916) 859-3715

**ACTION SUMMARY MINUTES
FINANCE AND AUDIT COMMITTEE – REGULAR MEETING
THURSDAY, OCTOBER 26, 2023 – 5:00 PM
Sacramento Metropolitan Fire District
10545 Armstrong Avenue
Board Room – Second Floor
Mather, California
&
Remotely Via Zoom**

COMMITTEE MEMBERS
Director Ted Wood - Chair
Director Robert Webber – Vice Chair
Director Gay Jones
Director D’Elman Clark – Alternate

CALL TO ORDER

The meeting was called to order at 5:00 pm by Vice Chair Webber. Committee members present: Clark, Jones and Webber. Committee members absent: Wood. Staff present: Fire Chief House and Board Clerk Marni Rittburg.

PUBLIC COMMENT:

Public Comment Was Not Received.

CONSENT AGENDA

Action: Moved by Director Clark, seconded by Director Jones, and carried unanimously by members present to adopt the Consent Calendar as follows:

- 1. Action Summary Minutes**
Recommendation: Approve the Action Summary Minutes for the Regular Meeting of August 24, 2023.
Action: Approved the Action Summary Minutes.
- 2. Quarterly Investment Report – September 2023**
Recommendation: Receive and file the investment report for the 1st quarter of Fiscal Year 2023-24.
Action: Received and filed.

PRESENTATION ITEMS

1. **Bimonthly Fiscal Report Through August 31, 2023**
(CFO Dave O'Toole)
Recommendation: Receive presentation; no action required.
Action: Presentation received; no action taken.

ADJOURNMENT

The meeting adjourned at 5:17 p.m.

Director Webber, Vice Chair

Marni Rittburg, CMC, CPMC
Board Clerk



Sacramento Metropolitan Fire District

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ADAM A. HOUSE
Fire Chief

DATE: January 25, 2023
TO: Finance and Audit Committee
FROM: Ronald Empedrad, Controller
RE: Quarterly Investment Report – December 2023

Background

California Government Code §53646(b) requires the District's fiscal officer to submit a quarterly investment report. The report should contain information on all securities held, and include a statement to the effect that the District will be able to meet its expenditure requirement for the next six months.

Discussion

Attachment A is the District's quarterly report for the quarter ended December 31, 2023. This report provides information on the cash and investment balances, the type of investment, maturity date, and yield of each investment. Based on the District's Final Budget as well as the dry period financing provided by the County, we project that the District has sufficient monies on hand, anticipated revenues, and liquid investments to meet the District's expenditure requirements for the next six months. Furthermore, the District is in compliance with the adopted investment policy which incorporates the Sacramento County's Investment Policy by reference.

Recommendation

Staff recommends that the Board receive and file the investment report for the 2nd quarter of Fiscal Year 2023-24.

Submitted by:

Ronald Empedrad, CPA
Controller

Attachments: Sacramento Metropolitan Fire District's December 2023 Quarterly Investment Report



QUARTERLY INVESTMENT REPORT AS OF DECEMBER 31, 2023

| SECURITY TYPE | ISSUER | MATURITY | BALANCE | YIELD |
|---|--|------------|-------------------------------|-------|
| <u>Investments Managed by Trustees</u> | | | | |
| Money Market Mutual Funds - Equipment Financing | US Treasuries | 1-Jan-2024 | 30,600 | 5.26% |
| Government Securities - Pension Bond Fund | Various | Various | <u>14,561,636</u> | 1.77% |
| | Total Managed Accounts | | <u>14,592,236</u> | |
| <u>Cash in Banks</u> | | | | |
| Wells Fargo Operating Account | Secured Deposit Acct | 1-Jan-2024 | 67,949 | 0.00% |
| Wells Fargo Payroll Account | Secured Deposit Acct | 1-Jan-2024 | 1,994,551 | 0.00% |
| Workers' Compensation Account | Secured Deposit Acct | 1-Jan-2024 | <u>341,928</u> | 0.00% |
| | Total Cash in Bank | | <u>2,404,428</u> | |
| | Total Cash in Bank and Managed Accounts | | <u>16,996,664</u> | |
| <u>Pooled Investment Funds</u> | | | | |
| Sacramento County | Sacramento County Treasurer | 1-Jan-2024 | <u>(58,908,722)</u> * | 4.35% |
| | Total Cash and Investments | | <u>\$ (41,912,058)</u> | |

**As part of managing the District's cash flow needs, the Sacramento County Treasurer allows dry period financing of up to 85% of estimated property tax revenues. The money is essentially loaned to the District by the County's Investment Pool.*

I certify that this report accurately reflects all District investments, and is in conformance with the adopted District Investment Policy. Furthermore, I certify to the best of my knowledge, sufficient investment liquidity and anticipated revenues are available to meet the District's budgeted expenditure requirements for the next six months.

Ronald A Empedrad, CPA
Controller

Sacramento Metropolitan Fire District



FINANCE AND AUDIT COMMITTEE BIMONTHLY FISCAL REPORT

FOR THE FOUR MONTHS ENDED OCTOBER 31, 2023

(UNAUDITED)

Presented by:

Dave O'Toole, CFO



CASH BALANCE
As of October 31, 2023 and 2022

| FUND NO. | NAME OF FUND | FY 2023/24 | FY 2022/23 Oct 31, 2022 |
|----------|--|---------------|----------------------------|
| 212A | County of Sacramento | -\$73,052,822 | -\$68,050,985 |
| 212A | Workers' Compensation Fund | 205,977 | 19,173 |
| 212A | Wells Fargo Bank | 1,931,137 | 1,769,286 |
| | <i>SUBTOTAL - GENERAL FUND</i> | -\$70,915,708 | -\$66,262,526 |
| 212D | County of Sacramento Capital Facilities Fund | 2,604,563 | 4,115,524 |
| 212D | Equipment Financing Trust | 30,390 | 1,215,108 |
| | <i>SUBTOTAL - CAPITAL FACILITIES FUND</i> | \$2,634,953 | \$ 5,330,632 |
| 212E | County of Sacramento Pension Obligation Reserve Fund | 186,279 | 215,645 |
| 212E | U.S. Bank - POB Trust Fund | 14,318,760 | 11,288,391 |
| | <i>SUBTOTAL - PENSION OBLIGATION FUND</i> | \$14,505,039 | \$ 11,504,036 |
| 212G | County of Sacramento Grant Fund | -627,319 | 2,847,314 |
| 212I | County of Sacramento Impact Fees | 7,418,652 | 4,639,363 |
| 212L | County of Sacramento Leased Property Fund | 971,601 | 433,892 |
| 212M | County of Sacramento IGT Fund | 17,278,415 | 128,114 |
| 212S | County of Sacramento Special Projects Fund | 12,964,481 | - |
| | <i>TOTAL CASH</i> | -\$15,769,886 | -\$41,379,175 |

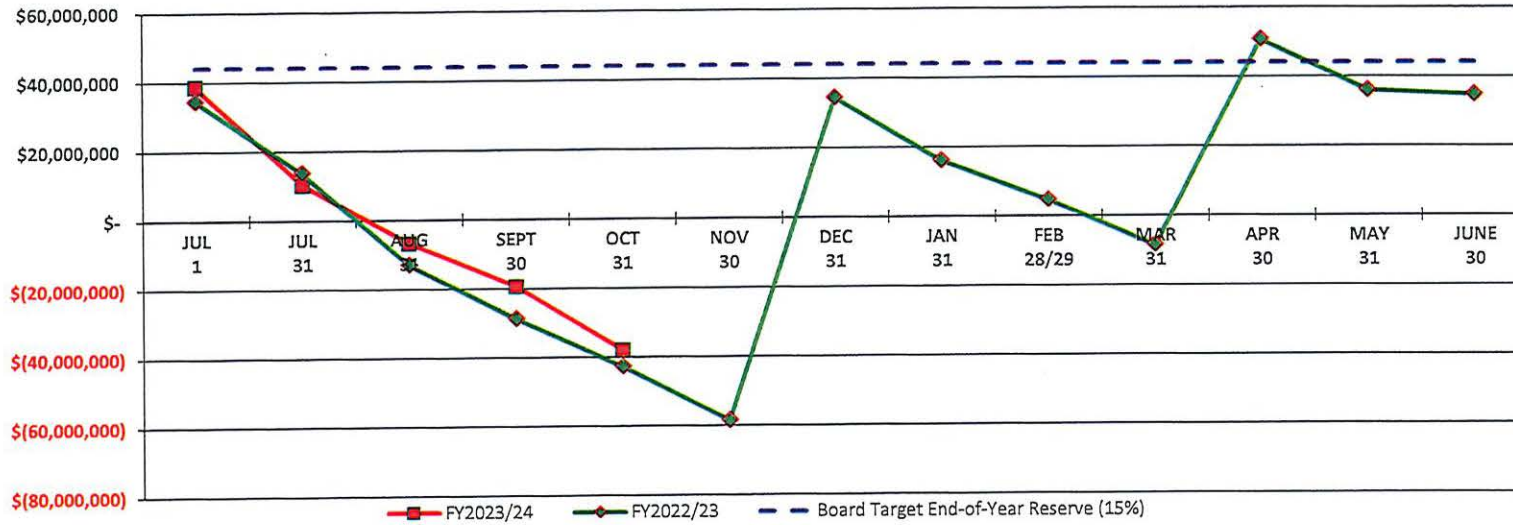


CALIFORNIA EMPLOYERS' RETIREE BENEFIT TRUST (CERBT)
For the Four Months Ended October 31, 2023

| | |
|------------------------------------|-----------------------------------|
| Beginning Balance, 7/1/2023 | \$74,630,212 |
| Contributions | \$1,496,000 |
| Gain(Loss) | -\$5,398,655 |
| Admin Expense | <u>-\$21,129</u> |
| Ending Balance, 10/31/2023 | <u><u>\$70,706,428</u></u> |



GENERAL OPERATING FUND 212A RESERVES BALANCE Fiscal Year Comparison 2022/23 to 2023/24



| MONTH-END | CURRENT YR | PRIOR YR | VARIANCE |
|--------------|--------------|--------------|--------------|
| July 31 | \$10,360,022 | \$13,772,710 | -\$3,412,688 |
| August 31 | -6,659,129 | -12,893,911 | 6,234,782 |
| September 30 | -19,366,179 | -28,645,574 | 9,279,395 |
| October 31 | -38,025,232 | -42,747,545 | 4,722,313 |
| November 30 | | -58,436,049 | |
| December 31 | | 34,679,794 | |
| January 31 | | 16,190,292 | |
| February 29 | | 4,780,587 | |
| March 31 | | -8,297,739 | |
| April 30 | | 50,846,320 | |
| May 31 | | 36,153,564 | |
| June 30 | | \$34,920,240 | |

Note: Projected year-end reserve ratio: 14.0%



REVENUE AND EXPENDITURES - GENERAL OPERATING FUND 212A For the Four Months Ended October 31, 2023

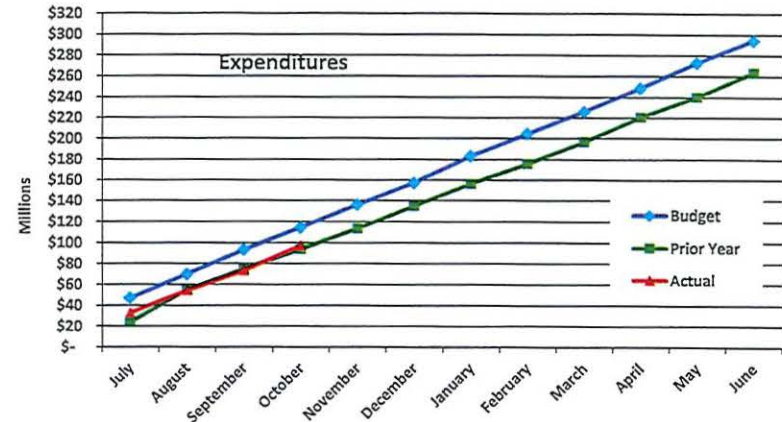
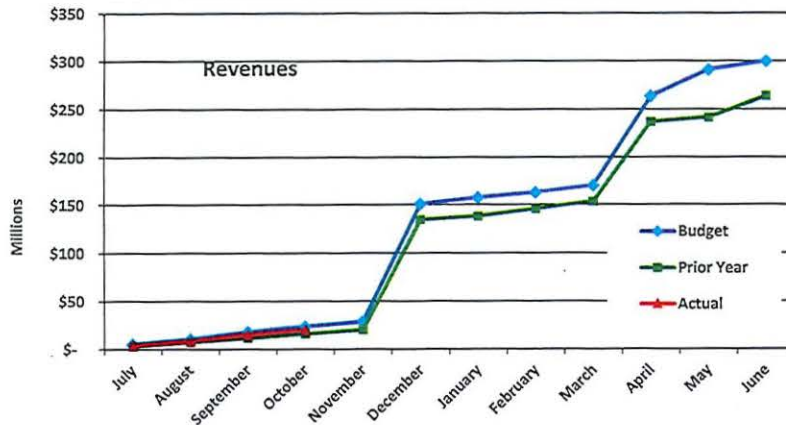
Comparison with Most Recent Budget

4 MONTHS / 33.33% OF FISCAL YEAR

| FISCAL YEAR 2023/24 | | | | FISCAL YEAR 2023/24 | | | |
|--|----------------------|---------------------|-------------------|---|----------------------|---------------------|-------------------|
| REVENUE BY OBJECT | FINAL BUDGET | Y-T-D REVENUE | % OF BUDGET REC'D | EXPENDITURES BY OBJECT | FINAL BUDGET | Y-T-D EXPENDITURES | % OF BUDGET EXP'D |
| 9100 ALL TAXES | \$202,391,479 | \$4,080 | 0.00% | 1100 EMPLOYEE WAGES | \$134,352,372 | \$42,342,625 | 31.52% |
| 9300 FINES | 9,000 | 6,488 | 72.09% | 1200 EMPLOYEE BENEFITS | 105,792,520 | 39,223,999 | 37.08% |
| 9400 USE OF MONEY/PROPERTY | 15,000 | 12 | 0.08% | TOTAL LABOR COSTS: | 240,144,892 | 81,566,624 | 33.97% |
| 9500 OTHER GOVERNMENTAL AGENCIES | 4,388,802 | 29,807.00 | 0.68% | 2000 SERVICES & SUPPLIES | 42,498,978 | 15,109,636 | 35.55% |
| 9600 OTHER CHARGES FOR SERVICES | 14,707,895 | 1,004,018 | 6.83% | 3000 ASSESSMENTS, LICENSES, TAXES & CONTRIBUTIONS | 2,488,693 | 70,802 | 2.84% |
| 9669 MEDIC COST RECOVERY* | 47,400,000 | 16,288,171 | 34.36% | 3200 PRINCIPAL AND INTEREST | 267,395 | 133,484 | 49.92% |
| 9700 OTHER REVENUES | 2,218,981 | 2,847,955 | 128.35% | TOTAL ASSESSMENTS & CONTRIBUTIONS | 2,756,088 | 204,286 | 7.41% |
| TOTAL REVENUE: | 271,131,157 | 20,180,531 | 7.44% | 5000 TRANSFER TO OTHER FUNDS | 9,065,629 | - | 0.00% |
| 5900 TRANSFERS FROM OTHER FUNDS-VRRP | 23,832,805 | - | 0.00% | TOTAL EXPENDITURES: | \$294,465,587 | \$96,880,546 | 32.90% |
| 5900 TRANSFERS FROM OTHER FUNDS-PPGEMT | 5,340,188 | - | 0.00% | | | | |
| 5900 TRANSFER FROM OTHER FUNDS | 46,495 | - | 0.00% | | | | |
| TOTAL REVENUE & SOURCES: | \$300,350,645 | \$20,180,531 | 6.72% | | | | |

*Includes GEMT

EXCESS OF REVENUES OVER EXPENDITURES (BUDGET) \$5,885,058
EXCESS OF REVENUES OVER EXPENDITURES (ACTUALS) -\$76,700,015





REVENUE AND EXPENDITURES - GENERAL OPERATING FUND 212A
For the Four Months Ended October 31, 2023 and 2022
Comparison with Prior Year Actuals

4 MONTHS

| FISCAL YEAR COMPARISON 2023/24 vs. 2022/23 | | | |
|--|-----------------------|---------------------|---------------|
| REVENUE BY OBJECT | CURRENT Y-T-D REVENUE | PRIOR Y-T-D REVENUE | VARIANCE |
| 9100 ALL TAXES | \$4,080 | \$4,436 | -8.03% |
| 9300 FINES | 6,488 | 1,190 | 445.21% |
| 9400 USE OF MONEY/PROPERTY | 12 | - | - |
| 9500 OTHER GOVERNMENTAL AGENCIES | 29,807 | 1,283 | 2223.23% |
| 9600 OTHER CHARGES FOR SERVICES | 1,004,018 | 1,937,444 | -48.18% |
| 9669 MEDIC COST RECOVERY | 16,288,171 | 14,321,753 | 13.73% |
| 9700 OTHER REVENUES | 2,847,955 | 13,489 | 21013.17% |
| TOTAL REVENUE: | 20,180,531 | 16,279,595 | 23.96% |
| 5900 TRANSFERS FROM OTHER FUNDS-VRRP | - | - | - |
| 5900 TRANSFERS FROM OTHER FUNDS-PPGEMT | - | - | - |
| 5900 TRANSFER FROM OTHER FUNDS | - | - | - |
| TOTAL REVENUE & SOURCES: | \$20,180,531 | \$16,279,595 | 23.96% |

| FISCAL YEAR COMPARISON 2023/24 vs. 2022/23 | | | |
|---|----------------------------|--------------------------|----------------|
| EXPENDITURES BY OBJECT | CURRENT Y-T-D EXPENDITURES | PRIOR Y-T-D EXPENDITURES | VARIANCE |
| 1100 EMPLOYEE WAGES | \$42,342,625 | \$38,520,254 | 9.92% |
| 1200 EMPLOYEE BENEFITS | 39,223,999 | 35,152,357 | 11.58% |
| TOTAL LABOR COSTS: | 81,566,624 | 73,672,611 | 10.71% |
| 2000 SERVICES & SUPPLIES | 15,109,636 | 15,020,933 | 0.59% |
| 3000 ASSESSMENTS, LICENSES, TAXES & CONTRIBUTIONS | 70,802 | 73,536 | -3.72% |
| 3200 PRINCIPAL AND INTEREST | 133,484 | 400 | 33271.00% |
| TOTAL ASSESSMENTS & CONTRIBUTIONS | 204,286 | 73,936 | 176.30% |
| 5900 TRANSFER TO OTHER FUNDS | - | 4,987,680 | -100.00% |
| TOTAL EXPENDITURES: | \$96,880,546 | \$93,755,160 | 3.33% |

EXCESS OF REVENUES OVER EXPENDITURES (CURRENT ACTUALS) -\$76,700,015
 EXCESS OF REVENUES OVER EXPENDITURES (PRIOR YEAR ACTUALS) -\$77,475,565

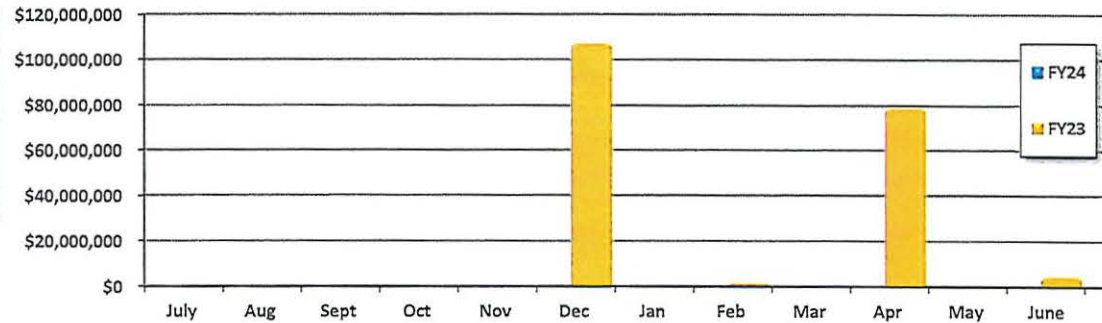


PROPERTY TAX REVENUE COMPARISON - GENERAL OPERATING FUND 212A
For the Four Months Ended October 31, 2023 and 2022
Comparison with Prior Year

4 MONTHS / 33.33% OF FISCAL YEAR

| | FISCAL YEAR 2022/23 | | | | FISCAL YEAR 2023/24 | | | |
|-----------------------|---------------------|-----------------------|----------------------|-------------|---------------------|---------------------|----------------------|----------------|
| | Projected | Received this month | Y-T-D Total Received | % of Actual | Projected | Received this month | Y-T-D Total Received | % of Projected |
| BUDGETED | \$ 189,039,933 | | | | \$ 202,391,479 | | | |
| July | | - | - | 0.00% | | - | - | 0.00% |
| August | | \$ 2,790 | 2,790 | 0.00% | | \$ 3,064 | 3,064 | 0.00% |
| September | | 686 | 3,476 | 0.00% | | 22 | 3,086 | 0.00% |
| October | | 960 | 4,436 | 0.00% | | 994 | 4,080 | 0.00% |
| November | | - | 4,436 | 0.00% | | | 4,080 | 0.00% |
| December | | 107,056,640 | 107,061,076 | 55.83% | | | 4,080 | 0.00% |
| January | | - | 107,061,076 | 55.83% | | | 4,080 | 0.00% |
| February | | 1,092,929 | 108,154,005 | 56.40% | | | 4,080 | 0.00% |
| March | | 464,997 | 108,619,002 | 56.64% | | | 4,080 | 0.00% |
| April | | 78,782,659 | 187,401,661 | 97.73% | | | 4,080 | 0.00% |
| May | | 21,583 | 187,423,244 | 97.74% | | | 4,080 | 0.00% |
| June | | 4,340,698 | 191,763,942 | 100.00% | | | 4,080 | 0.00% |
| Accrual | | - | 191,763,942 | 100.00% | | | | |
| TOTAL REVENUES | | \$ 191,763,942 | | | | \$ 4,080 | | 0.00% |

| | |
|---|-----------------|
| Total Property Taxes Compared to Prior Year: | |
| FY 2023/24 | \$ 4,080 |
| FY 2022/23 | 4,436 |
| Revenue Increase (Decrease) from Prior Year | \$ (356) |
| Percentage: | -8.03% |



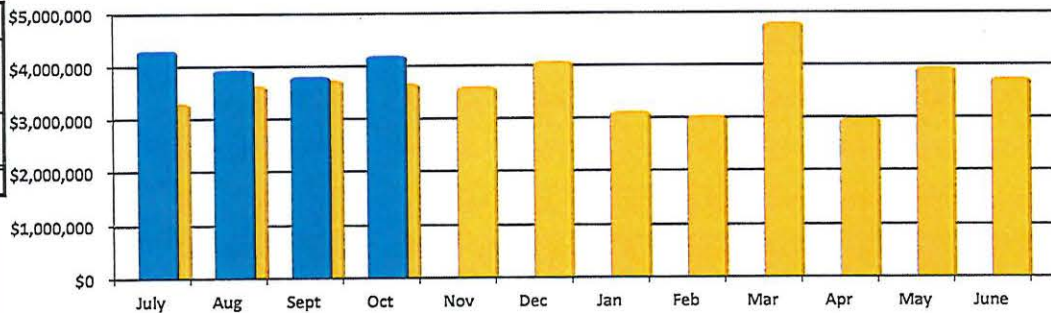


MEDIC COST RECOVERY - GENERAL OPERATING FUND 212A
For the Four Months Ended October 31, 2023 and 2022
Comparison with Prior Year

4 MONTHS / 33.33% OF FISCAL YEAR

| | FISCAL YEAR 2022/23 | | | | FISCAL YEAR 2023/24 | | | |
|----------------------------------|---------------------|----------------------|----------------------|-------------|---------------------|----------------------|----------------------|----------------|
| | Projected | Monthly Fees | Y-T-D Total Received | % of Actual | Projected | Monthly Fees | Y-T-D Total Received | % of Projected |
| BUDGETED | \$44,500,000 * | | | | \$46,900,000 * | | | |
| July | | \$3,296,948 | \$3,296,948 | 7.56% | | \$4,323,585 | \$4,323,585 | 9.22% |
| August | | 3,632,407 | 6,929,355 | 15.90% | | 3,948,441 | 8,272,026 | 17.64% |
| September | | 3,731,275 | 10,660,630 | 24.45% | | 3,809,181 | 12,081,207 | 25.76% |
| October | | 3,661,123 | 14,321,753 | 32.85% | | 4,206,965 | 16,288,172 | 34.73% |
| November | | 3,596,490 | 17,918,243 | 41.10% | | | 16,288,172 | 34.73% |
| December | | 4,069,101 | 21,987,344 | 50.44% | | | 16,288,172 | 34.73% |
| January | | 3,119,224 | 25,106,568 | 57.59% | | | 16,288,172 | 34.73% |
| February | | 3,034,112 | 28,140,680 | 64.55% | | | 16,288,172 | 34.73% |
| March | | 4,801,431 | 32,942,111 | 75.57% | | | 16,288,172 | 34.73% |
| April | | 2,978,134 | 35,920,245 | 82.40% | | | 16,288,172 | 34.73% |
| May | | 3,939,843 | 39,860,088 | 91.43% | | | 16,288,172 | 34.73% |
| June | | 3,734,282 | 43,594,370 | 100.00% | | | 16,288,172 | 34.73% |
| Net Accrual/Reversal | | | 43,594,370 | 100.00% | | | | |
| TOTAL MEDIC COST RECOVERY | | \$ 43,594,370 | | | | \$ 16,288,172 | | 34.73% |

| Total Medic Cost Recovery Compared to Prior Year: | |
|---|--------------|
| FY 2023/24 | \$16,288,172 |
| FY 2022/23 | 14,321,753 |
| Revenue Increase (Decrease) from Prior Year | \$1,966,419 |
| Percentage: | 13.73% |



*Excludes PPGEMT & VRRP.

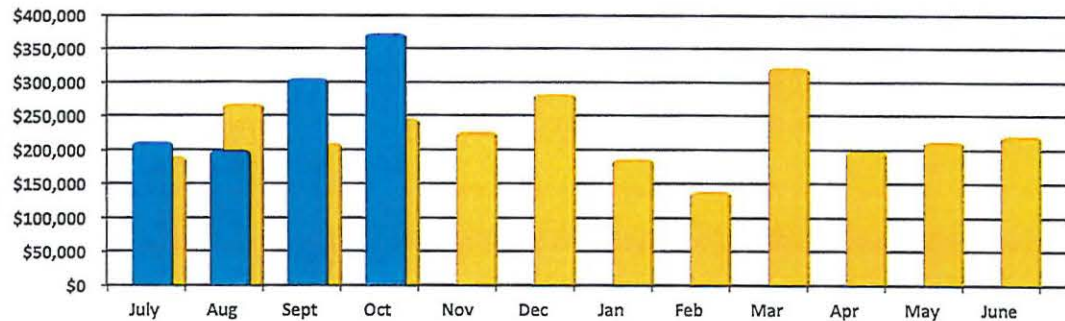


COMMUNITY RISK REDUCTION COST RECOVERY - GENERAL OPERATING FUND 212A
For the Four Months Ended October 31, 2023 and 2022
Comparison with Prior Year

4 MONTHS / 33.33% OF FISCAL YEAR

| | FISCAL YEAR 2022/23 | | | | FISCAL YEAR 2023/24 | | | |
|----------------------------|---------------------|--------------------|----------------------|-------------|---------------------|--------------------|----------------------|----------------|
| | Projected | Monthly Fees | Y-T-D Total Received | % of Actual | Projected | Monthly Fees | Y-T-D Total Received | % of Projected |
| BUDGETED | \$2,393,000 | | | | \$3,981,146 | | | |
| July | | \$190,157 | \$190,157 | 7.04% | | \$212,076 | \$212,076 | 5.33% |
| August | | 266,870 | 457,027 | 16.93% | | 199,904 | 411,980 | 10.35% |
| September | | 209,477 | 666,504 | 24.69% | | 305,773 | 717,753 | 18.03% |
| October | | 245,588 | 912,092 | 33.79% | | 373,184 | 1,090,937 | 27.40% |
| November | | 226,297 | 1,138,389 | 42.17% | | | 1,090,937 | 27.40% |
| December | | 282,174 | 1,420,563 | 52.62% | | | 1,090,937 | 27.40% |
| January | | 186,347 | 1,606,910 | 59.53% | | | 1,090,937 | 27.40% |
| February | | 138,235 | 1,745,145 | 64.65% | | | 1,090,937 | 27.40% |
| March | | 321,989 | 2,067,134 | 76.58% | | | 1,090,937 | 27.40% |
| April | | 198,554 | 2,265,688 | 83.93% | | | 1,090,937 | 27.40% |
| May | | 212,653 | 2,478,341 | 91.81% | | | 1,090,937 | 27.40% |
| June | | 221,119 | 2,699,460 | 100.00% | | | 1,090,937 | 27.40% |
| Net Accrual/Reversal | | | 2,699,460 | 100.00% | | | | |
| TOTAL CRRD REVENUES | | \$2,699,460 | | | | \$1,090,937 | | 27.40% |

| Total CRRD Revenues Compared to Prior Year: | |
|---|-------------|
| FY 2023/24 | \$1,090,937 |
| FY 2022/23 | 912,092 |
| Revenue Increase (Decrease) from Prior Year | \$178,845 |
| Percentage: | 19.61% |



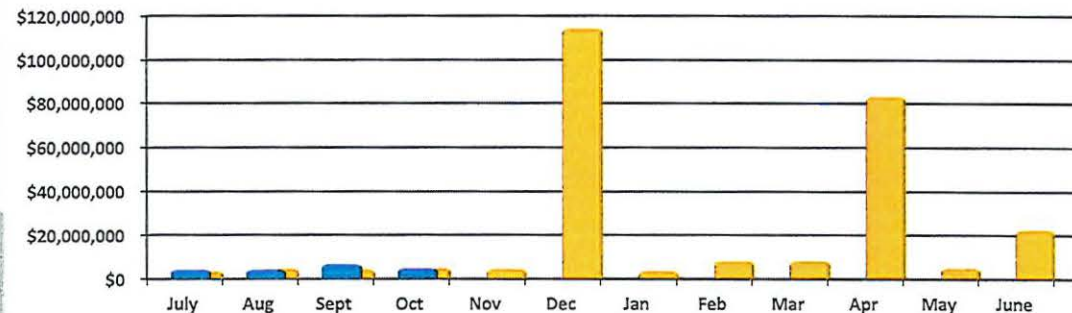


TOTAL REVENUE COMPARISON - GENERAL OPERATING FUND 212A
For the Four Months Ended October 31, 2023 and 2022
Comparison with Prior Year

4 MONTHS / 33.33% OF FISCAL YEAR

| | FISCAL YEAR 2022/23 | | | | FISCAL YEAR 2023/24 | | | |
|----------------------|---------------------|----------------------|----------------------|-------------|---------------------|---------------------|----------------------|----------------|
| | Projected | Monthly Revenue | Y-T-D Total Received | % of Actual | Projected | Monthly Revenue | Y-T-D Total Received | % of Projected |
| BUDGETED | \$270,376,774 | | | | \$300,350,645 | | | |
| July | | \$3,117,720 | \$3,117,720 | 1.18% | | \$4,280,262 | \$4,280,262 | 1.43% |
| August | | 4,411,416 | 7,529,136 | 2.85% | | 4,221,490 | 8,501,752 | 2.83% |
| September | | 4,095,748 | 11,624,884 | 4.40% | | 6,735,315 | 15,237,067 | 5.07% |
| October | | 4,654,714 | 16,279,598 | 6.17% | | 4,943,464 | 20,180,531 | 6.72% |
| November | | 4,142,895 | 20,422,493 | 7.74% | | | 20,180,531 | 6.72% |
| December | | 114,176,914 | 134,599,407 | 51.00% | | | 20,180,531 | 6.72% |
| January | | 3,280,093 | 137,879,500 | 52.24% | | | 20,180,531 | 6.72% |
| February | | 7,903,426 | 145,782,926 | 55.24% | | | 20,180,531 | 6.72% |
| March | | 7,962,590 | 153,745,516 | 58.25% | | | 20,180,531 | 6.72% |
| April | | 83,088,216 | 236,833,732 | 89.74% | | | 20,180,531 | 6.72% |
| May | | 4,857,492 | 241,691,224 | 91.58% | | | 20,180,531 | 6.72% |
| June (100% of year) | | 22,229,718 | 263,920,942 | 100.00% | | | 20,180,531 | 6.72% |
| Net Accrual/Reversal | | | 263,920,942 | 100.00% | | | | |
| TOTAL REVENUE | | \$263,920,942 | | | | \$20,180,531 | | 6.72% |

| | |
|--|--------------|
| Total Revenue Compared to Prior Year: | |
| FY 2023/24 | \$20,180,531 |
| FY 2022/23 | 16,279,598 |
| Revenue Increase (Decrease) from Prior Year | \$3,900,933 |
| Percentage: | 23.96% |





REVENUE AND EXPENDITURES - CAPITAL FACILITIES FUND 212D
For the Four Months Ended October 31, 2023
Comparison with Most Recent Budget

4 MONTHS / 33.33% OF FISCAL YEAR

| FISCAL YEAR 2023/24 | | | |
|---|---------------------|----------------|----------------------|
| REVENUE BY OBJECT | FINAL BUDGET | Y-T-D REVENUE | % OF BUDGET RECEIVED |
| 9410 INTEREST INCOME | - | - | - |
| 9569 OTHER GOVERNMENTAL AGENCIES | - | - | - |
| 9862 PROCEEDS FROM SALE OF PROPERTY | 630,000 | 554,854 | 88.07% |
| 9870 OTHER FUNDING SOURCES-FINANCING | 5,979,901 | - | 0.00% |
| TOTAL REVENUE | 6,609,901 | 554,854 | 8.39% |
| | | | |
| 5900 TRANSFER FROM OTHER FUNDS | 8,151,493 | - | 0.00% |
| TOTAL TRANSFER IN | 8,151,493 | - | 0.00% |
| TOTAL REVENUE, SOURCES & TRANSFERS IN: | \$14,761,394 | 554,854 | 3.76% |

| FISCAL YEAR 2023/24 | | | |
|------------------------------|---------------------|--------------------|--------------------|
| EXPENDITURES BY OBJECT | FINAL BUDGET | Y-T-D EXPENDITURES | % OF BUDGET EXPD'D |
| 2000 SERVICES & SUPPLIES | \$125,000 | \$ - | 0.00% |
| 3200 PRINCIPAL & INTEREST | 5,246,538 | 1,101,364 | 20.99% |
| 4101 LAND ACQUISITION | - | - | - |
| 4201 STRUCTURES | 78,000 | - | 0.00% |
| 4202 NON-STRUCTURE | 134,230 | - | 0.00% |
| 4300 VEHICLES & EQUIPMENT | 14,362,430 | 737,639 | 5.14% |
| TOTAL CAPITAL OUTLAY | 14,574,660 | 737,639 | 5.06% |
| 5000 TRANSFER TO OTHER FUNDS | - | - | - |
| TOTAL EXPENDITURES: | \$19,946,198 | \$1,839,003 | 9.22% |



REVENUE AND EXPENDITURES - CAPITAL FACILITIES FUND 212D
For the Four Months Ended October 31, 2023 and 2022
Comparison with Prior Year Actuals

4 MONTHS

| FISCAL YEAR COMPARISON 2023/24 vs. 2022/23 | | | |
|---|-----------------------|---------------------|----------------|
| REVENUE BY OBJECT | CURRENT Y-T-D REVENUE | PRIOR Y-T-D REVENUE | VARIANCE |
| 9410 INTEREST INCOME | \$ - | \$ - | - |
| 9569 OTHER GOVERNMENTAL AGENCIES | - | - | - |
| 9862 PROCEEDS FROM SALE OF PROPERTY | 554,854 | 112,051 | 395.18% |
| 9870 OTHER FUNDING SOURCES-DEBT PROCEEDS | - | - | - |
| TOTAL REVENUE | 554,854.00 | 112,051 | 395.18% |
| 5900 TRANSFER FROM OTHER FUNDS | - | 4,987,680 | -100.00% |
| TOTAL REVENUE, SOURCES & TRANSFERS IN: | 554,854.00 | \$5,099,731 | -89.12% |

| FISCAL YEAR COMPARISON 2023/24 vs. 2022/23 | | | |
|---|----------------------------|--------------------------|----------------|
| EXPENDITURES BY OBJECT | CURRENT Y-T-D EXPENDITURES | PRIOR Y-T-D EXPENDITURES | VARIANCE |
| 2000 SERVICES & SUPPLIES | \$ - | \$ - | - |
| 3200 PRINCIPAL & INTEREST | 1,101,364 | 675,103.00 | 63.14% |
| 3290 EARLY BOND RETIREMENT | - | - | - |
| 4101 LAND ACQUISITION | - | - | - |
| 4201 STRUCTURES | - | 7,884 | -100.00% |
| 4202 NON-STRUCTURE | - | - | - |
| 4300 VEHICLES & EQUIPMENT | 737,639 | 860,904 | -14.32% |
| TOTAL CAPITAL OUTLAY | 737,639 | 868,788 | -15.10% |
| 5000 TRANSFER TO OTHER FUNDS | - | - | - |
| TOTAL EXPENDITURES & FUND TRANSFERS OUT: | \$1,839,003 | \$1,543,891 | 19.11% |



REVENUE AND EXPENDITURES - LEASED PROPERTIES FUND 212L
For the Four Months Ended October 31, 2023
Comparison with Most Recent Budget

4 MONTHS / 33.33% OF FISCAL YEAR

| FISCAL YEAR 2023/24 | | | |
|-------------------------------------|--------------------|------------------|----------------------|
| REVENUE BY OBJECT | FINAL BUDGET | Y-T-D REVENUE | % OF BUDGET RECEIVED |
| 9410 INTEREST INCOME | \$ - | \$ - | - |
| 9429 BUILDING RENTAL | 1,190,694 | 362,195 | 30.42% |
| 9710 OTHER REVENUES | - | 445 | - |
| TOTAL REVENUE: | 1,190,694 | 362,640 | 30.46% |
| | | | |
| 5900 TRANSFER FROM OTHER FUNDS | - | - | - |
| TOTAL REVENUE & SOURCES: | \$1,190,694 | \$362,640 | 30.46% |

| FISCAL YEAR 2023/24 | | | |
|-------------------------------|------------------|--------------------|-------------------|
| EXPENDITURES BY OBJECT | FINAL BUDGET | Y-T-D EXPENDITURES | % OF BUDGET EXP'D |
| 2000 SERVICES & SUPPLIES | \$443,166 | \$107,728 | 24.31% |
| | | | |
| 3200 PRINCIPAL AND INTEREST | 245,383 | 123,201 | 50.21% |
| 4101 LAND ACQUISITION | - | - | - |
| 4201 STRUCTURES | - | - | - |
| TOTAL CAPITAL OUTLAY | - | - | - |
| 5000 TRANSFERS TO OTHER FUNDS | - | - | - |
| TOTAL EXPENDITURES: | \$688,549 | \$230,929 | 33.54% |



REVENUE AND EXPENDITURES - LEASED PROPERTIES FUND 212L
For the Four Months Ended October 31, 2023 and 2022
Comparison with Prior Year Actuals

4 MONTHS

| FISCAL YEAR COMPARISON 2023/24 vs. 2022/23 | | | |
|--|-----------------------|---------------------|---------------|
| REVENUE BY OBJECT | CURRENT Y-T-D REVENUE | PRIOR Y-T-D REVENUE | VARIANCE |
| 9410 INTEREST INCOME | \$ - | \$ - | - |
| 9429 BUILDING RENTAL | 362,195 | 367,750 | -1.51% |
| 9710 OTHER REVENUES | 445 | - | - |
| TOTAL REVENUE: | 362,640 | 367,750 | -1.39% |
| 5900 TRANSFER FROM OTHER FUNDS | - | - | - |
| TOTAL TRANSFER IN | - | - | - |
| TOTAL REVENUE & SOURCES: | \$362,640 | \$367,750 | -1.39% |

| FISCAL YEAR COMPARISON 2023/24 vs. 2022/23 | | | |
|--|----------------------------|--------------------------|----------------|
| EXPENDITURES BY OBJECT | CURRENT Y-T-D EXPENDITURES | PRIOR Y-T-D EXPENDITURES | VARIANCE |
| 2000 SERVICES AND SUPPLIES: | \$107,728 | \$570,991 | -81.13% |
| 3200 PRINCIPAL AND INTEREST | 123,201 | - | - |
| 4000 CAPITAL OUTLAY | - | - | - |
| 5000 TRANSFERS TO OTHER FUNDS | - | - | - |
| TOTAL EXPENDITURES & EQUIPMENT: | \$230,929 | \$570,991 | -59.56% |



REVENUE AND EXPENDITURES - GRANTS FUND 212G
For the Four Months Ended October 31, 2023
Comparison with Most Recent Budget

4 MONTHS / 33.33% OF FISCAL YEAR

| FISCAL YEAR 2023/24 | | | | FISCAL YEAR 2023/24 | | | |
|-------------------------------------|--------------------|--------------------|----------------------|--|--------------------|--------------------|--------------------|
| REVENUE BY OBJECT | FINAL BUDGET | Y-T-D REVENUE | % OF BUDGET RECEIVED | EXPENDITURES BY OBJECT | FINAL BUDGET | Y-T-D EXPENDITURES | % OF BUDGET EXPD'D |
| 9410 INTEREST INCOME | \$ - | \$ - | - | 1100 EMPLOYEE WAGES | \$2,466,832 | \$755,854 | 30.64% |
| 9531 AID/OTHER LOCAL GOV'T AGENCY | 5,954,435 | 2,098,089 | 35.24% | 1200 EMPLOYEE BENEFITS | 2,424,438 | 784,218 | 32.35% |
| 9870 OTHER FUNDING SOURCES | 51,924 | - | 0.00% | TOTAL LABOR COSTS | 4,891,270 | 1,540,072 | 31.49% |
| TOTAL REVENUE: | 6,006,359 | 2,098,089 | 34.93% | 2000 SERVICES & SUPPLIES | 474,519 | 138,609 | 29.21% |
| 5900 TRANSFER FROM OTHER FUNDS | 914,136 | - | 0.00% | 4303 CAPITAL OUTLAY | 39,250 | - | 0.00% |
| TOTAL REVENUE & SOURCES: | \$6,920,495 | \$2,098,089 | 30.32% | 5000 TRANSFER TO OTHER FUNDS | - | - | - |
| | | | | TOTAL EXPENDITURES & EQUIPMENT: | \$5,405,039 | \$1,678,681 | 31.06% |



REVENUE AND EXPENDITURES - GRANTS FUND 212G
For the Four Months Ended October 31, 2023 and 2022
Comparison with Prior Year Actuals

4 MONTHS

| FISCAL YEAR COMPARISON 2023/24 vs. 2022/23 | | | |
|--|-----------------------|---------------------|---------------|
| REVENUE BY OBJECT | CURRENT Y-T-D REVENUE | PRIOR Y-T-D REVENUE | VARIANCE |
| 9410 INTEREST INCOME | \$ - | \$ - | - |
| 9531 AID/OTHER LOCAL GOV'T AGENCY | 2,098,089 | 1,439,798 | 45.72% |
| 9569 STATE AID & MISC. OTHER PROGRAMS | - | - | - |
| 9870 OTHER FUNDING SOURCES | - | 164,756 | -100.00% |
| TOTAL REVENUE: | 2,098,089 | 1,604,554 | 30.76% |
| 5900 TRANSFER FROM OTHER FUNDS | - | - | - |
| TOTAL TRANSFER IN | - | - | - |
| TOTAL REVENUE & SOURCES: | \$2,098,089 | \$1,604,554 | 30.76% |

| FISCAL YEAR COMPARISON 2023/24 vs. 2022/23 | | | |
|--|----------------------------|--------------------------|--------------|
| EXPENDITURES BY OBJECT | CURRENT Y-T-D EXPENDITURES | PRIOR Y-T-D EXPENDITURES | VARIANCE |
| 1000 EMPLOYEE WAGES | \$755,854 | \$743,301 | 1.69% |
| 1200 EMPLOYEE BENEFITS | 784,218 | 675,997 | 16.01% |
| TOTAL LABOR COSTS | 1,540,072 | 1,419,298 | 8.51% |
| 2000 SERVICES AND SUPPLIES | 138,609 | 54,716 | 153.32% |
| 3420 REIMB EXP FROM OTHER AGENCIES | - | - | - |
| 4303 EQUIPMENT | - | 130,540 | -100.00% |
| 5000 TRANSFER TO OTHER FUNDS | - | - | - |
| TOTAL EXPENDITURES & EQUIPMENT: | \$1,678,681 | \$1,604,554 | 4.62% |



REVENUE AND EXPENDITURES - DEVELOPMENT IMPACT FEES FUND 212I
For the Four Months Ended October 31, 2023
Comparison with Most Recent Budget

4 MONTHS / 33.33% OF FISCAL YEAR

| FISCAL YEAR 2023/24 | | | |
|---|--------------------|--------------------|----------------------|
| REVENUE BY OBJECT | FINAL BUDGET | Y-T-D REVENUE | % OF BUDGET RECEIVED |
| 9410 INTEREST INCOME | \$ - | \$ - | - |
| 9657 IMPACT FEES | 1,300,000 | 1,008,668 | 77.59% |
| TOTAL REVENUE | 1,300,000 | 1,008,668 | 77.59% |
| 5900 TRANSFER FROM OTHER FUNDS | - | - | - |
| TOTAL TRANSFER IN | - | - | - |
| TOTAL REVENUE, SOURCES & TRANSFERS IN: | \$1,300,000 | \$1,008,668 | 77.59% |

| FISCAL YEAR 2023/24 | | | |
|---|---------------------|--------------------|-------------------|
| EXPENDITURES BY OBJECT | FINAL BUDGET | Y-T-D EXPENDITURES | % OF BUDGET EXP'D |
| 2000 SERVICES & SUPPLIES | \$ 190,000 | \$ 15,643 | 8.23% |
| TOTAL SERVICES & SUPPLIES | 190,000 | 15,643 | 8.23% |
| 4101 LAND ACQUISITION | 2,400,000 | - | 0.00% |
| 4201 STRUCTURES | 10,339,675 | 74,540 | 0.72% |
| 4300 VEHICLES & EQUIPMENT | - | - | - |
| TOTAL CAPITAL ASSETS | 12,739,675 | 74,540 | 0.59% |
| TOTAL EXPENDITURES: | 12,929,675 | 90,183 | 0.70% |
| 5000 TRANSFERS TO OTHER FUNDS | - | - | - |
| TOTAL EXPENDITURES & FUND TRANSFERS OUT: | \$12,929,675 | \$90,183 | 0.70% |



REVENUE AND EXPENDITURES - DEVELOPMENT IMPACT FEES FUND 2121
For the Four Months Ended October 31, 2023 and 2022
Comparison with Prior Year Actuals

4 MONTHS

| FISCAL YEAR COMPARISON 2023/24 vs. 2022/23 | | | |
|---|-----------------------|---------------------|----------------|
| REVENUE BY OBJECT | CURRENT Y-T-D REVENUE | PRIOR Y-T-D REVENUE | VARIANCE |
| 9410 INTEREST INCOME | \$ - | \$ - | - |
| 9657 IMPACT FEES | 1,008,668 | 461,258 | 118.68% |
| TOTAL REVENUE | 1,008,668 | 461,258 | 118.68% |
| 5900 TRANSFER FROM OTHER FUNDS | - | - | - |
| TOTAL REVENUE, SOURCES & TRANSFERS IN: | \$1,008,668 | \$461,258 | 118.68% |

| FISCAL YEAR COMPARISON 2023/24 vs. 2022/23 | | | |
|---|----------------------------|--------------------------|-----------------|
| EXPENDITURES BY OBJECT | CURRENT Y-T-D EXPENDITURES | PRIOR Y-T-D EXPENDITURES | VARIANCE |
| 2000 SERVICES & SUPPLIES | 15,643 | \$32,595 | -52.01% |
| TOTAL SERVICES & SUPPLIES | 15,643 | 32,595 | -52.01% |
| 4101 LAND ACQUISITION | - | - | - |
| 4201 STRUCTURES | 74,540 | 6,700 | 1012.54% |
| 4300 VEHICLES & EQUIPMENT | - | - | - |
| TOTAL CAPITAL OUTLAY | 74,540 | 6,700 | 1012.54% |
| 5000 TRANSFERS TO OTHER FUNDS | - | - | - |
| TOTAL EXPENDITURES & FUND TRANSFERS OUT: | \$90,183 | \$39,295 | 129.50% |



REVENUE AND EXPENDITURES - INTERGOVERNMENTAL TRANSFER FUND 212M
For the Four Months Ended October 31, 2023
Comparison with Most Recent Budget

4 MONTHS / 33.33% OF FISCAL YEAR

| FISCAL YEAR 2023/24 | | | |
|---|---------------------|--------------------|----------------------|
| REVENUE BY OBJECT | FINAL BUDGET | Y-T-D REVENUE | % OF BUDGET RECEIVED |
| 9669 MEDIC COST RECOVERY-VRRP | \$32,406,281 | \$ - | 0.00% |
| 9669 MEDIC COST RECOVERY-PPGEMT | 9,951,266 | 7,804,368 | 78.43% |
| 9410 INTEREST INCOME | - | - | - |
| TOTAL REVENUE | 42,357,547 | 7,804,368 | 18.42% |
| 5900 TRANSFER FROM OTHER FUNDS | - | - | - |
| TOTAL TRANSFER IN | - | - | - |
| TOTAL REVENUE, SOURCES & TRANSFERS IN: | \$42,357,547 | \$7,804,368 | 18.42% |

| FISCAL YEAR 2023/24 | | | |
|---|---------------------|---------------------|-------------------|
| EXPENDITURES BY OBJECT | FINAL BUDGET | Y-T-D EXPENDITURES | % OF BUDGET EXP'D |
| 2000 SERVICES & SUPPLIES-VRRP | \$9,439,511 | - | 0.00% |
| 2000 SERVICES & SUPPLIES-PPGEMT | 4,611,078 | 2,261,461 | 49.04% |
| TOTAL EXPENDITURES: | 14,050,589 | 2,261,461 | 16.10% |
| 5000 TRANSFER TO OTHER FUNDS-VRRP | 23,832,805 | - | 0.00% |
| 5000 TRANSFER TO OTHER FUNDS-PPGEMT | 5,340,188 | - | 0.00% |
| TOTAL TRANSFER OUT | 29,172,993 | - | 0.00% |
| TOTAL EXPENDITURES & FUND TRANSFERS OUT: | \$43,223,582 | \$ 2,261,461 | 5.23% |



REVENUE AND EXPENDITURES - INTERGOVERNMENTAL TRANSFER FUND 212M
For the Four Months Ended October 31, 2023 and 2022
Comparison with Prior Year Actuals

4 MONTHS

| FISCAL YEAR COMPARISON 2023/24 vs. 2022/23 | | | |
|---|-----------------------|---------------------|------------------|
| REVENUE BY OBJECT | CURRENT Y-T-D REVENUE | PRIOR Y-T-D REVENUE | VARIANCE |
| 9669 MEDIC COST RECOVERY-VRRP/IGT | \$ - | \$ 51,463 | -100.00% |
| 9669 MEDIC COST RECOVERY-PPGEMT | 7,804,368 | - | - |
| 9410 INTEREST INCOME | - | - | - |
| TOTAL REVENUE | 7,804,368 | 51,463 | 15065.01% |
| | | | |
| 5900 TRANSFER FROM OTHER FUNDS | - | - | - |
| TOTAL TRANSFERS IN | - | - | - |
| | | | |
| TOTAL REVENUE, SOURCES & TRANSFERS IN: | \$7,804,368 | \$ 51,463 | 15065.01% |

| FISCAL YEAR COMPARISON 2023/24 vs. 2022/23 | | | |
|---|----------------------------|--------------------------|----------|
| EXPENDITURES BY OBJECT | CURRENT Y-T-D EXPENDITURES | PRIOR Y-T-D EXPENDITURES | VARIANCE |
| 2000 SERVICES & SUPPLIES-VRRP | \$ - | \$ - | - |
| 2000 SERVICES & SUPPLIES-PPGEMT | 2,261,461 | - | - |
| | | | |
| TOTAL EXPENDITURES: | - | - | - |
| | | | |
| 5000 TRANSFER TO OTHER FUNDS-VRRP | - | - | - |
| 5000 TRANSFER TO OTHER FUNDS-PPGEMT | - | - | - |
| TOTAL TRANSFER OUT | - | - | - |
| | | | |
| TOTAL EXPENDITURES & FUND TRANSFERS OUT: | \$ - | \$ - | - |



REVENUE AND EXPENDITURES - SPECIAL PROJECTS FUND 212S
For the Four Months Ended October 31, 2023
Comparison with Most Recent Budget

4 MONTHS / 33.33% OF FISCAL YEAR

| FISCAL YEAR 2023/24 | | | |
|-------------------------------------|------------------|---------------|----------------------|
| REVENUE BY OBJECT | FINAL BUDGET | Y-T-D REVENUE | % OF BUDGET RECEIVED |
| 9531 AID/OTHER LOCAL GOV'T AGENCY | - | - | - |
| 9410 INTEREST INCOME | 130,000 | - | - |
| TOTAL REVENUE: | 130,000 | - | - |
| 5900 TRANSFER FROM OTHER FUNDS | - | - | - |
| TOTAL REVENUE & SOURCES: | \$130,000 | - | 0.00% |

| FISCAL YEAR 2023/24 | | | |
|--|---------------------|--------------------|--------------------|
| EXPENDITURES BY OBJECT | FINAL BUDGET | Y-T-D EXPENDITURES | % OF BUDGET EXPD'D |
| TOTAL LABOR COSTS | - | - | - |
| TOTAL SERVICES AND SUPPLIES: | 100,000 | 2,256 | - |
| TOTAL CAPITAL ASSETS | 12,864,481 | - | - |
| 5000 TRANSFERS TO OTHER FUNDS | - | - | - |
| TOTAL EXPENDITURES & EQUIPMENT: | \$12,964,481 | 2,256.00 | 0.02% |



Sacramento Metropolitan Fire District

FRAUD RISK ASSESSMENT

PRELIMINARY REPORT

Prepared by:

Ron Empedrad, Controller
Finance Division

Submitted to:

Finance and Audit Committee
January 25, 2024



Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite #200, Mather, CA 95655 · (916) 859-4300 · Fax (916) 859-3700

ADAM A. HOUSE
Fire Chief

January 25, 2024

To the Finance and Audit Committee
Sacramento Metropolitan Fire District

I am pleased to present the results of the fraud risk assessment performed for the Sacramento Metropolitan Fire District (District). This assessment is intended to advance the District's commitment to transparent and responsible fiscal management.

Objective

The objective of this fraud risk assessment is to identify specific fraud risks, assess likelihood and significance, evaluate existing fraud mitigation practices, and propose actions to reduce residual fraud risks. This assessment forms part of a broader program of managing fraud risk. Other components include:

- establishing fraud risk governance policies,
- designing and deploying fraud preventive and detective control activities,
- correcting identified risks, and
- monitoring and evaluating the fraud risk.

Methodology

Resources adopted from the Association of Certified Fraud Examiners were used to plan and implement the fraud risk assessment, primarily questionnaires focused on twelve risk areas germane to District operations. The risk areas include: (1) Management and Key Employee Assessment, (2) Employee Assessment, (3) Skimming and Cash Larceny Schemes, (4) Payroll Fraud Schemes, (5) Purchasing and Billing Schemes, (6) Expense Reimbursement Schemes, (7) Conflicts of Interest, (8) Corruption, (9) Theft of Proprietary and Sensitive Information, (10) Physical Controls, (11) Check Tampering Schemes, and (12) Fraudulent Financial Reports.

Fraud assessment fieldwork began in August of 2023. District employees and the District's third-party billing company were interviewed and process documentation and reports were reviewed. The preliminary findings along with proposed corrective actions were then submitted to senior management for further consideration.

Executive staff have assessed the reported fraud risks based on their likelihood of occurrence and potential legal, financial, and operational implications, and evaluated the benefits of the proposed corrective actions against the costs of implementation. These findings reflect those determinations.

Results

The results of the assessment identified 22 findings in nine of the twelve functional areas reviewed. These findings are detailed in Exhibit B organized by risk area with a summary of the corresponding corrective action plan presented in Exhibit A. Of the 22 recommended corrective action plans, 8 were implemented since initial identification. The division responsible, status, and completion date are provided for each corrective action plan. Some of the recommendations were rapidly implemented by the responsible divisions, while others will take several months to resolve.

The risk assessment procedures performed do not purport to identify all risks. An identified risk does not mean that actual fraud is occurring, rather that the risk exists and there is an opportunity for the District to reduce its exposure. Addressing these risks will not provide an absolute guarantee against fraud, however the overall fraud risk will be reduced to an acceptable level and minimize exposure to losses, litigation, and reputational damage.

Finally, this risk assessment should not be considered a one-time and final assessment. Rather, this fraud risk assessment process is a preliminary step in an ongoing program to manage risk.

Next Steps

The District's executive management and the Controller are responsible for the development of internal controls to prevent, deter, and detect fraud. Working with executive management, the Finance and Audit Committee is responsible for overseeing the system of internal controls and confirming its adequacy.

A fraud risk assessment is a dynamic and iterative process. As part of this process and to fulfill the aforementioned responsibilities, semi-annual reports will be provided to the Finance and Audit Committee regarding the status of each recommendation. In addition, the Finance Division will continue to conduct periodic fraud risk training and evaluations, incorporating the results of this report.



Ronald Empedrad, CPA CFE
Controller

Approved by:



Dave O'Toole
Chief Financial Officer

Adam A. House
Fire Chief

EXHIBIT A

Summary of Corrective Action Plans

| Corrective Action Plan | Assigned to | Status | Expected Completion |
|---|-------------|--|---------------------|
| Management and Key Employee Assessment | | | |
| 1.1 Update Code of Conduct and provide necessary training. | HR | In process. | December 2024 |
| 1.2 Adopt anti-fraud policy and procedures for investigation in case of suspected fraud and provide necessary training. | Finance | In process. | June 2024 |
| 1.3 Post Metro Way, Code of Conduct, and Conflict-of-Interest policies at Metro Fire website | Finance | Partially implemented, awaiting update to Code of Conduct (1.1). | December 2024 |
| Employee Assessment | | | |
| 2.1 Employee certification of compliance with Code of Conduct | HR | In process, awaiting update to Code of Conduct. (1.1) | December 2024 |
| 2.2 Provide copy of current organizational chart to new hires | HR | Implemented | |
| 2.3 Provide a copy of updated job description to new hires | HR | Implemented | |
| 2.4 Create a consolidated accounting manual | Finance | In process | June 2024 |
| Skimming Schemes/Cash Larceny Schemes | | | |
| 3.1 Prepare daily list of checks received by CRRD | CRRD | Implemented | |
| Payroll Fraud Schemes | | | |
| 4.1 Assign distribution of paychecks to employee with no payroll duties | Finance | Implemented | |
| 4.2 Implement mandatory vacations for payroll | Finance | Implemented | |
| 4.3 Explore feasibility of pay cards to replace use of payroll checks | Finance | In process | December 2024 |
| 4.4 High-level manager review of monthly payroll registers | Controller | In process | February 2024 |
| Purchasing and Billing Schemes | | | |
| 5.1 Send bulletin to District staff for submission to AP of all records regarding returns to vendors | Finance | Implemented | |
| 5.2 Instruct banks not to cash checks payable to the District | Finance | Implemented | |
| 5.3 Trend analysis of vendor purchase levels | Finance | In process | June 2024 |
| Expense Reimbursement Schemes | | | |
| 6.1 Adopt a food policy and provide training | Finance | Partially implemented, awaiting training. | February 2024 |

EXHIBIT A

Summary of Corrective Action Plans

| Corrective Action Plan | | Assigned to | Status | Expected Completion |
|--|---|-------------|-------------|---------------------------|
| <i>Conflicts of Interest</i> | | | | |
| 7.1 | Periodic comparison of employee addresses with vendor addresses | Finance | In process | April 2024 |
| 7.2 | Include stipulation for audit on high-risk vendor contracts | Finance | In process | March 2024 |
| <i>Corruption</i> | | | | |
| 8.1 | Inclusion of anti-corruption and anti-fraud provisions in the RFP and contracting process | Finance | In process | March 2024 |
| <i>Theft of Proprietary/Sensitive Information</i> | | | | |
| 9.1 | Send bulletin regarding the importance of password sharing prohibition; implement multi-factor authentication (MFA) for credit card portal. | Finance/IT | In process. | December 2024 |
| 9.2 | Automatic computer log-off for unattended workstations | IT | Implemented | |
| 9.3 | Funding for disaster recovery site; documentation of disaster recovery plan | IT | In process. | Within a year of funding. |

EXHIBIT B
Detailed Findings

MANAGEMENT AND KEY EMPLOYEE ASSESSMENT

This area is associated with the control environment that pervades across all facets of the organization. Established by the directors and senior management, it is the moral and ethical tone of an organization, which reinforces the importance of internal controls and expected standards of conduct.

1.1 The Code of Conduct has not been recently reviewed and has not been distributed to all employees. Entitled "Rules and Regulations," it was adopted on 11/7/2001 and has not been reviewed since adoption. It also has not been distributed to all employees.

Purpose: The Code of Ethics provides a set of principles that guide decision-making. A code of conduct is a set of rules that outline acceptable behaviors and actions expected of employees within an organization. These rules often focus on behavior in the workplace and may include areas such as discrimination, harassment, conflicts of interest, or viewing inappropriate or unauthorized content on company computers.

Corrective Action: The District's Code of Ethics is embedded in the document "The Metro Way," while the code of conduct is contained in the Rules and Regulations. The latter should be reviewed and updated for relevance, clarity, and effectiveness. Such reviews must be done periodically (e.g., once every two years) and any changes clearly communicated to all employees. It is further recommended that the updated Rules and Regulation Policy be renamed the Code of Conduct. A link to the updated Code of Conduct should be disseminated via a District bulletin. Finally, the updated Code of Conduct should be provided to every new employee with The Metro Way.

Status: Assigned to the HR Division with anticipated completion month of December 2024. HR will review the code of conduct policy for updates. This is a meet and confer item.

1.2 The District does not have written anti-fraud policies and procedures. There is no comprehensive training on fraud.

Purpose: Every organization should have an anti-fraud culture covering working practices and business ethics culminating in formally documented procedures. A formal fraud policy statement indicates that the fight against fraud is endorsed and supported at the most senior level within Metro Fire. It should outline when charges would be pressed against individuals for an act of fraud and turned over to the authorities. This policy sends a clear message that fraud will not be tolerated.

Employees are often the first ones to detect fraud. Organizations that have anti-fraud training programs experience less-costly losses, quicker resolutions of fraud cases, and an enhanced reputation for customer protection. Fraud can flourish when employees believe they won't be caught. Transparency and regular training about the anti-fraud controls an organization are also an effective way to prevent fraud from occurring.

EXHIBIT B
Detailed Findings

MANAGEMENT AND KEY EMPLOYEE ASSESSMENT (continued)

Corrective Action: Adopt a comprehensive anti-fraud policy. Furthermore, consider developing an anti-fraud training program to train employees to be fraud detectors. Training can be integrated with a code of conduct or Metro Way training, or could be a stand-alone program. It should include topics such as what constitutes fraud, the costs of frauds, and relevant examples. More importantly, training is an avenue to let employees know that they can speak freely without fear of retribution, and where they can seek advice if faced with ethical dilemmas.

At a minimum, the anti-fraud policy and code of conduct should be discussed with all employees. Managers and supervisors should be provided with supplemental fraud awareness training that covers their additional responsibilities and opportunities with regard to preventing and detecting fraud. Employees should then sign acknowledgement forms that they received training.

Status: Assigned to the Finance Division, expected to be completed by June 2024.

1.3 The ethics policy, code of conduct, and conflict-of-interest policy are not all available online to both internal and external parties. The code of conduct (Rules and Regulations) and the and ethics policy (The Metro Way) are available internally via the Metro Apps while the Conflict-of-Interest Policy is not. None of them are available on the District's website.

Purpose: These policies set the tone for the organization and inform employees and those outside of the organization of the District's commitment to integrity.

Corrective Action: After these documents have been reviewed by the appropriate division, they should be posted to Metro Apps and to the Metro Fire website.

Status: Assigned to Finance Division. The "Metro Way" and Conflict-of-Interest policy were posted to the website. The updated Code of Conduct will be posted when available.

EXHIBIT B
Detailed Findings

EMPLOYEE ASSESSMENT

This area relates to internal controls and resources available to prevent, detect, and deter fraud relating to employees.

2.1 Employees do not certify compliance with the Code of Conduct

Purpose: A signed certification demonstrates that the employee not only has received a copy of the code of conduct but also acknowledges their responsibility for understanding that code and obligation to comply. This is an important first step towards ensuring compliance and will also protect the District certain in legal disputes.

Corrective Action: Procedures should be developed requiring employees at all levels to biennially certify compliance with the code of conduct.

Status: Once the code of conduct policy is updated, HR will add to the new employee orientation and policy review in Vector Solutions. Anticipated completion month is December 2024.

2.2 New hires are not provided with an organizational chart that shows lines of responsibilities

Purpose: An organizational chart is a visual representation of roles within an organization, highlighting the hierarchy from top executives down to lower-level employees. An org chart provides clear reporting lines, emphasizing the decision-making hierarchy. It offers—at a glance—a snapshot of the authority and responsibility mapping within the organization, depicting the flow of communication and reporting.

Corrective Action: Include a copy of the most recent organizational chart in the new employee packet. Alternatively, a copy of the organization chart is included in the Metro Apps so HR will show new employees what documents to review in the Metro App.

Status: Assigned to HR. Implemented prior to the date of this report.

2.3 New hires are not provided a copy of their formal written job description.

Purpose: A clear job description is a useful communication tool that states exactly what tasks are expected of employees to perform, the share of their work devoted to those tasks, to whom they report, work location, and related information.

Corrective Action: Include a copy of the formal job description in the new employee packet. Job descriptions are being reviewed and updated periodically. Job Descriptions are included in the Metro Apps so HR will show new employees what documents to review in the Metro App as part of the new hire orientation.

Status: Assigned to HR. Implemented prior to the date of this report.

EXHIBIT B
Detailed Findings

EMPLOYEE ASSESSMENT (continued)

2.4 *There is no consolidated written accounting policies and procedures. Current procedures are saved in separate documents and have not undergone an annual review process.*

Purpose: Accounting manuals are a key component to effective management of accounting operations, providing specific decision-making processes, explaining organizational roles and policies, and facilitating consistent and compliant accounting operations.

Corrective Action: Review and complete the consolidation of written accounting procedures in one accounting manual, which should be periodically reviewed and updated.

Status: Assigned to Finance Division, expected to be completed by June 2024.

EXHIBIT B
Detailed Findings

SKIMMING SCHEMES/CASH LARCENY SCHEME

Skimming is the removal of cash or checks from a victim entity prior to its entry in an accounting system. Employees who skim from their organization are taking sales or receivables before they are recorded in the accounting record. Without controls, there is no audit trail and stolen funds are not recorded.

In the occupational fraud setting, cash larceny is the intentional taking of an employer's cash (currency and checks) after it has already been recorded in the books, without the consent of the employer.

3.1 The person who opens the mail or receives checks at the CRRD counter does not prepare a list of checks received.

Purpose: A log of all checks received should be compared to checks deposited to ensure that all checks are accounted for.

Corrective Action: A printed daily log will be used by the CRRD office technician to log all checks received during the day. At the end of the day, the log will be signed off and kept in the CRRD safe along with the checks. Finance personnel will use the log to account for all CRRD deposits to the bank.

Status: Assigned to CRRD and implemented as of the date of this report.

EXHIBIT B
Detailed Findings

PAYROLL FRAUD SCHEMES

The perpetrators of these frauds falsify a time card or alter information in the payroll records, which cause the victim entity to unknowingly make an unearned disbursement to employees.

4.1 The employee assigned to distribute payroll is not separate from the payroll department.

Purpose: This risk involves not separating the payroll transaction authorizations from the custody of the related employee asset (check). For example, return of a mailed employee check may mean a non-existent employee and should be investigated.

Corrective Action: Distribution of paychecks is currently assigned to the payroll specialist. Going forward, the distribution (mailing) of checks should be assigned to the Financial Analyst and, in this person's absence, the Controller. A copy of the check register will be forwarded along with the checks to the Financial Analyst or Controller. The checks will be verified against the payroll check register and upon verification, the checks will be dropped in the mail receptacle. The check register will then be signed and scanned into the Finance Drive. Any returned mail will be investigated.

Status: Assigned to Finance Division and implemented as of the date of this report.

4.2 Mandatory vacations of employees in payroll functions are not required.

Purpose: Mandatory vacations necessitate other substitute employees to perform the duties and in doing so may discover payroll process irregularities.

Corrective Action: The Payroll Manager should instruct staff to take at least one week of vacation every year.

Status: Assigned to Finance Division and implemented as of the date of this report.

4.3 The use of manual payroll checks is not severely restricted; there are still about 25 employees who are paid with checks.

Purpose: Paper payroll checks are considered less secure than automatic payment and expose the District to risk and extra costs associated with the loss and reissuance of payroll checks. Payment using direct deposit is widely-considered more secure than paper payroll checks.

Corrective Action: Explore the feasibility of requiring new employees to utilize direct deposits or pay cards, rather than paper checks.

Status: Assigned to Finance Division and expected to be completed by December 2024.

EXHIBIT B
Detailed Findings

PAYROLL FRAUD SCHEMES (continued)

4.4 A high-level manager does not review payroll registers.

Purpose: Review by a high-level manager independent of payroll provides additional layer of review over employee compensation, which form the largest portion of the District's budget.

Corrective Action: Controller will utilize Excel to search for potential errors in the monthly payroll register. This includes:

- searching for gross salaries greater the \$15k to determine reasonability,
- searching for employees with very little or no deductions,
- reconciling step increases/adjustment from payroll roster against changes in payroll register, and
- compare pay register report totals for current and prior months for unusual fluctuations.

Status: Assigned to the Controller (Finance); expected to be completed in February 2024.

EXHIBIT B
Detailed Findings

PURCHASING AND BILLING SCHEMES

Purchasing and billing schemes are a common form of employee fraud mainly because they offer the prospect of large rewards. Since most businesses' disbursements are made in the purchasing cycle, larger thefts can be hidden through false-billing schemes, such as false invoicing, pay-and-return schemes, and personal purchase schemes.

5.1 Not all records of goods returned are forwarded to the Finance Division.

Purpose: When goods are returned to the vendor, the District is entitled to a refund for goods already paid for. Absent a record of the return, there is a risk that the District may not receive the financial credit due. Accounting for all the return record ensures that the District gets a refund for all returns.

Corrective Action: Advise staff who purchase goods, via bulletin, that all records of goods returned must be forwarded to Finance so the credit memos can be tracked. Train the affected divisions to ensure that they match the return against a credit memo.

Status: Assigned to the Finance Division and implemented as of the date of this report.

5.2 The District's bank has not been instructed not cash checks payable to the District.

Purpose: Best practice is to restrictively endorse all checks for deposit. Instructing the District's bank not to cash checks will provide an additional layer of protection by preventing misappropriated checks from being cashed.

Corrective Action: Contact Wells Fargo and provide instructions not to cash checks.

Status: Assigned to the Controller and implemented as of the date of this report.

5.3 Trend analysis to identify abnormal vendor purchase levels is not being performed.

Purpose: Trend analysis is one of the tools that can be used in combating vendor fraud through the analysis of vendor payments. Through trend analysis, the District can develop benchmarks on the average size of vendor payments and the usual amount paid to that vendor for a given timeframe. This information can be used to identify anomalous payments to vendors.

Corrective Action: Consider building an excel program to automatically identify abnormal vendor activity.

Status: Assigned to the Finance Division; expected completion in June 2024.

EXHIBIT B
Detailed Findings

EXPENSE REIMBURSEMENT SCHEMES

Employees can manipulate an organization's expense reimbursement procedures to generate fraudulent disbursements. The most common types of this scheme are overstated expenses, fictitious expenses, mischaracterized expenses, and multiple reimbursements.

6.1 Allowable meal purchases continue to be a confusing area due to the lack of a food policy.

Purpose: A policy that guides employees regarding what are allowable meal purchases will provide clarity to employees and ensure the proper use of public funds.

Corrective Action: A comprehensive food policy should be adopted and training provided, to include the process for submitting meal receipts.

Status: Assigned to the Finance Division, the Meal and Refreshment Policy has been implemented as of the date of this report. Policy training is scheduled for February 2024.

EXHIBIT B
Detailed Findings

CONFLICTS OF INTEREST

A conflict of interest occurs when an employee or agent has an undisclosed personal or economic interest in a matter that could influence their professional role. These schemes involve self-dealing by an employee or agent and can occur in various ways.

7.1 There are no periodic comparisons of vendor information with employee information, such as addresses and telephone numbers.

Purpose: This analytical procedure may reveal potential conflicts of interest and even fraud.

Corrective Action: On a quarterly basis, the database of employees and addresses will be compared against vendor database using Excel. Any match should be further be investigated.

Status: Assigned to the Finance Division; expected to be completed by April 2024.

7.2 There is no requirement for vendors to sign an agreement allowing vendor audits.

Purpose: A well-designed vendor management assessment and management process, incorporating vendor audits, can be efficient, cost-effective and enhance the quality of the District's operations, while safeguarding finances.

Corrective Action: Before entering into or renewing third-party vendor contracts for high-risk vendors such as those employed for billing, collection, and payment services, a standard stipulation allowing the District to conduct audits must be included. These audits can be done as needed by independent CPA firms as part of an agreed-upon procedures engagement.

Status: Assigned to the Finance Division; completion expected in March 2024.

EXHIBIT B
Detailed Findings

CORRUPTION

Corruption is a term used to describe various types of wrongful acts designed to cause an unfair advantage. It can take many forms, including bribery, kickbacks, illegal gratuities, economic extortion, and collusion. Generally, corruption involves the wrongful use of influence to procure a benefit for the actor or another person, contrary to duty or the rights of others.

8.1 The District does not include anti-corruption provisions in agreements and contracts with agents and business partners.

Purpose: The purpose of these provisions is to encourage contractors to carefully consider their ethical obligations and legal risks when contracting with the District.

Corrective Action: Include a requirement in the RFP documents for bidders to disclose anti-fraud, anti-bribery, and anti-corruption policies that they have adopted and make this an extra grading criterion. Consider incorporating a standard anti-corruption provision in contracts.

Status: Assigned to the Finance Division, implementation expected in March 2024.

EXHIBIT B

Detailed Findings

THEFT OF PROPRIETARY AND SENSITIVE INFORMATION

Information collected and retained through information technology tools is critical District asset. Controls are necessary to preserve the confidentiality, integrity, and availability of that information.

9.1 The District has a strict policy against the sharing of passwords between employees. However, there is anecdotal evidence that passwords to the District's credit card portal are being shared.

Purpose: The effectiveness of any password security policy depends on users not sharing passwords. Sharing a password can compromise the security of sensitive information and increase the risk of unauthorized access. Credit card portal passwords should not be shared when delegating work to others and for vacation coverage.

Corrective Action: Consider addressing the issue of password sharing in a bulletin to all District personnel. In the same bulletin, emphasize the importance of credit card supervisor review: a duty that cannot be delegated.

A stronger corrective action is the use of multi-factor authentication (MFA). With MFA, passwords might be shared, but another barrier – a second authentication factor – ensures only the genuine owner can access the network. The IT Division is currently working with Wells Fargo, our credit card provider, to find a way to implement MFA to the credit card portal access.

Status: Assigned to Finance and IT Divisions, completion anticipated in December 2024.

9.2 There is no policy that directly requires employees to log-off computers after business hours or when computers are unattended.

Purpose: Leaving a workstation without securing the desktop computer opens the possibility for someone to access the system without authorization and circumventing the security afforded by passwords.

In addition, HIPAA requires that an assessment be performed to determine whether the implementation of electronic procedures that automatically terminate an electronic session after a predetermined time of inactivity (e.g., automatic logoff, screen saver) is reasonable and appropriate. If this security can otherwise be met but the District chooses to not implement it or any equivalent alternative measure, the rationale for this decision must be documented.

Corrective Action: Amend the current password policy to specifically require employees to log-off or lock desktops before leaving their workstation. Note that the IT division is currently working with all stakeholders to implement an auto-lock feature for computer systems throughout the District.

Status: Assigned to IT Division and implemented as of the date of this report.

EXHIBIT B
Detailed Findings

THEFT OF PROPRIETARY AND SENSITIVE INFORMATION (Continued)

9.3 The infrastructure for the disaster recovery site is not complete.

Purpose: A disaster recovery (DR) site can be used to recover data from the most recent backup of the District's servers. Additionally, when necessary, organizations can switch to using a DR site if the primary location and its systems fail due to an unforeseen crisis event. A DR site is integral to the District's business continuity plan and disaster recovery strategy, identifying how the District can quickly resume work after an unplanned incident. Successful DR recovery critically depends on a functioning information technology (IT) infrastructure.

Corrective Action: The District's disaster recovery strategy is a combination of cloud backups of data and external site backup with a designated disaster recovery site. It is recommended that infrastructure for the disaster recovery site be funded and continuously upgraded to ensure the District can quickly recover from the disaster, restore operations, and minimize the financial impacts.

Once the disaster recovery infrastructure is in place and the strategy is complete, it is recommended that the disaster recovery plan be documented and reviewed every year.

Status: Assigned to IT Division. In order to accomplish a fully functional DR site with mirrored environment, funding for all equipment and up to three Network Administrator positions are needed. With funding for these personnel, the DR site can be established within a year.