

Modesto-Ceres Fire Protection Agency
Annual Financial Report
As of and for the Year Ended June 30, 2025
With Independent Auditor's Report



Modesto-Ceres Fire Protection Agency
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Independent Auditor's Report

Board of Directors

Modesto-Ceres Fire Protection Agency

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and major fund of the Modesto-Ceres Fire Protection Agency (the Agency) as of and for the year ended June 30, 2025, the budgetary comparison statement for the general fund for the year ended June 30, 2025, and the related notes to the basic financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Agency as of June 30, 2025, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.



- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the schedule of officers but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.



In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2025, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Glendale, California

November 12, 2025

Modesto-Ceres Fire Protection Agency
Statement of Net Position
June 30, 2025

	Governmental Activities
ASSETS	
Cash and investments	\$239,887
Interest receivable	2,840
Taxes receivable	110,846
Total Assets	<u>353,573</u>
LIABILITIES	
Accounts payable	353,573
Total Liabilities	<u>353,573</u>
NET POSITION	
Unrestricted	-
Total Net Position	<u><u>\$-</u></u>

See notes to basic financial statements.

Modesto-Ceres Fire Protection Agency
Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental Activities			
Fire and ambulance services	\$16,971	\$-	\$(16,971)
Total	\$16,971	\$-	(16,971)
General Revenues			
Taxes			761,913
Interest			11,847
Investment income			10,447
Distributions to Member Agencies			(796,599)
Net General Revenues and Distributions to Member Agencies			(12,392)
Change in Net Position			(29,363)
Net Position, Beginning of Year			29,363
Net Position, End of Year			\$-

See notes to basic financial statements.

Modesto-Ceres Fire Protection Agency
Balance Sheet – Governmental Fund
June 30, 2025

	General Fund
ASSETS	
Cash and investments	\$239,887
Interest receivable	2,840
Taxes receivable	110,846
Total Assets	\$353,573
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$353,573
Total Liabilities	353,573
 Fund Balance	
Unassigned	-
Total Fund Balance	-
Total Liabilities and Fund Balance	\$353,573

Note: There were no differences between the Governmental Fund Balance Sheet and the Governmental Activities Statement of Net Position as of June 30, 2025.

See notes to basic financial statements.

Modesto-Ceres Fire Protection Agency
Statement of Revenues, Expenditures, and Changes
in Fund Balance – Governmental Fund
Year Ended June 30, 2025

	General Fund
REVENUES	
Taxes	\$790,117
Interest	11,847
Change in fair value of investments	10,447
Total Revenues	812,411
EXPENDITURES	
Fire and ambulance services	
Professional services	5,350
Liability insurance	2,020
City of Modesto – administrative fee	6,411
Other	3,190
Total Expenditures	16,971
Excess of revenues over expenditures	795,440
OTHER FINANCING USES	
Distributions to Member Agencies	
City of Modesto	(442,511)
City of Ceres	(354,088)
Total Other Financing Uses	(796,599)
Net Change in Fund Balance	(1,159)
Fund Balance, Beginning of year	1,159
Fund Balance, End of year	\$-

See notes to basic financial statements.

Modesto-Ceres Fire Protection Agency
Reconciliation of the Governmental Fund Statement of Revenues,
Expenditures, and Changes in Fund Balance to the
Governmental Activities Statement of Activities
Year Ended June 30, 2025

Net Change in Fund Balance – Governmental Fund	\$(1,159)
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
Revenues reported as unavailable revenues in the governmental fund but are recognized in the Statement of Activities.	(28,204)
Change in Net Position – Governmental Activities	<u>\$(29,363)</u>

See notes to basic financial statements.

Modesto-Ceres Fire Protection Agency
Statement of Revenues, Expenditures, and Changes in Fund Balance –
General Fund – Budget to Actual
Year Ended June 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	\$755,065	\$801,258	\$790,117	\$(11,141)
Interest	2,396	12,313	11,847	(466)
Change in fair value of investments	-	-	10,447	10,447
Total Revenues	<u>757,461</u>	<u>813,571</u>	<u>812,411</u>	<u>(1,160)</u>
EXPENDITURES				
Fire and ambulance services				
Professional services	6,000	6,000	5,350	650
Liability insurance	1,300	2,020	2,020	-
City of Modesto – administrative fee	4,500	4,500	6,411	(1,911)
Other	3,299	3,300	3,190	110
Total Expenditures	<u>15,099</u>	<u>15,820</u>	<u>16,971</u>	<u>(1,151)</u>
Excess of Revenues Over Expenditures	<u>742,362</u>	<u>797,751</u>	<u>795,440</u>	<u>(2,311)</u>

(Continued)

See notes to basic financial statements.

Modesto-Ceres Fire Protection Agency
Statement of Revenues, Expenditures, and Changes
in Fund Balance – General Fund – Budget to Actual (Continued)
Year Ended June 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
OTHER FINANCING USES				
Distributions to Member Agencies				
City of Modesto	\$(412,382)	\$(443,150)	\$(442,511)	\$639
City of Ceres	(329,980)	(354,601)	(354,088)	513
Total Other Financing Uses	<u>(742,362)</u>	<u>(797,751)</u>	<u>(796,599)</u>	<u>1,152</u>
Net Change in Fund Balance	<u>\$-</u>	<u>\$-</u>	(1,159)	<u>\$(1,159)</u>
Fund Balance, Beginning of Year			1,159	
Fund Balance, End of Year			<u>\$-</u>	

See notes to basic financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Modesto-Ceres Fire Protection Agency (the Agency) was formed on March 13, 2007 by a joint powers agreement made in accordance with Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (commencing with Section 6500) between the Industrial Fire District (the District), the City of Modesto, and the City of Ceres, for the cities to provide fire protection and administrative services within the District. The Agency operates under the Fire Protection District Law of 1987 and the Health and Safety Code, Sections 13801-13999.

Funding for the Agency's operation comes from property tax revenues collected by the County of Stanislaus (the County).

Reporting Entity

The Agency's financial statements include the accounts of all Agency operations. The criteria for including organizations as component units within the Agency's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board's (GASB) Codification of Government Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in its own name).
- The Agency holds the corporate powers of the organization.
- The Agency appoints a voting majority of the organization's board.
- The Agency can impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the Agency.
- There is fiscal dependency by the organization on the Agency.

Based on the criteria, the Agency has no component units.

Modesto-Ceres Fire Protection Agency
Notes to Basic Financial Statements
Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the Agency's activities. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are identifiable with a specific function or segment.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental Fund Financial Statements

Governmental fund financial statements (i.e., Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, interest on investments, and intergovernmental revenues.

Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. A one-year availability period is used for all other revenues. Interest in invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific expenditures are recognized when all eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting; however, debt service expenditures are recorded only when payment is due.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Financial Statements (Continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities.

The Agency reports one major governmental fund:

The *General Fund* is the primary operating fund and accounts for all financial resources of the Agency.

The Agency adopts annual appropriated budgets for its General Fund, which is a major fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with the budgets. The budgetary comparison statement is presented on a budgetary basis which differs from generally accepted accounting principles in the method of accounting for accruals and encumbrances.

Budget

The budget for the General Fund is prepared on a cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected; expenditures, which include encumbrances, are budgeted in the year that the applicable warrant requisitions are expected to be issued.

Modesto-Ceres Fire Protection Agency
Notes to Basic Financial Statements
Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget (Continued)

Annual budget requests are submitted by the Agency staff to the Agency's Board of Directors (Agency Board) for review. After a public hearing, a budget is approved by the Agency Board, with a resolution adopting said budget. Copies of the approved budget are sent to all required agencies.

The General Fund budget is prepared within the limit on spending as regulated by Proposition 4 Appropriations Limitation. Unencumbered appropriations for annual budgeted funds lapse at year-end.

Proposition 4

The Proposition 4 Appropriations Limitation for the year ended June 30, 2025, was \$ 1,549,050.

Cash and Investments

The Agency maintains its cash account with the City of Modesto as part of the cash and investment pool. The City of Modesto is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

In accordance with GASB Statement No. 43, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held by the City of Modesto are stated at fair value. The fair value of pooled investments is determined monthly and is based on current market prices received from the securities custodian. The balance available for withdrawal is based on the accounting records maintained by the City of Modesto.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Tax

Secured property taxes are attached as an enforceable lien on real property as of the 1st day of January. Taxes are payable in two installments on November 1st and February 1st and become delinquent if not paid before December 10th and April 10th. Unsecured property taxes are billed in one installment, are due March 15th, and become delinquent if not paid on or before August 31st. The County bills and collects all property taxes and remits to the Agency its share of the 1% property tax allocation.

Employees' Retirement Plan

The Agency no longer participates in the County retirement plan since firefighters are paid by the cities of Modesto and Ceres.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Position

Net position represents the residual interest in the Agency's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the equity section on the Statement of Net Position was combined to report the total net position and present it in three broad components:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Net investment in capital assets - Amount consists of capital assets, including infrastructure, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted - Amount consists of net position restricted by external creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabled legislature.

Unrestricted - Amount consists of net position that does not meet the definition of “net investment in capital assets” or “restricted” net position.

When both restricted and unrestricted net position are available, restricted resources are depleted first before unrestricted resources are used.

Fund Balance

In the fund financial statements, in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the Agency is bound to honor constraints on how specific amounts can be spent.

- *Nonspendable* - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact. The Agency did not have any nonspendable resources as of June 30, 2025.

- *Restricted* - Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The Agency did not have any restricted resources as of June 30, 2025.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

- *Committed* - Amounts constrained to specific purposes by the Agency itself, using its highest level of decision-making authority, the Agency Board. To be reported as committed, amounts cannot be used for any other purpose unless the Agency Board takes the same highest-level action to remove or change the constraint. The Agency did not have any committed resources as of June 30, 2025.
- *Assigned* - Amounts the Agency intends to use for a specific purpose. Intent can be expressed by the Agency or by an official or body to which the Agency Board delegates the authority. The Agency did not have any assigned resources as of June 30, 2025.
- *Unassigned* - Amounts that are available for any purpose. The Agency did not have any unassigned resources as of June 30, 2025.

In circumstances when an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Agency considers amounts to have been spent first out of committed funds then assigned funds, and finally unassigned funds, as needed, unless the Agency Board has provided otherwise in its commitment or assignment actions.

Governmental Accounting Standards Update

During the year ended June 30, 2025, the Agency implemented the following standards with no impact on the financial statements:

GASB Statement No. 101 – *Compensated Absences*. The requirements of this statement are effective for reporting periods beginning after December 15, 2023.

GASB Statement No. 102 – *Certain Risk Disclosures*. The requirements of this statement are effective for reporting periods beginning after June 15, 2024.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Accounting Standards Update (Continued)

Released GASB Statements to be implemented in future financial statements are as follows:

GASB Statement No. 103 – *Financial Reporting Model improvements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2025.

GASB Statement No. 104 – *Disclosure of Certain Capital Assets*. The requirements of this statement are effective for reporting periods beginning after June 15, 2025.

NOTE 2 CASH AND INVESTMENTS

Cash and investments of the Agency are pooled with other City of Modesto funds. Interest earned on pooled cash and investments is credited to each participant in the pool based on each participant's average monthly cash balance. Credit quality ratings are not available for the Agency's investments as all cash is invested as part of the common cash and investment pool of the City of Modesto. Cash in the City pool is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form. The Agency does not have any deposits with financial institutions as of June 30, 2025.

Modesto-Ceres Fire Protection Agency
Notes to Basic Financial Statements
Year Ended June 30, 2025

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of June 30, 2025 are classified in the accompanying financial statements as follows:

Statement of Net Position

Cash and investments	\$239,887
Total cash and investments	\$239,887

Summary of Deposits

Cash and investments as of June 30, 2025 consist of the following:

Deposits with City of Modesto

Cash and investments pool	\$239,887
Total cash and investments	\$239,887

Detailed information regarding the City of Modesto’s pooled cash and investments, including information regarding the fair value of investments, may be found in the City of Modesto’s Annual Comprehensive Financial Report. As of June 30, 2025, the fair value of the Agency’s position in the pool is the same as the value of its pool shares.

NOTE 3 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excess of expenditures over appropriations for the year ended June 30, 2025 was as follows:

Expenditures	Amount
General Fund	
Fire and ambulance services	
City of Modesto – administrative fee	\$(1,911)

Modesto-Ceres Fire Protection Agency
Notes to Basic Financial Statements
Year Ended June 30, 2025

NOTE 4 SUBSEQUENT EVENTS

The Agency has evaluated events or transactions subsequent to June 30, 2025, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 12, 2025, the date the financial statements were available to be issued, and determined that no subsequent events required recognition or disclosure in the accompanying financial statements.

OTHER INFORMATION

Modesto-Ceres Fire Protection Agency

Other Information

Schedule of Officers

June 30, 2025

President Joseph P. Lopez - City of Modesto
City Manager

Secretary Juana Lynch – City of Modesto
Executive Assistant

Member Doug Dunford - City of Ceres
City Manager

Member Kevin Wise – City of Modesto
Fire Chief

Member Christopher Perry – City of Ceres
Police Chief



Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors

Modesto-Ceres Fire Protection Agency

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the governmental activities and major fund of the Modesto-Ceres Fire Protection Agency (the Agency), as of and for the year ended June 30, 2025, the budgetary comparison statement for the general fund for the year ended June 30, 2025, and the related notes to the basic financial statements, which collectively comprise the Agency’s basic financial statements, and have issued our report thereon dated November 12, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency’s internal control.



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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from 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 financial statements. 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*.



Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vasquez & Company LLP

Glendale, California

November 12, 2025



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