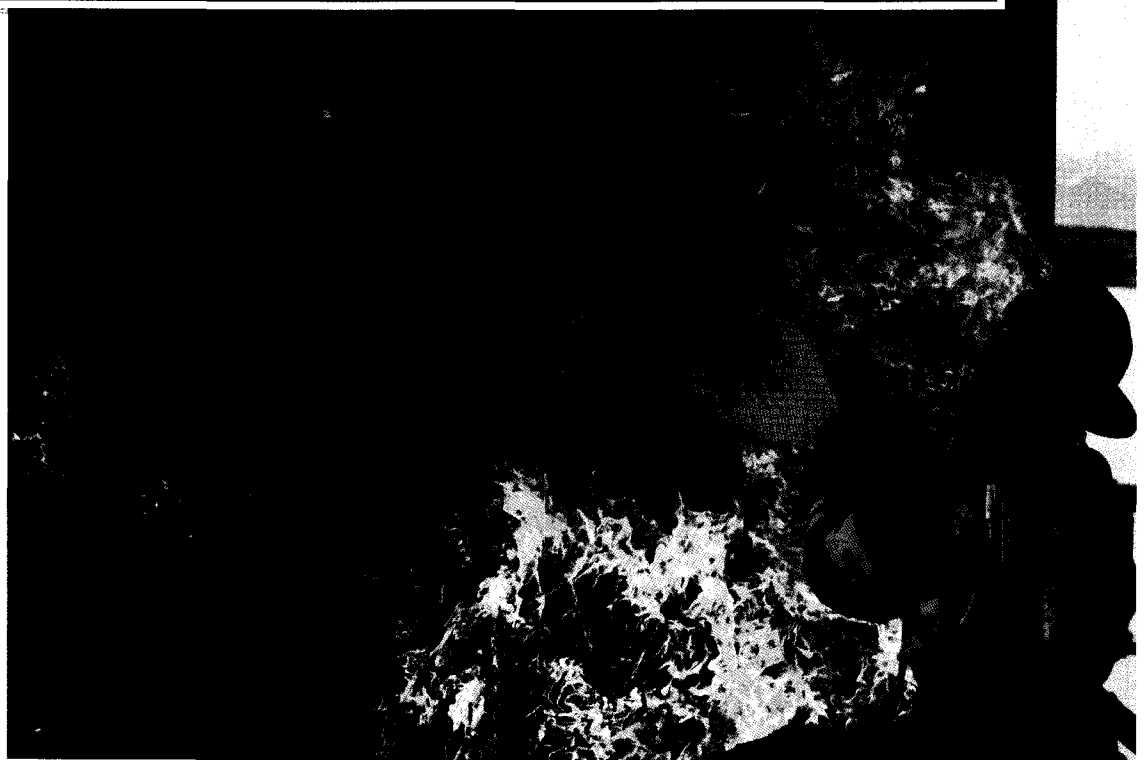


For Fiscal Year ending  
June 30, 2008

# Menlo Park Fire District



Comprehensive  
Annual Financial  
Report

**MENLO PARK FIRE PROTECTION DISTRICT**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2008**

**MENLO PARK FIRE PROTECTION DISTRICT**

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January 26, 2009

The President of the District Board and  
Members of the District Board  
300 Middlefield Road  
Menlo Park, California 94025

The Comprehensive Annual Financial Report (CAFR) for the Menlo Park Fire Protection District for the fiscal year ending June 30, 2008 is hereby submitted. This report was prepared by management and the Finance staff in the District's Administration Division, which assumes responsibility for the accuracy of the data and the completeness and fairness of the presentation and all disclosures. The information in this report is intended to present the reader with a comprehensive view of the District's financial position and the results of its operations for the fiscal year ending June 30, 2008, along with additional disclosures and financial information designed to enable the reader to gain an understanding of the District's financial activities.

This report was prepared as prescribed in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* (GASB 34). This new GASB Statement requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found in the financial section of this report.

**District Comprehensive Annual Financial Report**

The accounting firm of C.G. Uhlenberg LLP has audited the District's financial statements. The goal of the independent audit was to provide the reader reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2008, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principals used, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2008 are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented with the financial section of this report.

This Comprehensive Annual Financial Report is organized into three sections:

- I. The Introductory Section includes the table of contents, letter of transmittal, listing of elected officials and District administrative personnel, and organization chart delineating organizational structure.
- II. The Financial Section includes the independent auditors' opinion, management's discussion and analysis, the basic financial statements, notes to the financial statements, combining statements of non-major funds, and required supplemental information.
- III. The Statistical Section includes both financial and non-financial data about the District.

This Comprehensive Annual Financial Report will be submitted to the Government Finance Officers Association (GFOA) for consideration to be awarded its Achievement of Excellence in financial reporting certification. This award is granted only to entities whose reports meet the highest standards of municipal financial reporting. This is the first year that the Menlo Park Fire Protection District has submitted their CAFR to GFOA for consideration.

#### **The Reporting Entity and Its Service**

The Menlo Park Fire Protection District was formed in 1916 and provides emergency services for the communities of Atherton, East Palo Alto, Menlo Park, and Unincorporated Areas of San Mateo County. The Fire District protects approximately 33 square miles and covers this area through the strategic placement of seven fire stations, each housing a Type 1 Fire Engine and a crew of three firefighters consisting of a Captain, Apparatus Driver, and Paramedic. The stations are staffed 24 hours a day through three rotating shifts. Each year the District responds to an average of 7,500 calls for service, the majority of which are related to medical emergencies. The District maintains specialized services associated with technical rescue through both its water rescue and urban search and rescue programs.

The Board of Directors consists of five locally elected officials. Any resident of the District can run for a Board seat. Elections are held every two years, on the years ending in odd numbers. In November of 2009 there will be three seats open. The Board President and the Vice-President are appointed by the Board from its own ranks and serve for one-year terms.

This report includes all funds of the Menlo Park Fire Protection District.

### **Accounting System and Budgetary Control**

The District's accounting records are maintained on a modified accrual basis, revenues are recorded when both measurable and available, and expenditures are recorded when the goods or services are received.

The budget is adopted by resolution prior to the Special District State mandated deadline of October 1st. The District targets the final meeting in June for the annual adoption of the budget, tying the process to the fiscal year. Revenues and expenditures in the General Fund are authorized in the final budget resolution at the fund level, the Division Chiefs are held accountable at the Division level, by major expenditure categories. Internal Service Funds are budgeted on a fund by fund basis, and capital projects are budgeted at the individual project area. California Urban Search and Rescue Task Force 3 are budgeted by cooperative agreement in compliance with the restrictions of the grant.

Amounts set aside as reserves or designations in a fund which in the opinion of the Board are no longer necessary; amounts appropriated as contingencies in a fund; transfers between budget units; and other budgetary designations may be created, eliminated, revised in amount, or otherwise amended by an affirmative vote of three members of the Board at any regular or special meeting.

### **Local Economy**

The financial structure of the District is extremely dependent upon property tax revenue. Slightly more than 90% of the operating revenue is received from the category of taxes and of that in excess of 85% is from net property taxes. Proposition 1A offers protection to the District from further ongoing takes of property tax revenue by the State of California. However there is still the option for temporary borrowing by the State. The District continues to monitor closely the current budget crisis at the State level, to be prepared to act proactively not retroactively to the impact of any State mandates.

The District's dependency on tax revenue to provide service levels also creates a fiscal situation such that the majority of the revenues received by the District are subject to the Gann Limit. The voter's within the service area of the Menlo Park Fire Protection have consistently approved a limit for the District in excess of the calculated limited. In November of 2007 the voters approved a limit of \$40,000,000 for fiscal years 2008-09 through 2011-12. Approximately 30% of the operating budget is funded by tax revenues in excess of the calculated Gann limit due to the higher voter approved limit.