

Menlo Park Fire Protection District



*Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2015
Menlo Park, California*

Menlo Park Fire Protection District

Menlo Park, California

Comprehensive Annual Financial Report

For the Year Ended June 30, 2015

Prepared By the
Administrative Services Department
of the Menlo Park Fire Protection District

**Menlo Park Fire Protection District
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015**

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Menlo Park Fire Protection District
Principal Officers
For the Year Ended June 30, 2015



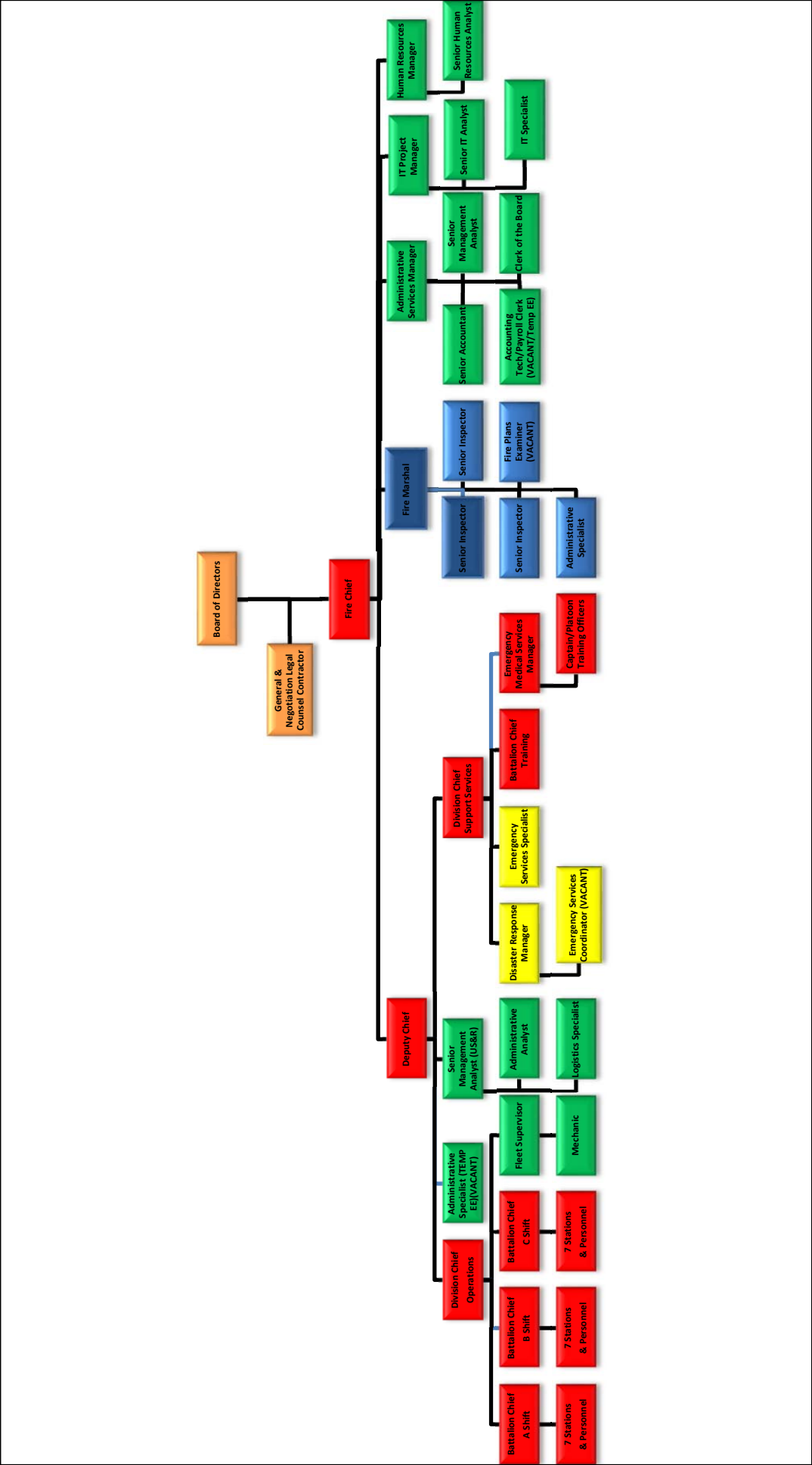
Board of Directors

Virginia Chang Kiraly President	Rob Silano Vice President	
Rex Ianson Director	Peter Carpenter Director	Chuck Bernstein Director

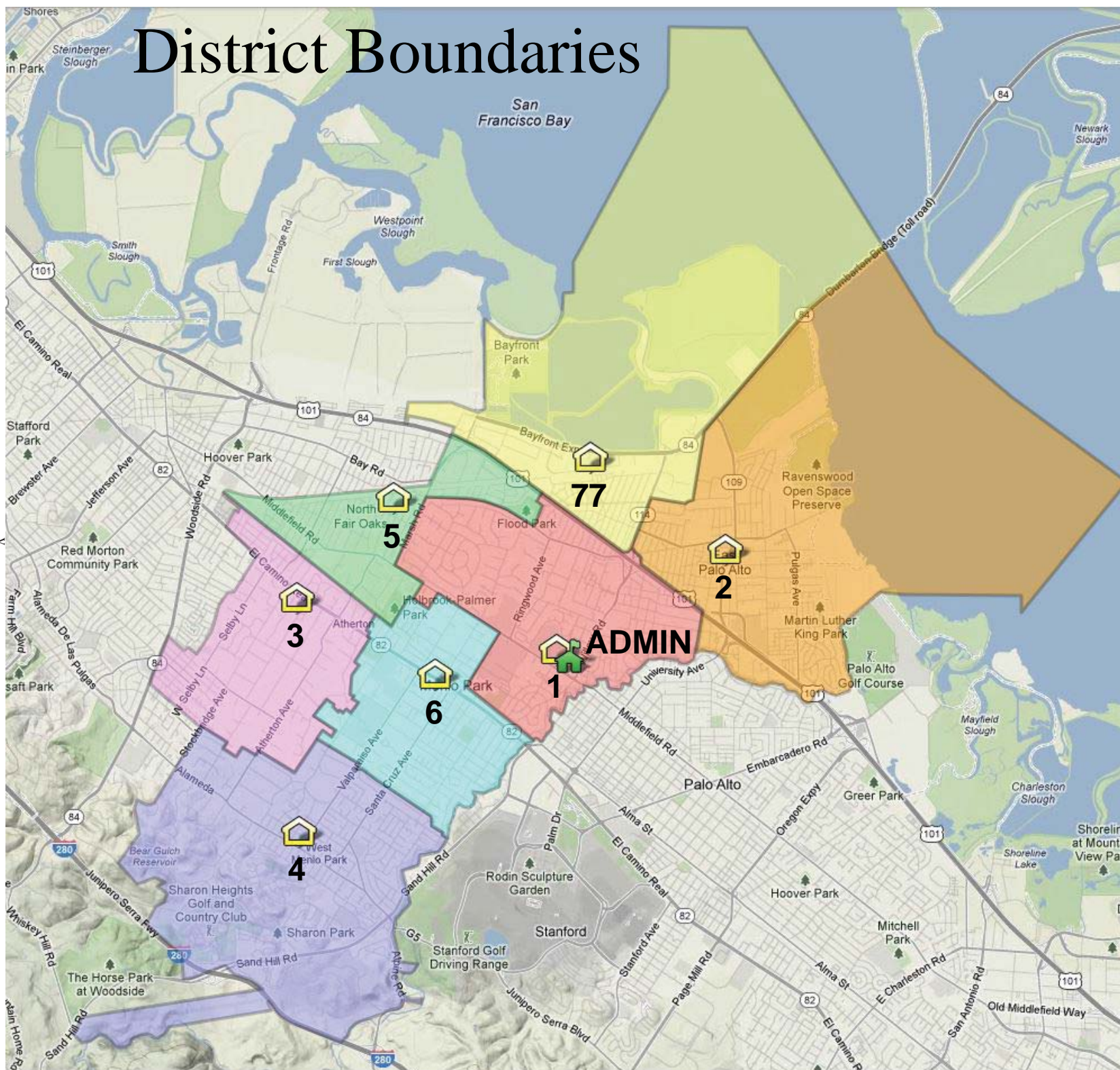
Principal Staff

Harold Schapelhouman	Fire Chief
Kathleen Jackson	Administrative Services Manager
Donald Long	Deputy Chief
Manny Navarro	Division Chief (Operations and Training)
James Stevens	Division Chief (Support Services)
Jonathan Johnston	Fire Marshal
Michael Shaffer	Battalion Chief
Ben Marra	Battalion Chief
Tom Calvert	Battalion Chief
Dan Coyle	Battalion Chief

MENLO PARK FIRE PROTECTION DISTRICT ORGANIZATIONAL CHART



District Boundaries



**Administration and
Fire Prevention Office**
170 Middlefield Road
Menlo Park, CA 94025

Station 1
300 Middlefield Road
Menlo Park, CA 94025

Station 2
2290 University Avenue
East Palo Alto, CA 94303

Station 3
32 Almedral Avenue
Atherton, CA 94027

Station 4
3322 Alameda De Las Pulgas
Menlo Park, CA 94025

Station 5
4101 Fair Oaks Avenue
Menlo Park, CA 94025

Station 6
700 Oak Grove Avenue
Menlo Park, CA 94025

Station 77
1467 Chilco Avenue
Menlo Park, CA 94025

MENLO PARK FIRE PROTECTION DISTRICT



Administration & Fire Prevention Office
170 Middlefield Road, Menlo Park



Station 1
300 Middlefield Road, Menlo Park



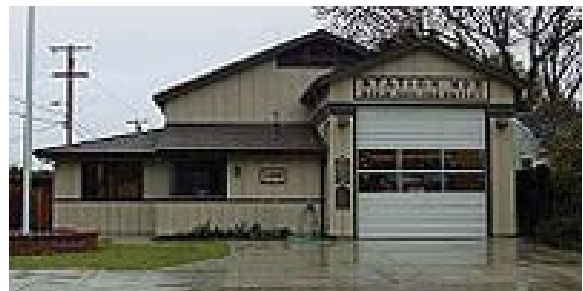
Station 2 (under construction)
2290 University Avenue, East Palo Alto



Station 3
32 Almedral Avenue, Atherton



Station 4
3322 Alameda De Las Pulgas, Menlo Park



Station 5
4101 Fair Oaks Avenue, Menlo Park



Station 6
700 Oak Grove Avenue, Menlo Park



Station 77
1467 Chilco Avenue, Menlo Park



Menlo Park Fire Protection District

Fire Chief

Harold Schapelhouman

170 Middlefield Road • Menlo Park, CA 94025 • Tel: 650.688.8400 • Fax: 650.323.9129

Website: www.menlofire.org • Email: mpfd@menlofire.org

Board of Directors

Virginia Chang Kiraly

Rob Silano

Rex Ianson

Peter Carpenter

Chuck Bernstein

November 12, 2015

Board of Directors
Menlo Park Fire Protection District
170 Middlefield Road
Menlo Park, California 94025

Honorable Members of the Board:

I am pleased to submit the Menlo Park Fire Protection District's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2015, to you and to the residents of the District.

This report has been prepared by the Administrative Services Division following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA) and is in conformance with generally accepted accounting principles for state and local governmental entities established by the Governmental Accounting Standards Board (GASB). Responsibility for the accuracy, completeness and fairness of the presented data and the clarity of presentation, including all disclosures, rests with the management of the District. 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, 2015, along with additional disclosures and financial information designed to enable the reader to gain an understanding of the District's financial position and 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). GASB No. 34 requires 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.

The Reporting Entity and Its Service

History of the Menlo Park Fire Protection District

When the brass bell that hung in the first firehouse in Menlo Park on Merrill Street rang, Menlo Park Hose Company No. 1 sprang into action. A horse-drawn wagon was pulled from the small wooden structure at the end of Santa Cruz Avenue, to an awaiting team of horses. Then the race was on from the livery stable to the site of the emergency. The first of the two all-volunteer express fire companies that arrived at the scene was paid for the use of its horses that hauled the hose wagon to the fire. There were seventeen volunteer members in total serving Menlo Park at the time, and responses to fire incidents could be chaotic.



On September 16, 1915, a note of order was introduced to the community when a group of 62 residents petitioned the San Mateo County Board of Supervisors to approve the formation of a Special District to provide fire services to the area and thus the Menlo Park Fire Protection District was created.

The boundaries of the Fire District eventually followed lines similar to those drawn for the original incorporation of Menlo Park, which included Fair Oaks, (later Atherton) and Ravenswood, (later East Palo Alto). The original incorporation of the City of Menlo Park was approved on March 23, 1874, making it the second incorporated city in San Mateo County. This incorporation, which was undertaken primarily to provide a quick way to raise money for road repairs, was short-lived and had been undone by 1876. A second incorporation effort was initiated in 1923 and would have included what is now the Town of Atherton. The residents of Atherton, however, had incorporation ideas of their own and beat Menlo Park representatives to the County Courthouse to file incorporation papers by only minutes. The residents of Menlo Park delayed the submission of its incorporation petition and the city was not finally incorporated until 1927. East Palo Alto remained as an unincorporated area until 1983. The Menlo Park Fire District is thus actually older than the three cities it protects.

Three years after the Fire District was formed a new firehouse was put into service and it housed an electrically operated siren, replacing the old brass bell. The new firehouse, which was a brick building at 1077 Merrill Street in Menlo Park, served as the main firehouse for the District until 1955, when operations were moved to what is now Fire Station 1, at 300 Middlefield Road.

The District has been served by many Fire Chiefs. The first of these was Fire Chief Frank P. Roach, a volunteer. Four years after the District's formation, Fred Whitaker became the first paid Fire Chief in 1919. Whitaker was a retired captain from the San Francisco Fire Department who brought with him an extensive background in fire fighting techniques. During the first nine years of Whitaker's tenure, there was only one paid firefighter, Leslie Brown, who had been hired in 1918. He worked a demanding schedule of twenty-four hours a day, seven days a week for very meager wages. He was ultimately promoted to Assistant Chief. The paid staff remained at two until 1928, when a second paid firefighter joined the payroll.

When Chief Whitaker left the District in 1936, Thomas F. Cuff, a former Berkeley Fire Department captain, assumed the Chief's position. He headed the department until 1955. The Menlo Park Firefighters' Association has named its antique fire apparatus "Old Tom" in his honor.

George B. Carter followed Chief Whitaker. He started his 44 year career with the District in 1928. Before his retirement in 1972, Carter had worked his way up through the ranks and was promoted to Fire Chief in 1955.



In 1972, the Chief's position was filled by Robert Whitney who, like Carter, ascended through the ranks, starting his career with the District in 1946. He was succeeded by Vince Del Pozzo in 1978, another career Menlo Park firefighter.

Following Chief Del Pozzo's retirement in 1984, Winfred Baker won the top position, but served for less than a year. Several interim Fire Chiefs served the District until Jack Bennett was hired

as Chief in 1985, after completing a career with the Los Angeles City Fire Department, having retired from that agency as Assistant Chief.

Bennett served until his retirement in 1992, and was replaced by Rick Tye, who was Chief of the Marysville Fire Department prior to his appointment to the Menlo Park Fire Protection District's position. It was toward the end of Chief Bennett's term and during Chief Tye's that the District began training paramedics. The District was the first fire agency in San Mateo County to have paramedics on each fire engine, beginning on December 19, 1994. Engineer Paramedic Michael Cochrane administered the first Advanced Life Support treatment to a pediatric patient in respiratory distress four minutes into the morning of that first day.

In November of 1998, the Board of Directors hired Chief Miles Julihn, who retired in 2002. In September of 2002, the Board appointed Paul S. Wilson as the Fire Chief. He served for not quite three years. On August 22, 2005, Douglas Sporleder was appointed as the District's Fire Chief. Chief Sporleder retired from the District and was followed by the District's current Fire Chief, Harold Schapelhouman. Chief Schapelhouman joined the District in 1981, and was appointed Fire Chief in January of 2007. Chief Schapelhouman sets an example of resilience, fortitude and a commitment to public service. His leadership and foresight support the District's Board, employees and their collective mission.

Over the years, the population of the Menlo Park Fire Protection District has grown significantly, and stations have been added as new communities formed. The District boundaries grew to cover approximately seventeen square miles by the 1940's. In recent years, much of the marshland and bay water area has been added to the District's responsibilities, enlarging the District's geographic area to thirty square miles. The District provides emergency response services from seven fire stations. The seventh fire station was added in the eastern portion of the City of Menlo Park in 1997.

On October 12, 1993, the Menlo Park Fire Protection District entered into an agreement with the Federal Emergency Management Administration (FEMA) and the State of California and became the sponsoring agency for California Task Force 3 Urban Search and Rescue. The Task Force provides critical emergency response services as one of twenty-eight teams that comprise the National Search and Rescue Response System. Chief Schapelhouman led the District's deployment to New York in response to the September 11th tragedy and to the District's deployment to New Orleans during the aftermath of hurricane Katrina. The Menlo Park Fire Protection District's Urban Search and Rescue Task Force has a distinguished record of response to the nation's most significant emergencies.

The Fire District Today

The Menlo Park Fire Protection District is a Special District as defined under the Fire Protection District Law of 1987, Health and Safety Code Section 13800, of the State of California. The Board of Directors consists of five locally elected citizens, who serve four-year terms. Any resident of the Fire District who is over the age of eighteen and a registered voter, may run for a Board seat. Elections are held every two years, on the years ending in odd numbers. In November of 2015, two seats were open and the two current incumbents were appointed for another four year term. The Board President and the Vice President are elected by the Board from its own ranks and serve for one-year terms. The Board meets once a month in the classroom at Fire Station 1.

The Fire District budgeted 115.5 full time equivalent employees (FTE). Of this total, 97 FTE provide direct fire services. These frontline Fire District employees are supported by 18.5 staff members who provide day-to-day administrative and financial services, maintain and manage the Fire District's fleet of vehicles, and oversee emergency preparedness, including the management of citizen volunteers in the Community Emergency Response Team (CERT) program. The Fire District also has a robust succession planning program to ensure that the Fire District has the staff resources needed to maintain a high level service to the community. Promotional tests and academies are held annually to advance high performing firefighters to Engineers and Captains and to recruit new firefighters to fill vacancies.

The Fire District is responsible for providing the highest level of emergency and non-emergency services to the community in an effort to protect and preserve life and property from the impact of fire, disaster, injury and illness. The Menlo Park Fire Protection District protects a growing population of over 90,000 residents with seven fire stations, strategically placed to minimize response times. Within the Fire District's response area are Facebook's corporate headquarters, the office of the United States Geological Survey (USGS), a Veteran's Affairs Hospital (VA), and the Stanford Research Institute (SRI). As the primary first responder, the Menlo Park Fire Protection District answers approximately 8,200 calls a year that are reported to the National Fire Incident Reporting System (NIFRS). Emergency call dispatching is provided through a countywide consolidated Fire Dispatch Center. The Menlo Park Fire



Protection District is also the proud sponsor of California Task Force 3, an Urban Search and Rescue Program affiliated with the Federal Emergency Management Agency (FEMA). In the past, the Task Force has responded to hurricanes, earth quakes, acts of terrorism, tornadoes, floods, and most recently a large mudslide. Last fiscal year, the Task Force provided Operation Alaskan Shield training. The training included use of a debris pile simulating a collapsed structure due to an earthquake or Tsunami and incorporated specialized search gear, search dogs, and technical rescue operations and personnel. The training was designed to improve the teams' ability to coordinate and work in support of local responders and command and control elements. Overall, the Fire District provides a wide range of emergency services consisting of fire suppression, prevention, rescue, emergency medical services, emergency preparedness, public education, arson investigation, and fire and hazardous materials inspections.

In March 2012, with the adoption by the Board of Directors of Resolution No. 1516-2012, the District began providing fire protection services to the Stanford Linear Accelerator Center (SLAC) under a memorandum of agreement. This agreement was renewed in March of 2015 for a period of five years. The scope of assistance, as defined in the agreement, includes the provision by the Fire District of fire suppression, technical rescue, and emergency medical services within the SLAC Service Area, upon receiving a request from Stanford University for such services. The scope of assistance is determined based on an incident-by-incident basis and the volume of calls and type of response. The Fire District's fire suppression activities include responses to structural, wild land, and vehicular fires, as well as emergency medical services. The Fire District also provides management, planning, and training services to SLAC. The Fire District receives fees on a monthly basis related to ongoing, site specific reviews, training, and preparation. Basic emergency services are not subject to a fee, unless they involve significant incidents lasting over two hours. Such services are billed at rates set within the agreement.

The Fire District places a high priority on injury and illness prevention in all areas of emergency response, daily operations and administrative activities, and it provides safe and healthy working conditions for Fire District employees. The Fire District's safety policy, "Injury and Illness Prevention Program," ensures employees have a safe and healthy workplace by identifying responsibilities to be followed by management and employees. The Fire District's program meets or exceeds the requirements of California Code of Regulations, Title 8, section 3203. It applies to all full and part-time employees, cadets, interns, temporary employees and volunteers working for the Fire District. In addition, the District completed the implementation of the OSHA required safety programs in 2014.

Furthermore, the Fire District completed a Standards of Cover Assessment (SOC) in June 2015. The study included a review of the current deployment system from existing District fire station locations, current deployment models that include apparatus configurations and personnel staffing, changing local development activity and the related traffic impact and congestion models along with other helpful risk related data and information. The Board of Directors will meet in early 2016 to review a 5-10 year plan with short and long term goals to address the SOC study recommendations and consider the potential impact on District finances.

The Fire District's Fire Prevention Bureau implemented a new key secure program on all engines and code enforcement vehicles, which has increased security and protection for the community. Adoption of the 2013 Fire Code and District Ordinance allows the Fire District to enforce regulations that relate to non-construction related items such as fire access roads, administrative functions and guidelines and standards related to local infrastructure.

The Fire District's Comprehensive Annual Financial Report

The Pun Group LLP, a firm of certified public accountants, has audited the Fire District's financial statements for the fiscal year ended June 30, 2015. The independent audit provides the reader reasonable assurance that the financial statements 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 principles 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 Fire District's financial statements for the fiscal year ended June 30, 2015 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 presented in five sections:

1. Introductory section, which includes the transmittal letter and general information.
2. Management's Discussion and Analysis.
3. The Basic Financial Statements, including the government-wide and the fund financial statements, along with notes to the financial statements.
4. Required supplemental information.
5. Statistical information.

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.

Accounting System and Budgetary Control

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

The Fire District's budget is adopted by resolution prior to the Special District State-mandated deadline of October 1st. The Fire District targets the final Board 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. The Transfers into the Debt Service Funds are budgeted based on the average total coupon payment, less the final two payments, which are part of the reserve balance requirement. Capital projects are budgeted at the individual project level. California Urban Search and Rescue Task Force 3 is budgeted based upon a 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. In June 2011, the Board of Directors authorized by Resolution No. 1458-2011 and No. 1505-2011, the adoption of a formal fund balance policy and the reclassification of the Fire District's fund balance to comply with GASB Statement No. 54. The Fund Balance Policy is designed to strengthen the Fire District's oversight of reserve funds and to ensure that the Fire District is optimally positioned to respond to fiscal challenges. The policy is reviewed and reauthorized by a Board Resolution annually.

Internal Control

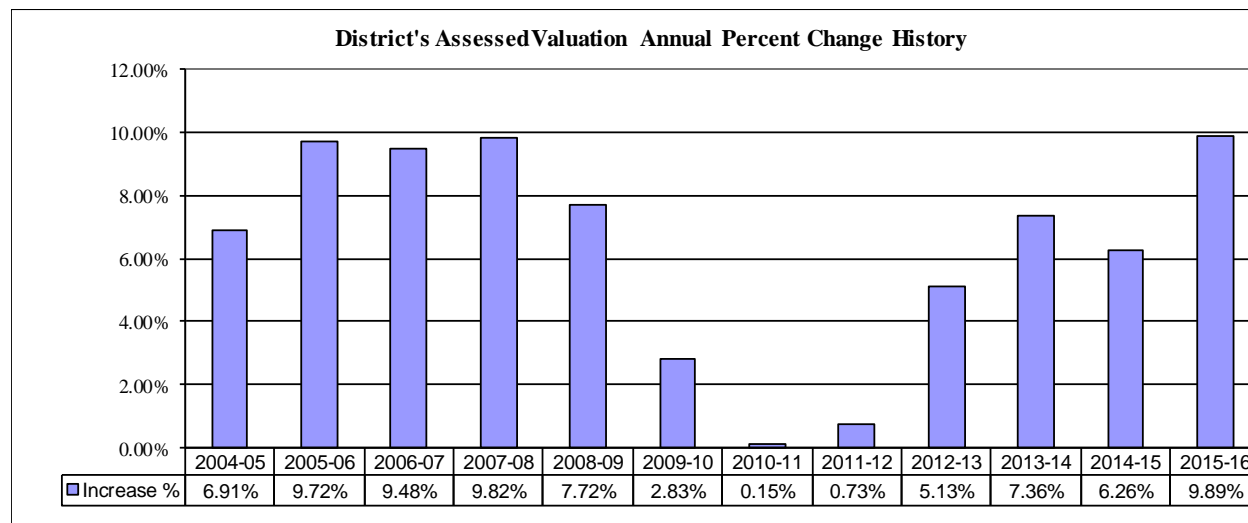
On August 6, 2008, in order to comply with Statement on Auditing Standards (SAS) No. 114, regarding the auditors' communication with those charged with governance, the Board of Directors appointed the Fire District's Finance Committee, which is comprised of two Board members and a member of the public community, to act as a point of contact for communication with the Fire District's auditors and established a process for the Board Members to receive full disclosure of the Fire District's audit results. For the year ended June 30, 2015, the auditors had no comments or findings to report to the Audit Committee.

Leveraging the limited staff resources available, the Fire District has put in place all reasonable checks and balances and taken steps to ensure the effectiveness of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance.

Local Economic Factors

The Fire District benefited financially from a strengthening local and State economy in recent years. The Fire District is dependent on property taxes to support operations. In 2014-15, the net property tax revenue accounted for almost 93% of operating revenue received. The improvement in the economy directly impacts the Fire District's property tax base. During fiscal years 2010-11 and 2011-12, growth in the assessed valuation roll was minimal, leading to a flattening in property tax receipts. In 2012-13, however, assessed values grew by over five percent and continued to grow into the 2015-16 fiscal year. The San Mateo County Assessor's Office is projecting continued growth for 2016-17.

The following chart demonstrates eight years of assessed valuation history for the Fire District.



Highlighting the recovery of the local economy is the social networking service, Facebook, which moved to the city of Menlo Park in 2011. The firm entered into a fifteen year building lease with the Oracle Corporation East campus, with an option to purchase the property after five years. Facebook conducted a major redevelopment of the property and the Fire District is in the process of working closely with the company on the construction of its West campus, which consists of about 1,000,000 square feet on the old Tyco Electronics property. With a growing number of employees and a growing campus, Facebook has helped the local economy tremendously. The Fire District has received permit fees and other fees, such as a Traffic Pre-emption device fee, and provides fire services and emergency services as needed.

Management's Discussion and Analysis, which follows this Introductory Section, includes an extensive discussion on the Fire District's property tax base and other economic factors.

Fiscal and Financial Planning

The Board of Directors places a high priority on closely monitoring the impact of changing economic conditions on the Fire District's finances and upon the District's ability to maintain current service levels, meet infrastructure needs, and build and maintain sufficient reserve balances. The Board is committed to following fiscally responsible decision-making criteria. The budget preparation and adoption process is guided by several basic fiscal tenets:

- ☑ Ongoing operating expenditures are to be paid with ongoing operating revenues.
- ☑ Services provided by Fire District Staff that have a cost recovery element should be as close to a 100% cost recovery as is feasible.
- ☑ Alternate revenue sources such as grants are encouraged with the caveat that the associated expenditures have a limited life equal to that of the revenue source.
- ☑ Paid time off balances, such as annual leave, will be funded at 100% pay out values per Memorandum(s) of Understanding and compensation and benefit plans effective at the end of the each fiscal year.

The Fire District has incorporated these tenets into its fiscal strategies and uses them to set fiscally responsible short and long-term goals. Despite the recent economic downturn, the Fire District continues to provide a high level of reliable service to the public. Effective leadership and prudent fiscal practices continue to ensure that the community the Fire District serves will receive the service level that it has come to expect.

One additional item to note is that during the fiscal year the District resolved two outstanding unfair labor practice charges related to overtime wages and health benefits. The two issues were resolved through the State Public Employer Relations Board and resulted in two payments in the amounts of \$460,968 and \$1,063,143 to the affected Safety employees.

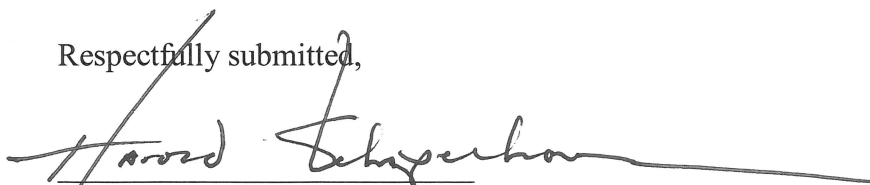
Awards and Acknowledgments

The Government Finance Officers Association of the United States of America and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Menlo Park Fire Protection District for its comprehensive annual financial report for the year ended June 30, 2014. This was the fifth year the Fire District has achieved this prestigious fiscal award. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Menlo Park Fire Protection District believes that submitting the Fire District's CAFR for award consideration provides reassurance to readers of the CAFR of the document's quality and accountability.

I would like to thank all the members of the Fire District's staff who were involved in the preparation of the 2014-15 CAFR and who continue to provide outstanding support to the day-to-day financial management of the Fire District. I would also like to thank the Board of Directors and the Finance Committee for their continuing support of the Fire District's efforts to achieve excellence in financial reporting.

Respectfully submitted,



Harold Schapelhouman
Fire Chief



Government Finance Officers Association

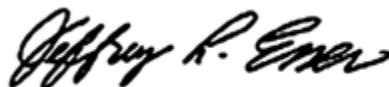
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Menlo Park Fire Protection District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014



Executive Director/CEO



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INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Directors
of the Menlo Park Fire Protection District
Menlo Park, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Menlo Park Fire Protection District (the "District"), as of and for the year ended June 30, 2015, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the District, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Implementation of GASB Statement No. 68 and 71

As discussed in Note 1 and 8 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The adoption of these standards required retrospective application of previously reported net position and reclassification of certain accounts as of July 1, 2014 as described in Note 11 to the basic financial statements. In addition, aggregate net pension liability is reported in the Statement of Net Position in the amount of \$34,261,141 as of June 30, 2014, the measurement date. This net pension liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of June 30, 2013 which was rolled-forward by the actuaries to June 30, 2014, the measurement date. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, Budgetary Comparison Schedules, Schedule of Proportionate Share of Net Pension Liability, Schedule of Contributions and Schedule of Funding Progress for Other Postemployment Benefits, on pages 7 to 33 and 78 to 85 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

To the Honorable Board of Directors
of the Menlo Park Fire Protection District
Menlo Park, California
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2015, on our consideration of the District'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 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 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 District's internal control over financial reporting and compliance.

The PwC Group, LLP

Walnut Creek, California
December 16, 2015

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**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***

Independent Auditors' Report

To the Honorable Board of Directors
of the Menlo Park Fire Protection District
Menlo Park, California

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, the financial statements of the governmental activities and each major fund of the Menlo Park Fire Protection District (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 16, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 entity'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described a separate report dated December 16, 2015, noted as item 2015-01.

The District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "The Park Group, LLP". The signature is written in a cursive, flowing style.

Walnut Creek, California
December 16, 2015

**Menlo Park Fire Protection District
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

INTRODUCTION

The following provides an overview and analysis of fiscal operations during the fiscal year ended June 30, 2015 for the Menlo Park Fire Protection District. The Management's Discussion and Analysis (MD&A) is to be read in conjunction with the annual Transmittal Letter and the Basic Financial Statements. Management's Discussion and Analysis is a component of the Comprehensive Annual Financial Report.

FISCAL YEAR 2014-15 FINANCIAL HIGHLIGHTS

Government-wide:

- The District ended its fiscal year with a total net position of \$43.7 million.
- Total program expenses, including depreciation and interest on long-term debt, were \$30.9 million.
- Total program revenues were \$3.0 million.
- Total general revenues were \$39.4 million.
- Net position increased by \$11.5 million over the prior year.
- Net position for FY 2013-14 was restated to reflect the recording of deferred outflows and inflows of resources as well as the pension liability, see Note 11.

General Fund:

- The General Fund operating expenditures exceeded revenue by \$0.2 million, before Proceeds from sales of property of \$0.1 million, and Transfers Out to other funds of \$6.6 million are considered.
- Total fund balance for the General Fund decreased by \$6.7 million during 2014-15.
- The actual revenues received in the General Fund were \$6.2 million, or 18%, more than the original budgeted amount and slightly over the final budgeted amount.
- Actual expenditures were \$10.5 million, or 34%, more than the original budget amount and in-line with the final budgeted amount.
- As of June 30, 2015, the total fund balance for the General Fund was \$38.6 million, of which \$26.2 million was Committed, \$11.0 million was Assigned, and \$0.6 million was Non-spendable.
- As of June 30, 2015, the Unassigned fund balance for the General Fund was \$0.6 million, or 1.4% of total revenue.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report is presented in five sections:

1. Introductory section, which includes the transmittal letter and general information.
2. Management's Discussion and Analysis.
3. Basic Financial Statements, including the government-wide and the fund financial statements, along with notes to the basic financial statements.
4. Required Supplemental Information.
5. Statistical information.

Menlo Park Fire Protection District
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

The Basic Financial Statements

The Basic Financial Statements are comprised of Government-wide Financial Statements and Governmental Fund Financial Statements. These two sets of financial statements provide the reader with two different viewpoints of the District's financial activities and financial position.

Government-wide Financial Statements provide a longer-term view of the District's activities as a whole, and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the District as a whole, including all its capital assets and long-term liabilities on a full accrual basis, similar to that used by private corporations. The Statement of Activities provides information about all of the District's revenues and/or expenses for each of the District's programs. The Statement of Activities explains in detail the change in Net Position for the fiscal year.

All of the District's activities are required to be grouped into government activities and business type activities. All of the amounts in the Statement of Net Position and the Statement of Activities are separated into governmental activities and business-type activities in order to provide a summary of these two activities of the District as a whole. In the case of the Menlo Park Fire Protection District, there are no business-type activities as of June 30, 2015.

The Statement of Net Position and the Statement of Activities present information about the following:

Governmental activities – All of the District's basic services are considered to be governmental activities, specifically public safety. These services are supported by general District revenues such as taxes, and by specific program revenues, such as permit fees.

Business-type activities – Enterprise activities are reported here. They would include activities such as services that are supported by charges paid by users based on the level of use of the service. The District does not have any business-type activities at this time.

Government-wide financial statements are prepared on an accrual basis, which means they measure the flow of all economic resources of the District.

Fund Financial Statements report the District's operations in more detail than the government-wide statements and focus primarily on the short-term activities of the District's General Fund and other major funds. The Fund Financial Statements measure only current revenues, current expenses and fund balances. They exclude capital assets, long-term debt, and other long-term amounts.

Fund financial statements provide detailed information about each of the District's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by Governmental Accounting Standards Board Statement No. 34 (GASB No. 34) and replaces the concept of combining like funds and presenting them in total. Instead, each major fund is presented individually, with all non-major funds summarized and presented only in a single column. Major funds present the major activities of the District for the fiscal year, and may change from year-to-year as a result of changes in the pattern of the District's activities. For the year ended June 30, 2015, the district presents all funds as major.

Menlo Park Fire Protection District
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

Also, as reflected in the balance sheet of the governmental funds and in the notes to basic financial statements, in June of 2011 the District implemented several changes in the structure of the District's fund balance to comply with GASB No. 54. The District's reserve policy distinguishes fund balances between amounts that are considered non-spendable, such as fund balances associated with inventories, and other amounts classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. In June 2012, the District's Board of Directors strengthened the reserve policy to ensure that the District is optimally positioned to respond to fiscal downturns. The reclassification of unassigned fund balances supports long term fiscal planning by the Board of Directors. In June 2015, the Board of Directors approved simplifying the structure of fund balances by combining the ones close in nature.

In addition, the District's financial statements are presented in compliance with GASB No. 68. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to the Pension Plans. For defined benefit pensions, the Statement identifies the methods and assumptions that should be used to project benefit payments and specifies the note disclosure and supplementary information requirements.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements. Unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Enterprise Funds – The Menlo Park Fire Protection District does not have any Enterprise Funds at this time.

Proprietary Funds – The Menlo Park Fire Protection District does not have any Proprietary Funds at this time.

Fiduciary Funds – These funds are used to account for the assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Menlo Park Fire Protection District does not have any Fiduciary Funds at this time.

Notes to Basic Financial Statements

Notes to the Financial Statements provide additional information that is essential to understand the data provided in the Government-wide and Fund Financial Statements.

Required Supplemental Information

Required supplemental information follows the basic financial statements and includes a budgetary comparison schedule which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the General Fund as presented in the governmental fund financial statements.

Menlo Park Fire Protection District
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

Combining and Individual Fund Statements and Schedules

Combining and individual Fund Statements and schedules provide information for non-major governmental funds, and special revenue funds. The District does not have non-major governmental funds.

Government-wide Financial Analysis

A governmental entity's net financial position, roughly defined as assets minus liabilities, provides an indication of the entity's ability to meet current year obligations with available resources. However, the net position should not include inflows or outflows of resources that are applicable to the future period. GASB No. 65 and 68 specifically address the issue of properly accounting for resources in the period in which they are applicable. It is designed to ensure what is called "inter period equity," and accurate current period financial reporting is essential to provide oversight boards and stakeholders a clear picture of the entity's financial health.

To fully comply with GASB No. 65 and 68, the District's fiscal year 2014-15 financial statements are presented with the appropriate deferred inflows and outflows of resources, as well as the District's net pension liability, properly stated alongside the District's assets and other liabilities. Chart 1 presents the 2014-15 financial data. The significant variances and change in net position are noted in the chart and explained further below. Note that the change in net position is reflective of the adoption of GASB No. 68 in the latest fiscal year.

Chart 1 provides a comparison of the District's net position as of June 30th for fiscal years ending in 2014 and 2015. Current liabilities increased primarily due to wage increases as a result of the new Safety group MOU. The agreement resulted in an increase in accrued wages and compensated absences. Long-term liabilities substantially decreased primarily as result of the pension plan investment earnings. The deferred outflow of resources increased due to implementation of GASB No. 68 for deferred employer pension contributions and deferred investment earnings to be recognized in the next 4 years. The District also paid \$12 million towards the Safety group unfunded liability in March 2015.

Almost 27% of the District's net position is invested in capital assets (e.g., land, buildings, general governmental infrastructure, equipment, etc.) less any related outstanding debt used to acquire those assets. The District uses these capital assets to support its ongoing services to the community, so these assets are not available for future spending. About 70% of the District's net position consists of unrestricted funds that may be used to support the District's ongoing operations and obligations.

Menlo Park Fire Protection District
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

Chart 1 – Governmental Activities
Net Position (000's)

	2013-14 (as Restated)	2014-15	Inc/(Dec) \$	Inc/(Dec) %
Cash and Investments	\$ 66,590	\$ 63,607	\$ (2,983)	-4.5%
Other Assets	5,507	6,983	1,476	26.8%
Capital Assets, Net of Depreciation	19,434	22,863	3,429	17.6%
Total Assets	\$ 91,531	\$ 93,453	\$ 1,922	2.1%
Deferred Outflow of Resources	\$ 3,081	\$ 15,713	\$ 12,632	410.0%
Total Assets & Def. Outflow of Resources	\$ 94,612	\$ 109,166	\$ 14,554	15.4%
Current Liabilities	\$ 2,340	\$ 5,929	\$ 3,589	153.4%
Long-term Liabilities	60,079	48,133	(11,946)	-19.9%
Total Liabilities	\$ 62,419	\$ 54,062	\$ (8,357)	-13.4%
Deferred Inflow of Resources	\$ -	\$ 11,422	\$ 11,422	100.0%
Total Liabilities & Def. Inflow of Resources	\$ 62,419	\$ 65,484	\$ 3,065	4.9%
Net Position:				
Net Investment in Capital Assets	\$ 7,919	\$ 11,848	\$ 3,929	49.6%
Restricted:				
Debt Service	1,093	1,391	298	27.3%
CalPERS Contribution		-	-	
Unrestricted	23,181	30,443	7,262	31.3%
Total Net Position	\$ 32,193	\$ 43,682	\$ 11,489	35.7%
Net Position as % of Total:				
Invested in Capital	24.6%	27.1%		
Restricted	3.4%	3.2%		
Unrestricted	72.0%	69.7%		
Total	100.0%	100.0%		

Menlo Park Fire Protection District
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

Chart 2 highlights revenues and expenses for the same two fiscal years and shows the impact on the net position. A restatement of the fiscal year 2013-14 Net Position, showing the proper treatment of deferred outflows and inflows of resources and the net pension liability, is presented in Note 11. The restatement was necessary to comply with GASB No. 68 and 71.

Chart 2 – Governmental Activities
Statement of Activities (000's)

	2013-14 (as Restated)	2014-15	Inc/(Dec) \$	Inc/(Dec) %
Program Revenues				
Operating Grants and Contributions	\$ 1,896	\$ 1,701	\$ (195)	-10.3%
Charges for Services	1,859	1,292	(567)	-30.5%
General Revenues				
Property Taxes	35,204	37,954	2,750	7.8%
Use of Money and Property	125	150	25	20.0%
Other Revenue and Gain on Asset Sales	1,689	1,256	(433)	-25.6%
Total Revenues	\$ 40,773	\$ 42,353	\$ 1,580	3.9%
Public Safety - Fire	\$ 26,149	\$ 29,885	\$ 3,736	14.3%
Interest on Long-term Debt	762	979	217	28.5%
Total Program Expenses	\$ 26,911	\$ 30,864	\$ 3,953	14.7%
Change in Net Position	\$ 13,862	\$ 11,489	\$ (2,373)	-17.1%
Net Position July 1st	18,331	32,193	13,862	75.6%
Net Position, June 30th	\$ 32,193	\$ 43,682	\$ 11,489	35.7%

Government-wide revenues increased by almost \$1.7 million, or 4.1%, year-over-year. During the fiscal year, the District did not have any special items or unanticipated revenue to report.

The following provides an overview of the components of the increase in revenues:

- **Property Taxes:** The District's total net property taxes increased by almost \$2.7 million, or 7.8%. This was the net result of several factors. The secured and unsecured property tax revenue increased by 7% due to higher assessed property values within San Mateo County. Additionally, the District's net Educational Revenue Augmentation Fund (ERAF) Rebate was 2% higher than the 2013-14 amount. The revenue received from this source can fluctuate significantly from year-to-year. The slight increase is due to a change in San Mateo County's reserve policy. It is expected that this revenue will decrease in the next fiscal year and may be eliminated in future years. Redevelopment Agency revenues from the Successor Agencies increased by 8%. Finally, Homeowners' Property Tax Relief (HOPTR) revenues decreased by 0.4%. Additional discussion of the District's property tax revenues is included later in this MD&A in the discussion of General Fund performance.

Menlo Park Fire Protection District
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

- **Operating Grants and Contributions:** Revenues decreased by \$0.2 million in 2014-15 compared to 2013-14. This reflects the fact that in fiscal year 2013-14, the Federal Emergency Management Administration (FEMA) provided a \$0.7 million Alaskan Shield training grant to the District's federally funded Urban Search & Rescue Program.
- **Charges for Services:** Revenues decreased by \$0.5 million. With the gradual improvement in the local economy since fiscal year 2012-13, development activity increased during 2013-14. However, it slowed down slightly during 2014-15. Also, during fiscal year 2013-14, the District received funds for the improvement of traffic pre-emptions.
- **Other Revenue:** In fiscal year 2014-15, the District realized revenues from prior years to update some emergency equipment such as Thermal Imaging and Defibrillators.
- **Use of Money and Property:** Revenue from interest earnings increased by about \$0.3 million in 2014-15 because the rate of return earned by the District on idle funds increased slightly during the fiscal year. The Local Agency Investment Fund (LAIF) interest rate for June 2014 was 0.229% and for June 2015, it was 0.299%.

Chart 3 illustrates the percentage of total revenues that each individual revenue source comprises. Property taxes are the most significant source of District revenues, representing just over 89% of total revenues.

Chart 3 – Governmental Activities
2014-15 Revenues by Source

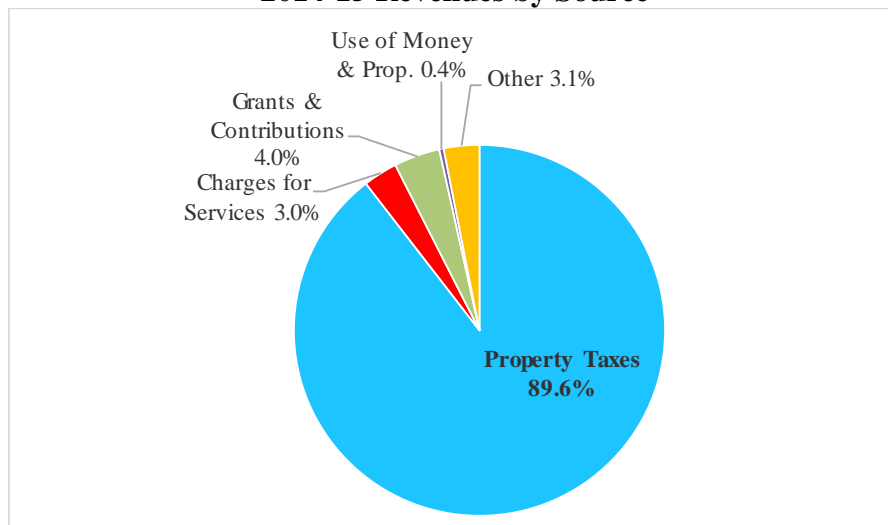
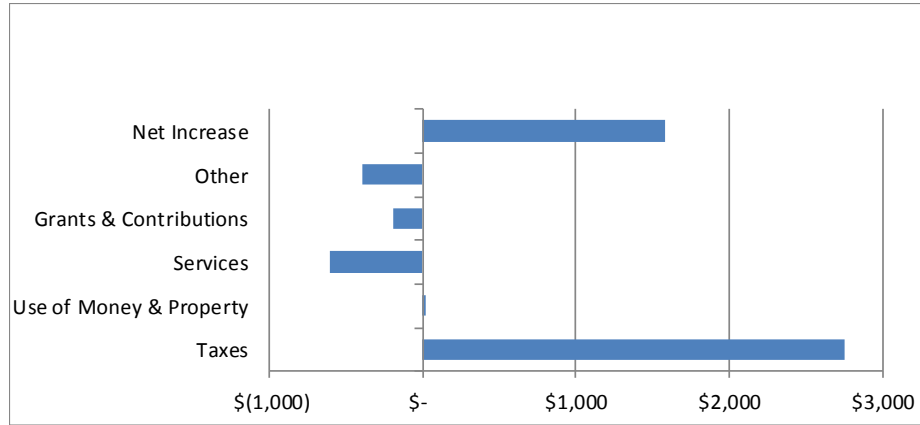


Chart 4 provides a graphic depiction of the change in total revenue from 2013-14 to 2014-15, for each revenue source.

Menlo Park Fire Protection District
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

Chart 4 Governmental Activities
2014-15 Increase/Decrease in Revenue (000's)



As Chart 2 illustrates, total program expenses within governmental activities increased by 14.7%, from \$26.9 million to \$30.9 million, a \$4 million increase. The most significant increase in expenses was for Public Safety, which includes all of the operating costs of the District's core services. Public Safety expenses were \$30 million in 2014-15, which is about 97% of total governmental activities expenses. Chart 5 provides further detail about the program expenses of the District, comparing 2013-14 and 2014-15.

Chart 5 – Governmental Activities
Expense Detail Comparison (000's)

	2013-14	2014-15	Inc/(Dec) \$	Inc/(Dec) %
Salaries and Benefits	\$ 17,339	\$ 23,618	\$ 6,279	36.2%
Services and Supplies	7,952	5,366	(2,586)	-32.5%
Depreciation	\$ 858	\$ 901	\$ 43	5.0%
Total Public Safety - Fire	\$ 26,149	\$ 29,885	\$ 3,736	14.3%
Interest on Long-term Debt	762	979	217	28.5%
Total Program Expenses	\$ 26,911	\$ 30,864	\$ 3,953	14.7%

The following factors provide an explanation for the 14.7% increase in total expenses:

- **Salaries and Benefits:** Salaries and benefits increased by almost \$6.3 million, or 36% in 2014-15. The primary reason for this increase was the payment of Public Employment Relations (PERB) charges and \$2.4 million accrued wage increases for the new Safety group MOU. During the fiscal year, the District received decisions in the outstanding PERB matters and paid out \$1.5 million. Also, the District paid down the Safety group unfunded liability during the fiscal year.
- **Services and Supplies:** Expenses were \$2.6 million lower in this category than in 2013-14. The District curtailed spending and some expenses have been postponed to the next fiscal year.
- **Annual Depreciation:** Depreciation expense increased by 5% due to additional improvements and the purchase of new fixed assets, such as vehicles.
- **Long-term Debt Interest Expense:** Even though the interest payments on the Series A Certificates of Participation (COPS) will decrease gradually throughout the remaining life of the bond, for the fiscal year the interest expense shows an increase of 28.5%. The increase is due to a change in accounting practice.

Menlo Park Fire Protection District
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

The District's Fund Financial Statements

As previously noted, the District uses fund accounting to ensure and demonstrate compliance with all applicable standards.

Performance of Governmental Funds

The focus of the District's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable reserves. Such information is useful in assessing the District's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the District's new resources at the end of each fiscal year.

The total balance of the District's Governmental Funds as of June 30, 2015, was \$62.8 million, a decrease of \$3.8 million, or 5.8% lower than at June 30, 2014. Chart 6 provides a comparison of the balance sheets for the Governmental Funds at June 30th for 2013-14 and 2014-15.

Chart 6 – Governmental Funds
Balance Sheet Comparison (000's)

	2013-14	2014-15	Inc/(Dec) \$	Inc/(Dec) %
Cash and Investments	\$ 67,684	\$ 64,871	\$ (2,813)	-4.2%
Other Assets	985	2,410	1,425	144.7%
Total Assets	\$ 68,669	\$ 67,281	\$ (1,388)	-2.0%
Current Liabilities	\$ 848	\$ 3,817	\$ 2,969	350.1%
Deferred Inflows of Resources:				
Unavailable Revenues	1,138	623	(515)	-45.3%
Total Liabilities & Deferred Inflows	\$ 1,986	\$ 4,440	\$ 2,454	123.6%
Fund Balances:				
Nonspendable	52	617	565	1086.5%
Restricted	1,093	1,391	298	27.3%
Committed	46,021	49,287	3,266	7.1%
Assigned	18,794	10,988	(7,806)	-41.5%
Unassigned	723	558	(165)	-22.8%
Total Fund Balance	\$ 66,683	\$ 62,841	\$ (3,842)	-5.8%

As Chart 6 demonstrates, as of June 30, 2015, \$62.8 million in the District's Governmental Funds balance is allocated to several major categories, with \$49.3 million in "Committed" fund balances and \$11 million in "Assigned" fund balances.

The District's governmental funds include three "Major" funds: the General Fund, the Capital Improvement Fund, and the Debt Service Fund. A separate discussion of each provides a better understanding of the District's financial position.

Menlo Park Fire Protection District
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

The General Fund

The General Fund is the main operating fund of the District. During the 2014-15 fiscal year, the total fund balance of the General Fund decreased by \$7 million, or 15.5%. As of June 30, 2015, the total fund balance was \$38.6 million. Chart 7 provides a two-year comparison of the Balance Sheet for the General Fund.

Chart 7 – General Fund
Two-year Balance Sheet Comparison (000's)

	2013-14	2014-15	Inc/(Dec) \$	Inc/(Dec) %
Cash and Investments	\$ 46,323	\$ 40,328	\$ (5,995)	-12.9%
Other Assets	940	2,351	1,411	150.1%
Total Assets	\$ 47,263	\$ 42,679	\$ (4,584)	-9.7%
Current Liabilities	\$ 793	\$ 3,463	\$ 2,670	336.7%
Deferred Inflows of Resources:				
Unavailable Revenue - Grants	1,138	623	(515)	-45.3%
Total Liabilities & Deferred Inflows	\$ 1,931	\$ 4,086	\$ 2,155	111.6%
Fund Balances:				
Nonspendable	52	617	565	1086.5%
Restricted	-	278		
Committed	25,763	26,152	389	1.5%
Assigned	18,794	10,988	(7,806)	-41.5%
Unassigned	723	558	(165)	-22.8%
Total Fund Balance	\$ 45,332	\$ 38,593	\$ (7,017)	-15.5%

In order to analyze the factors leading to the General Fund's decrease in total fund balance, a review of the elements of the Statement of Revenues, Expenditures, and Changes in Fund Balance is essential. Chart 8 provides a two-year comparison of General Fund revenues and Chart 12 provides the same two-year comparison of General Fund expenditures.

Chart 8 – General Fund
Two-year Revenue Comparison (000's)

Category	2013-14	2014-15	Inc/(Dec) \$	Inc/(Dec) %
Property Taxes	\$ 35,204	\$ 37,954	\$ 2,750	7.8%
Licenses and Permits	1,148	1,102	(46)	-4.0%
Charges for Services	193	189	(4)	-2.1%
Rents	138	155	17	12.3%
Grants	288	320	32	11.1%
Interest	116	130	14	12.1%
Other Revenue	537	891	354	65.9%
Total Revenues	\$ 37,624	\$ 40,741	\$ 3,117	8.3%

Menlo Park Fire Protection District
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

Because the General Fund revenues are the primary source of funding support for the District, the performance of these revenues have been briefly discussed in the preceding Government-wide Financial Analysis. The importance of property tax revenues to the District, however, warrants additional discussion as they provide ninety-four percent of the District's current resources. Property tax revenues grew by 7.8%, or about \$2.8 million, in 2014-15. The property tax revenues included in Chart 8 are net numbers and include all components, such as secured, unsecured, and prior year tax receipts. Also included is the net Educational Revenue Augmentation Fund (ERAF) impact upon property taxes. This is the difference between what the County shifts away from the District in property taxes for local schools and what is rebated back to the District as the prior year "excess" shift amount. Chart 9 shows the net ERAF impact for 2013-14 and 2014-15.

Chart 9 – Net ERAF Impact
Two-year Comparison (000's)

Description	2013-14	2014-15
ERAF Shift	(\$4,056)	(\$4,317)
ERAF Rebate	2,884	3,174
Net Impact	(\$1,172)	(\$1,144)

The current secured and unsecured portions of total property tax revenues are the most significant sources of these revenues. They are directly derived from the assessed value of the properties within the District's jurisdiction and the tax levy limitations of Proposition 13 and later related legislation.

In August of each year, the District receives a report from the San Mateo County Office of the Controller certifying the total value of assessable property within the District. The following chart provides a ten year history of the net total value of assessable property as reported to the District by San Mateo County and the year-over-year growth rates. As shown, the rate of growth in the assessed valuation was robust in the years leading up to the recessionary fiscal years of 2008 through 2011. During fiscal years 2010-11 and 2011-12, which were considered a period of serious economic distress, the rate of growth was less than one percent. For fiscal years 2012-13 and 2013-14, the economy started to recover and there was significant growth in the assessed property values within the District's jurisdiction. County officials forecasted continued improvement, although at a slower rate, in the local real estate market for 2014-15 and 2015-16.

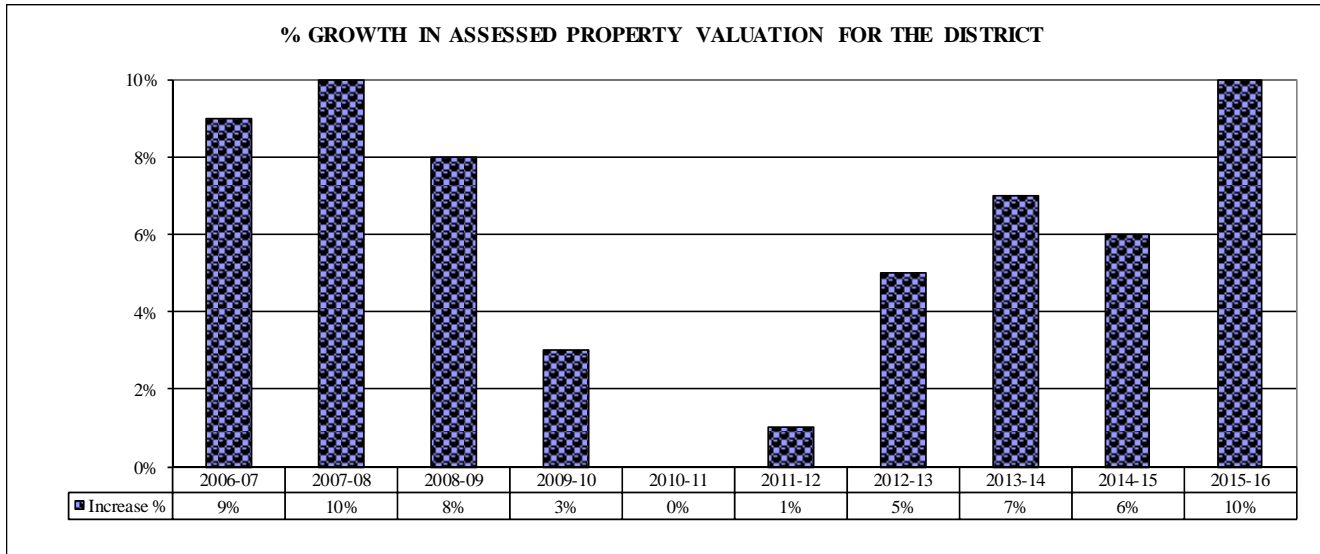
Chart 10 – Assessed Value History (\$)

Fiscal Year	Assessed Value	Inc/(Dec) \$	Inc/(Dec) %
2015-16	28,478,797,546	2,561,964,687	9.89%
2014-15	25,916,832,859	1,526,000,176	6.26%
2013-14	24,390,832,683	1,672,320,029	7.36%
2012-13	22,718,512,654	1,109,558,784	5.13%
2011-12	21,608,953,870	156,490,290	0.73%
2010-11	21,452,463,580	32,464,438	0.15%
2009-10	21,419,999,142	589,283,525	2.83%
2008-09	20,830,715,617	1,492,194,228	7.72%
2007-08	19,338,521,389	1,728,495,837	9.82%
2006-07	17,610,025,552	1,525,461,860	9.48%
2005-06	16,084,563,692	-	-

Menlo Park Fire Protection District
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

Chart 11 graphically illustrates the assessed value history provided in Chart 10.

Chart 11 – Assessed Value History



The 7.8% increase in the District's property tax revenues in 2014-15 is thus directly tied to the growth in the property assessment rolls. Based upon current economic trends and projections, the revenue is likely to continue its solid 2014-15 performance into the next fiscal year(s).

The General Fund supports the District's day-to-day operations. In 2014-15, General Fund expenditures grew by about \$14.2 million, or 53%, as is shown in Chart 12.

Chart 12 – General Fund
Two-year Expenditure Comparison (000's)

Category	2013-14	2014-15	Inc/(Dec) \$	Inc/(Dec) %
Salaries and Benefits	\$ 19,799	\$ 35,262	\$ 15,463	78.1%
Services and Supplies	6,659	4,519	(2,140)	-32.1%
Capital Outlay	320	1,176	856	267.5%
Total Expenses	\$ 26,778	\$ 40,957	\$ 14,179	53.0%

Salaries and benefits accounted for 78% of General Fund expenditures in 2014-15, and experienced a significant increase, which is attributable to:

- ☑ The unfunded actuarial accrued liability of the Safety group retirement was paid down by \$12 million.
- ☑ During the fiscal year, the District received decisions in the outstanding PERB matters and made related payments in the amount of \$1.5 million.
- ☑ Accrued \$2.4 million IAFF MOU related wages and benefits expenditures for FY 2014-15.

Menlo Park Fire Protection District
Management's Discussion and Analysis (Continued)
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The General Fund services and supplies expenditure decrease is primarily due to delays in incurring expenditures and reduced spending. Some expenditures, such as for emergency repairs and human resources consultant fees, were below the prior year amounts. This was primarily due to the hiring of a full-time human resources manager.

In addition, the capital outlay expenditure increase is due to an upgrade in the Station Alerting System and replacement of SCBA, Defibrillators, and Thermal Imaging equipment.

The General Fund's ending fund balance decrease, as demonstrated in Chart 13, is the result of the net impact of the performance of its revenues and expenditures, adjusted for net Other Financing Uses, which are primarily transfers out to other funds.

Chart 13 – General Fund
Two-year Net Change in Fund Balance Comparison (000's)

Category	2013-14	2014-15	Inc/(Dec) \$	Inc/(Dec) %
Total Revenues	\$ 37,624	\$ 40,741	\$ 3,117	8.3%
Total Expenditures	26,778	40,957	14,179	53.0%
Excess of Revenues over Expenditures	\$ 10,846	\$ (216)	\$ (11,062)	-102.0%
Net Other Financing Uses	(8,285)	(6,523)	1,762	-21.3%
Net Change in Fund Balance	2,561	(6,739)	(9,300)	-363.1%
Fund Balance at Beginning of Year	42,771	45,332	2,561	6.0%
Fund Balance at End of Year	\$ 45,332	\$ 38,593	\$ (6,739)	-14.9%

The "Other Financing Uses" in 2014-15 included a \$5.67 million transfer to the Capital Improvement Fund and a \$1 million transfer to the Debt Service Fund. In 2014-15, the total transfers to the Capital Improvement Fund significantly decreased in comparison to the prior year. In the prior fiscal year, the Capital Improvement Fund projects were funded by the County's distribution of the proceeds from the sale of the RDA's assets. In addition, this category includes \$0.1 million from the sale of District assets. During the fiscal year several vehicles were sold at auction. In the next section of this MD&A, the Capital Improvement Fund projects are explained.

In summary, the most recent fiscal year saw expenditures exceed revenues for the first time in more than a decade. This was primarily due to the sizable UAL payment. It took the District's Board several years to set aside \$12 million to make a payment to CalPERS. In future years, much smaller payments to fund the UAL will be made annually and it is expected that the General Fund will be stable.

Menlo Park Fire Protection District
Management's Discussion and Analysis (Continued)
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Capital Improvement Capital Projects Fund

The District's Capital Improvement Fund is used to account for the acquisition and/or construction of all major capital assets. Chart 14 provides a two-year comparison of the fund's performance.

Chart 14 – Capital Improvement Fund
Two-year Performance Comparison (000's)

Category	2013-14	2014-15	Inc/(Dec) \$
Revenues:			
Other Revenue	\$ 806	\$ -	\$ (806)
Total Revenues	\$ 806	\$ -	\$ (806)
Expenditures:			
Capital Outlay	1,526	2,955	1,429
Total Expenses	\$ 1,526	\$ 2,955	\$ 1,429
Excess of Revenues over Expenditures	(720)	(2,955)	(2,235)
Transfers In	\$ 7,335	\$ 5,674	\$ (1,661)
Net Change in Fund Balance	6,615	2,719	(3,896)
Fund Balance at Beginning of Year	12,563	19,178	6,615
Fund Balance at End of Year	\$ 19,178	\$ 21,897	\$ 2,719

The Capital Improvement Fund's ending fund balances grew by approximately \$2.7 million, a 14.18% increase. This growth is mostly from the transfer of funds from the District's General Fund for support of the Station No. 4 replacement project.

The District has a vital Capital Improvement Program and is continually seeking new one-time funds to support the projects it desires to undertake. On November 27, 2007, the District's Board approved the purchase of three properties through the adoption of Resolution Nos. 1186-07 and 1187-07. These properties were dedicated to the rebuilding of Fire Station No. 2 in East Palo Alto, which has the highest priority, and the rebuilding of Fire Station No. 6 in downtown Menlo Park. Fire Station No. 1 is slated for a construction project to replace the existing building and build a new, multi-story training tower. In 2012-13, Phase II of the Fire Station No. 2 project was completed and Phase III started in 2013-14, with anticipated completion in 2015-16.

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Management's Discussion and Analysis (Continued)
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Debt Service Fund

The District's Debt Service Fund is used to account for the principal, interest, and related cost of debt payments. Chart 15 provides a two-year comparison of the fund's performance.

Chart 15 – Debt Service Fund
Two-year Performance Comparison (000's)

Category	2013-14	2014-15	Inc/(Dec) \$
Revenues:			
Interest	\$ 9	\$ 20	\$ 11
Other Revenue	208	210	2
Total Revenues	\$ 217	\$ 230	\$ 13
Expenditures:			
Services and Supplies	2	-	(2)
Principal Payment	240	245	5
Interest and Fiscal Agent Charges	761	757	(4)
Total Expenses	\$ 1,003	\$ 1,002	\$ (1)
Excess of Revenues over Expenditures	(786)	(772)	14
Transfers In	\$ 950	\$ 950	\$ -
Net Change in Fund Balance	164	178	14
Fund Balance at Beginning of Year	2,009	2,173	164
Fund Balance at End of Year	\$ 2,173	\$ 2,351	\$ 178

The fund balance of the Debt Service Fund increased by just under \$0.2 million, or 8.2%. This reflects a decision made by the District in 2010-11 to establish an annual transfer of the average coupon payments from the General Fund to the Debt Service Fund. Certificates of Participation Series B principal payments are not due until fiscal year 2023-24 and the payment amounts increase thereafter. In order to mitigate the future impact on the General Fund, the Board of Directors approved a constant average transfer to the Debt Service Fund. These transfers will create a reserve in the Debt Service Fund, providing for much higher payments in the future without a negative fiscal impact on the General Fund. Additional information about the District's debt and its administration is available in a later section of the MD&A and in Note 5 to the Basic Financial Statements.

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Governmental Funds – Fund Balance Designations

Chart 16 provides a further breakdown of the fund balances outlined in Chart 6, again comparing fiscal years 2013-14 and 2014-15.

Chart 16 – Governmental Funds
Fund Balance Detail Comparison (000's)

	2013-14	2014-15	Inc/(Dec) \$	Inc/(Dec) %
Nonspendable:				
Total Nonspendable	\$ 52	\$ 617	\$ 565	1086.5%
Restricted:				
Employees 3% Contribution		278	278	--
Debt Service	1,093	1,113	20	1.8%
Total Restricted	\$ 1,093	\$ 1,391	\$ 20	1.8%
Committed:				
Budgetary Deficit	\$ 7,422	\$ 18,128	\$ 10,706	144.2%
Cash Flow Management	10,706	-	(10,706)	-100.0%
FEMA Deployments	3,000	3,000	-	0.0%
Apparatus	2,864	5,024	2,160	75.4%
Communications Equipment	385	-	(385)	-100.0%
Emergency Equipment	686	-	(686)	-100.0%
Emergency Medical Equipment	195	-	(195)	-100.0%
Rolling Stock	505	-	(505)	-100.0%
Encumbrances	408	-	(408)	-100.0%
Capital Improvements	18,770	21,897	3,127	16.7%
Debt Service	1,079	1,238	159	14.7%
Total Committed	\$ 46,020	\$ 49,287	\$ 3,267	7.1%
Assigned:				
Compensated Absences	\$ 2,544	\$ 2,544	\$ -	0.0%
Equipment Replacement	-	2,155		
Future PERS Payments	12,456	3,256	(9,200)	-73.9%
General Services	932	932	-	0.0%
Information Technology	432	-	(432)	-100.0%
Workers' Compensation	1,893	1,893	-	0.0%
Encumbrances	537	208	(329)	--
Total Assigned	\$ 18,794	\$ 10,988	\$ (9,961)	-53.0%
Total Unassigned	\$ 723	\$ 558	\$ (165)	-22.8%
Total Fund Balance	\$ 66,682	\$ 62,841	\$ (3,841)	-5.8%

By Resolutions No. 1458-2011 and No. 1505-2012, the Board of Directors authorized the adoption of a formal fund balance policy and the reclassification of the District's fund balances to comply with GASB No. 54. The District's financial statements for governmental funds are comprised of five fund balance classifications as recommended by that statement, as follows:

Menlo Park Fire Protection District
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For the Year Ended June 30, 2015

- *Non-spendable*—fund balance amounts that are not in a spendable form or are required to be maintained intact.
- *Restricted*—fund balance amounts that can be used only for the specific purpose(s) stipulated by external resource providers, such as creditors, grantors, contributors, laws, regulations, or enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.
- *Committed*—fund balance amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government's highest level of authority taking the same formal action that imposed the constraints originally. The Board of Directors is considered the highest authority for the District.
- *Assigned*—fund balance amounts constrained by the government's intent that they be used for a specific purpose. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for the purpose. The Board of Directors has given the authorization to the Fire Chief and/or the Administrative Service Manager to assign any net fund resources.
- *Unassigned*— residual fund balance amounts not contained in the other classification and technically available for any purpose.

Non-spendable Funds: As of June 30, 2015, the District had about \$0.6 million in Non-spendable Funds, attributable to the prepayment of a fire engine, rent, and the workers' compensation claims.

Restricted Funds: As of June 30, 2015, the District had about \$1.4 million in Restricted Funds, attributable to the represented safety employees' 3 percent contribution towards their pension benefit and to the Debt Service Fund which is held in trust for future debt service payments.

Committed Funds: As of June 30, 2015, the District had \$49.3 million in Committed Funds. The District Board, authorized by a resolution, established a reserve for Budgetary Deficit to provide a source of resources for future fiscal years' budgets if the District should suffer from an unanticipated financial shortfall or deficit. The requirement for the use of funds is a budget deficit of greater than 5 percent and the maximum set aside is 50 percent of the operating expenditures plus 50 percent of the annual Transfer Out from the General Fund to other funds.

Other significant Committed Funds are set aside for capital improvements, rolling stock, equipment, and emergency deployments. Authorized by Resolution No. 1797-2015, the Board of Directors approved an improvement in the structure of the fund balances, combining reserves that were close in nature such as Budgetary Deficit and Cash Flow Management as well as IT equipment, emergency and medical equipment and rolling stocks. This restructuring reduced the number of reserves and simplified the fund balances.

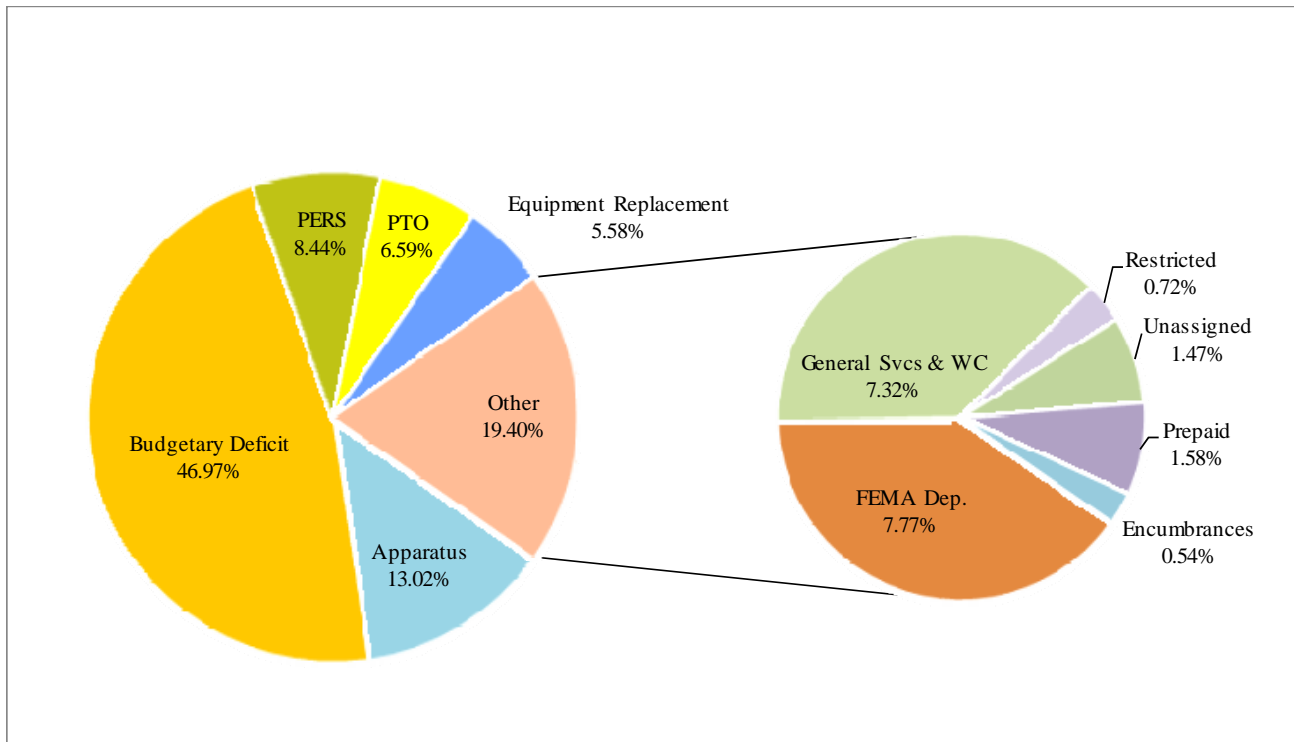
Assigned Funds: As of June 30, 2015, the District had \$11 million in Assigned Funds. These funds have been primarily earmarked to offset District liabilities for its potential obligations to the California Public Employees' Retirement System (CalPERS) for retirement/pension liabilities, for the cost of compensated absences, and for potential Workers' Compensation liabilities. In March 2015, the District made a \$12 million payment from the reserve to CalPERS toward the Safety group unfunded pension liability. Additional discussion of CalPERS obligations follows in the next section of this MD&A.

**Menlo Park Fire Protection District
Management's Discussion and Analysis (Continued)
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Unassigned Funds: Just under \$0.6 million was available in Unassigned Funds as of June 30, 2015.

The District's policies and practices concerning its fund balance designations are guided by prudent and conservative financial management tenets and provide the District with fiscal stability as it continues to develop its long-term financial plan. Having adequate fund balances has helped the District achieve a current financial rating of AA+. Standard & Poor's Rating Service affirmed "its AA+ long-term rating, with a stable outlook." Chart 17 provides a graphic depiction of the fund balance specific designations.

**Chart 17 – General Fund
Fund Balance Distribution**



CalPERS Obligations

As Chart 16 denotes, \$3.3 million has been assigned to support California Public Employees' Retirement System (CalPERS) obligations. Although the District accumulated reserves during the economic expansions from the late 1990's to the mid-2000's, it continues to be confronted with the same dilemma facing other local governments throughout California. Pension costs have risen statewide because of changes in staffing levels and benefits and investment losses in the CalPERS portfolio during the recent economic downturn. On an annual basis, the employer contribution rate to CalPERS has increased and will continue to rise. In order to ensure that the retirement liability is adequately funded, CalPERS has made improvements to the actuarial policies, assumptions, and methods governing the administration of employer retirement plans. The changes have impacted local agencies participating in CalPERS. In response to future increases in its CalPERS obligation and to mitigate the pension unfunded liability, the District's Board has adopted a budget philosophy that sets the annual employer contribution rate for safety employees at 41 percent and at 15 percent for non-safety employees.

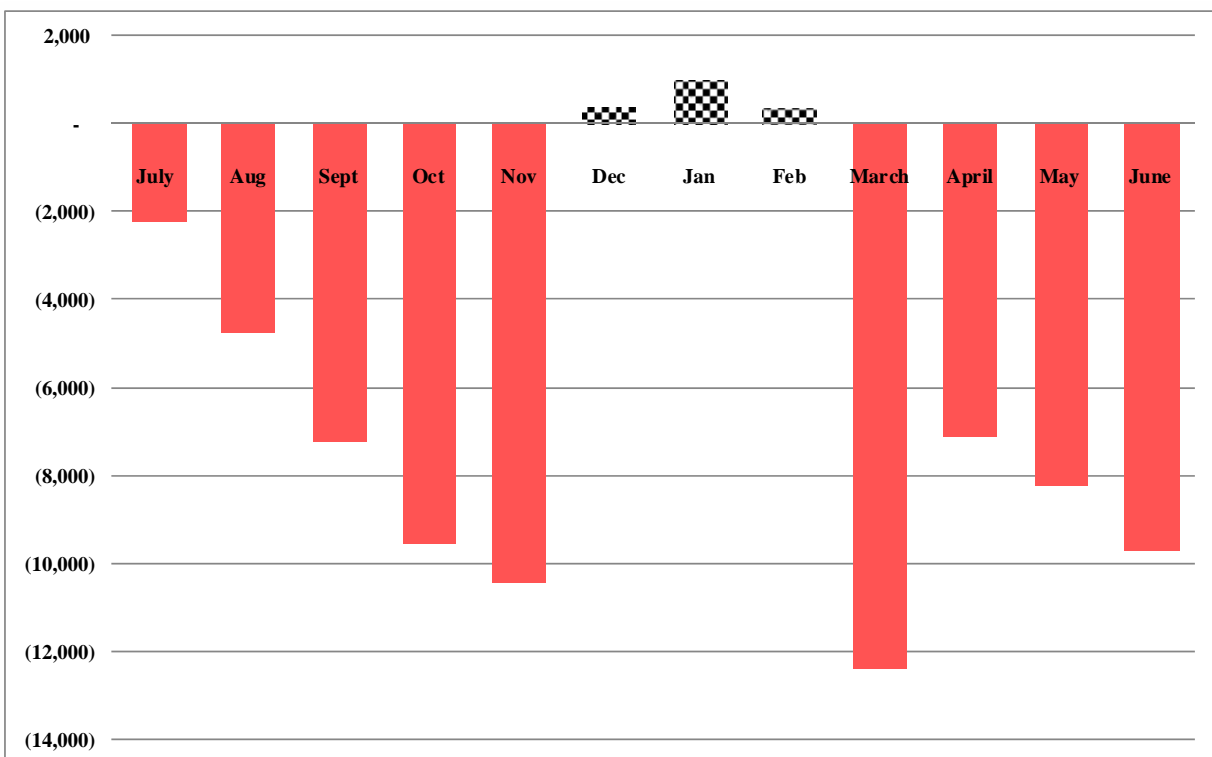
**Menlo Park Fire Protection District
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The actual contribution rates are applied during the course of each fiscal year and any savings that results from the difference in the budgeted and the actual rates is set aside for future use. Once the actual employer rates increase above the budgeted 41 percent and 15 percent levels, the PERS Stabilization Fund balance will be used to mitigate the effect on the General Fund.

Cash Flow Management

The primary source of revenue to the District is secured property taxes. These revenues are distributed to the District twice a year by the San Mateo County Office of the Controller. Cash flow management is a significant and carefully managed process for the District. The following chart shows the cumulative impact of monthly cash flow, based on actual expenditures and the receipt of secured property tax revenues. The District receives 5% of the secured property taxes due in November, 45% in December, 30% in April and the remaining 20% is received in February, March, May and June.

**Chart 18 – General Fund
2014-15 Cash Flow (000's)**



The fiscal year ended with an unusually higher than anticipated use of reserves. In March 2015, the District used \$12 million from the PERS reserve to pay down the Safety group unfunded pension liability.

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Management's Discussion and Analysis (Continued)
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Capital Assets

As of June 30, 2015, the District had \$22.9 million in net capital assets, an increase of 17.6% over the prior year. The increase is primarily due to the construction of Fire Station No. 2 in the City of East Palo Alto, Phase II of which was completed in 2012-13 and Phase III started in 2013-14, with anticipated completion in 2015-16. Capital equipment expenditures increased due to the replacement of old and obsolete technology used for emergency calls and to provide life- saving medical procedures. Federal Emergency Management Administration (FEMA) equipment was updated based upon the Statement of Work and to correct deficiencies in communications capabilities, and to update hazardous material detection equipment and water operation trailer containment. Note 4 to the Basic Financial Statements shows the detail of capital asset activity. The following chart identifies the specific governmental activities:

Chart 19 – Governmental Activities
Capital Assets (000's)

	FY Ended	FY Ended		
	6/30/2014	6/30/2015	Inc/(Dec) \$	Inc/(Dec) %
Capital Assets:				
Land	\$ 5,090	\$ 5,090	\$ -	0.0%
Construction in Progress	4,623	7,274	2,651	57.3%
Buildings & Improvement	12,328	12,632	304	2.5%
Vehicles	5,661	5,839	178	3.1%
Vehicles - FEMA	1,543	1,073	(470)	-30.5%
Furniture & Equipment	1,459	2,291	832	57.0%
Furniture & Equipment - FEMA	307	465	158	51.5%
Accumulated Depreciation	(11,577)	(11,802)	(225)	1.9%
Total Capital Assets	\$ 19,434	\$ 22,862	\$ 3,428	17.6%
Annual Depreciation Expense:				
Structures & Improvements	\$ 306	\$ 311	\$ 5	1.6%
Vehicles	378	397	19	5.0%
Vehicles - FEMA	47	35	(12)	-25.5%
Furniture & Equipment	95	117	22	23.2%
Furniture & Equipment - FEMA	32	41	9	28.1%
Total Annual Depreciation	\$ 858	\$ 901	\$ 43	5.0%

All capital assets are valued at historical cost, or estimated historical cost, if the actual historical cost is not available. Contributed capital assets are valued at estimated fair market value on the date contributed. Assets with a value of \$5,000 or more are recorded as capital assets. All capital assets are depreciated over estimated useful lives, using the straight line method.

Debt Administration

On December 1, 2009, the Board of Directors adopted Resolution No. 1347-2009, which authorized the issuance of lease financing of certain capital projects with the Public Property Financing Corporation of California. The lease financing provided funds to the District for acquisitions and construction improvement projects. Piper Jaffray, on behalf of the District, conducted lease financing serial certificates offerings in the amount of \$12.0 million, with a premium amount of \$0.22 million on December 8, 2009, closing date of December 23, 2009. A summary of the sources and uses of funds is shown in Chart 20.

Menlo Park Fire Protection District
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

Chart 20 – Governmental Activities
Long-term Debt (000's)

	Series A	Series B		
	Certificates	Certificates	Total	% of Total
Sources				
Principal Amount of Certificate	\$ 3,055	\$ 8,935	\$ 11,990	98.2%
Original Issue Premium	225	-	225	1.8%
Total Sources	\$ 3,280	\$ 8,935	\$ 12,215	100.0%
Uses				
Project Fund Reimbursement	\$ 2,918	\$ 5,982	\$ 8,900	72.9%
Future CIP Project Funds Available	-	2,000	2,000	16.4%
Reserve Fund	306	779	1,085	8.9%
Cost of Issuance	32	103	135	1.1%
Underwriter's Discount	24	71	95	0.8%
Total Uses	\$ 3,280	\$ 8,935	\$ 12,215	100.0%

Additional information on the District's long term debt can be found in Note 5 to the Basic Financial Statements.

GENERAL FUND BUDGET HIGHLIGHTS

The budget comparison schedule for the General Fund is located in the Required Supplementary Information section following the Notes to the Financial Statements. Over the course of the fiscal year, the Board of Directors authorized revisions to the adopted budget as more accurate data became available. Significant events included:

- October notice from the County of San Mateo for the actual amount under the Teeter Plan for Property Tax Revenue.
- Grant revenue and expenditures related to the deployment of District staff in support of both the State of California and the Federal Emergency Management Agency.
- New appropriations approved by the District's Board of Directors.
- New/revised estimates resulting from periodic analyses of fiscal activity that were presented to the Finance Committee and forwarded to the Board of Directors.
- The prudent decision to pay down an unfunded liability to strengthen the District's long term financial standing.
- During the fiscal year, the District received decisions in the outstanding PERB matters and made related payments.
- The wages and benefits for the ratified MOU for FY 2014-15 were accrued. During the fiscal year budgeting period and process, the negotiation was in its early stage and the data was not available for budgeting purposes

Menlo Park Fire Protection District
Management's Discussion and Analysis (Continued)
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The FY 2014-15 adopted budget for the General Fund reflected a slight operating surplus, as revenue estimates of \$34.5 million were greater than the adopted appropriations of \$33.9 million by \$0.6 million.

Overall, the General Fund closed the 2014-15 fiscal year with an operating deficit of \$6.7 million. This was the result of a number of one-time transactions. This year was unusual in that the large CalPERS unfunded liability payment and the PERB related expenses were non-routine and such costs are not likely to impact the next fiscal year. Current revenue and expenditure trends point to a stable and fiscally sound budget picture for next year. Further discussion is provided below.

General Fund Revenues

- Adopted budget was \$34.5 million.
- Year-end budget was \$39.5 million.
- Year-end actual revenue was \$40.7 million.

The District does not budget for prior year property tax adjustments and other revenues such as insurance claims, donations, and one-time revenues from emergency services. These are year-by-year activities and may vary greatly in magnitude from year-to-year. Such funds received are a source of variance to the adopted budget.

The difference between the adopted budget and the actual revenue is primarily due to the annual SLAC fee, higher RDA Successor Agency pass through funds, OES and FEMA reimbursements, and a small increase in property tax SB813 revenue.

General Fund Expenditures

- Adopted budget was \$30.5 million.
- Year-end budget was \$41.3 million.
- Year-end actual expenditure was \$41.0 million.

Actual expenditures were on target with the year-end budget. The year-end budget was significantly higher than the adopted budget primarily as a result of the one-time payment made to the CALPERS unfunded liability (UAL).

Economic Factors and the 2015-16 Budget

The 2015-16 budget was developed by District staff and adopted by the Board of Directors based upon clear budget priorities and an established philosophy. In reaffirming the budget philosophy for the District, the Board of Directors has identified four key policy components:

1. Ongoing operating expenditures are to be paid with ongoing operating revenues.
2. Services provided by District Staff that have a cost recovery element should be as close to a 100% cost recovery as is feasible.
3. Alternate revenue sources such as grants are encouraged with the caveat that the expenditures have a limited life equal to that of the revenue source.
4. Paid time off balances, such as annual leave, will be funded at 100% pay out values per Memorandum(s) of Understanding and compensation and benefit plans effective at the end of each fiscal year.

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Management's Discussion and Analysis (Continued)
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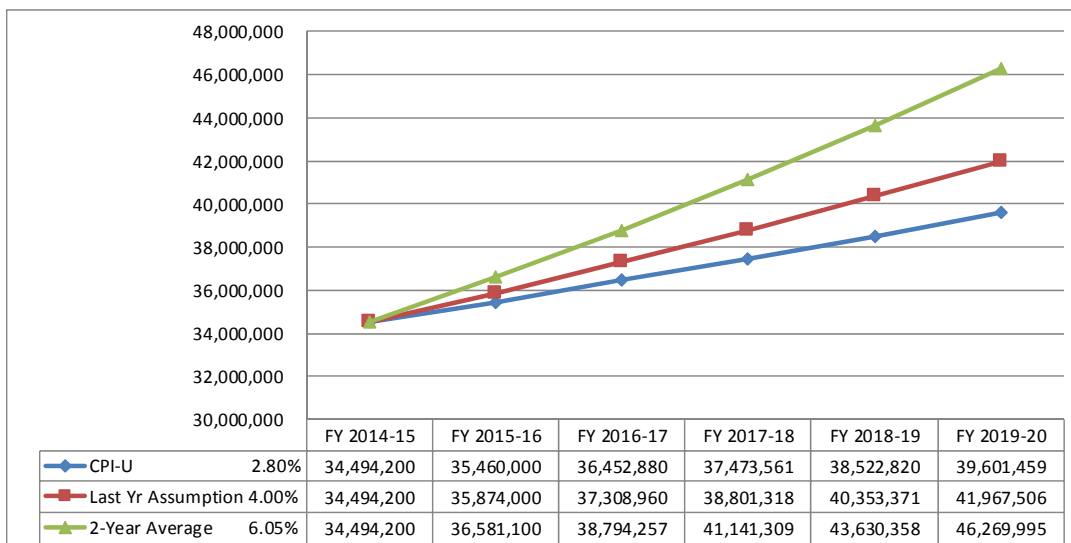
External Considerations:

The State of California Budget: Although the State's economic outlook has improved for the current fiscal year, continued caution is prudent when considering economic factors that may impact the District's budget. One factor that continues to impact the District's budget philosophy is the **Educational Revenue Augmentation Fund (ERAF) Rebate**. In October of 2003, the San Mateo County Controller announced that there would be a refund to local tax-receiving agencies from excess funds in the ERAF trust fund. These refunds are primarily a result of the local tax base increasing at a rate faster than the increase in the funding limits of the Schools and Community Colleges. Beginning with the 2012-13 budget and based upon advice from the San Mateo County Controller, the District's budgeted revenue projections no longer include the ERAF Rebate as a source of ongoing revenue to the District. In the event that ERAF Rebate funds are received in 2015-16, the Board of Directors will decide how to earmark those funds.

Another factor that must be considered is **Redevelopment Agency (RDA) Revenue**. Annually, the District receives revenue from the Redevelopment Successor Agencies of the Cities of Menlo Park, Palo Alto, and East Palo Alto. Effective February 1, 2010, ABX1 26 implemented the State-wide dissolution of all RDA's. The 2015-16 budget includes an estimate of \$1.1 million from RDA revenue, based on the concept that the District will receive the funds as they revert to property tax revenue.

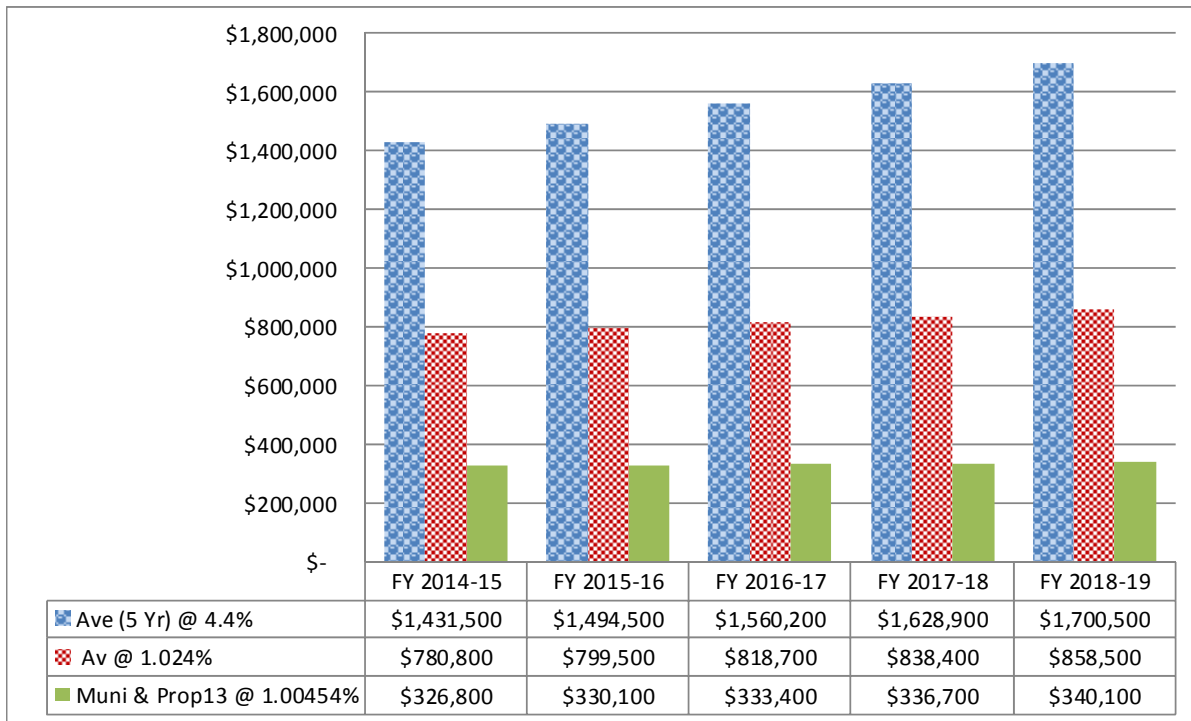
In order to provide a basis for establishing the level of resources available to support the 2015-16 budget, the District's Finance Committee developed options that would fund an expenditure budget of \$37 million. As shown, there were three analytical approaches derived from an average of the last two years percentage growth rates or 6.05%; the annual average inflation factor of 2.8%; and last year's assumption of 4% growth rate. The committee voted to set the growth rate at 4%. The budgeted amount of the RDA revenues will continue to be received by the District throughout the dissolution of the Agencies, potentially to be reclassified as property tax revenue. The following two charts show the results of the application of each of the above analytical approaches when applied to the current secured property tax of \$34.5 million, consistently for a five year period.

Chart 21 - Secured Property Tax 5 Year Estimates



Menlo Park Fire Protection District
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For the Year Ended June 30, 2015

Chart 22 – Secured Property Tax 5 Year Estimates Year-to-Year Increase



CalPERS Safety Group Rates: The recent economic downturn, which hit California particularly hard in many areas, resulted in a significant reduction in State revenue collections, assessed property valuations, and losses in the CalPERS retirement fund portfolio. The worst period for CalPERS, naturally coincided with the substantial fall in the financial markets starting in late 2007 and going into the March 2009 market lows. For fiscal year 2014-15, CalPERS' investment rate of return was 2.4%. While concern remains over the funding of future benefits and the District's contribution rates are likely to rise in the future, CalPERS' success in achieving its target rate of return of 7.5% will determine to what extent contribution rates change.

On March 10, 2014 CalPERS issued Circular Letter No. 200-013-14, in which the CalPERS Board of Administration approved a recommendation to change the actuarial policies, methods and assumptions governing the administration of employer retirement plans. In order to ensure that the retirement liability is adequately funded, CalPERS is planning to change the discount rate (economic assumptions) in the future. The changes to the actuarial policies and methods began to impact local agencies participating in CalPERS in fiscal year 2015-16 and changes to the actuarial assumptions will impact local agencies participating in CalPERS in fiscal year 2016-17. The impact of these changes will spread the cost over twenty years with the increases phased in over the first five years and ramped down over the last five years of the twenty year amortization period. In November 2015 CalPERS is planning to establish risk mitigation strategies to benefit employees and employers in the long term.

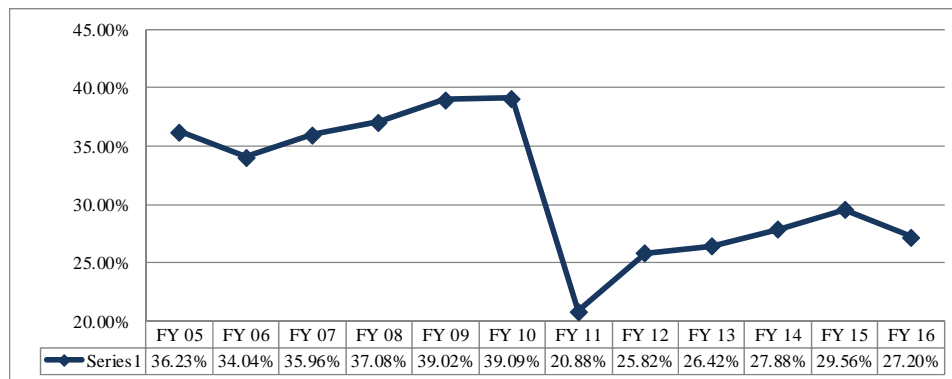
Despite these adjustments, the rate of return on the CalPERS portfolio remains highly uncertain. The District's retirement benefit costs could increase significantly if market conditions become unfavorable.

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Actual CalPERS Employer Contribution Rate History: At the March 16, 2010 District Board meeting, the Board of Directors adopted Resolution No. 1361-2010, authorizing a pay down of the Safety Group Side Fund in the amount of \$7 million. The payment was made to CalPERS on April 1, 2010, and this resulted in about a 10% reduction in the Safety Group rate. Resolutions No. 1388-2010 and No. 1409-2010 authorized the payoff of the remaining Safety Side Fund obligation in the amount of \$5.5 million. On March 17, 2015, authorized by Resolution No. 1779-2015, the Board of Directors approved a pay down of \$12 million, towards the pre-2013 pool unfunded actuarial liability.

The chart below provides the history of the District's contribution rate to CalPERS for the Safety group.

**Chart 23 – CalPERS Obligations
Employer Contribution Rate**

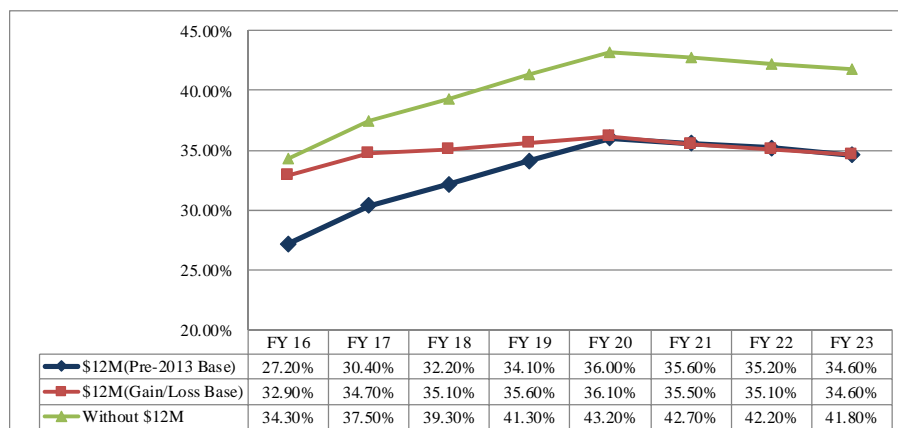


As demonstrated in the chart, the District's contribution rate has increased significantly since 2010-11 because of the performance of the CalPERS investment portfolio and asset valuations. The increase is anticipated to continue given that CalPERS modified its actuarial assumptions in April of 2013 and March 2014, applying a more conservative basis.

CalPERS Employer Contribution Rate With and Without the UAL Contribution

At the Board meeting held on February 17, 2015, a third party Sr. Actuary made a presentation to educate the Board about the CalPERS actuarial issues and the result of the District partially paying down the current estimated unfunded liability using \$12 million held in the PERS Rate Stabilization Fund. The Sr. Actuary presented possible scenarios as illustrated below:

**Chart 23 – Employer Projected Contribution Rate
Contribution Rate Summary**



Menlo Park Fire Protection District
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

MOVING FORWARD

The staff and the Board of Directors are committed to the fiscal stability and viability of the District. Although there have been strong signs of an improving local economy and a strengthening of the local housing and development markets within the District's jurisdictions, the Board remains cognizant of the need for cautious optimism as it moves forward. The Board of Directors, therefore, continues to take a prudent and conservative approach when it reviews and adopts its budgets and sets authorized expenditure levels. In order to proactively position the District financially, the District's fiscal position is continuously evaluated and adjustments are made to reflect the impact of any economic climate changes.

The following chart applies several basic budget parameters defined by the Board of Directors and an economic trend analysis to the FY 2015-16 budget. This data is used to forecast five years out to FY 2019-20, giving Staff and the Board of Directors a model from which to make both short- and long-term financial decisions.

Chart 24 – Five Year Forecast

REVENUE ASSUMPTIONS									
	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Gross Prop. Tax Growth Rates	-2.78%	1.00%	1.02%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Other Revenues	-2.78%	1.00%	1.02%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
EXPENDITURE ASSUMPTIONS									
	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Staff	-2.78%	1.00%	1.02%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Operating Expense	-2.78%	1.00%	1.02%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
RESERVE ASSUMPTIONS									
Budgetary Deficit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash Flow Management	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Under the current fiscal assumptions the District will not need to rely on reserves to balance its future years' budgets. These assumptions are reviewed and modified each year, as the ongoing fiscal performance is measured. In February 2016, the Board of Directors will conduct a study session to review the economic growth within the County, outlook for property tax growth, and the pension liability. In addition, the Board of Directors is planning to implement a long term capital improvement plan and funding.

Also, of particular concern is the rate of population and development growth within the District's jurisdiction. The increased number of people and structures places additional demands on District resources. In addition, increasing traffic congestion may adversely impact emergency response times. To address this concern, the Fire Chief has been working diligently with local city and county officials to evaluate the need for impact fees and a possible increase in the District's emergency response resources.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances. Questions about this report should be directed to the Administrative Services Division, at 170 Middlefield Road, Menlo Park, California, 94025.

BASIC FINANCIAL STATEMENTS



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GOVERNMENT-WIDE FINANCIAL STATEMENTS

Menlo Park Fire Protection District
Statement of Net Position
June 30, 2015

	Governmental Activities
<hr/>	
ASSETS	
Current assets:	
Cash and investments	\$ 63,606,569
Receivables:	
Accounts	399,832
Taxes	683,447
Interest	16,573
Due from other governments	680,805
Prepaid items	607,905
Inventories	8,676
Total current assets	<u>66,003,807</u>
Noncurrent assets:	
Restricted cash and investments	1,264,088
Net OPEB asset	3,321,735
Non-depreciable capital assets	12,364,057
Depreciable capital assets, net	10,498,589
Total noncurrent assets	<u>27,448,469</u>
Total assets	<u>93,452,276</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions made after measurement date	15,277,234
Employer's actual contribution in excess of the Employer's proportionate share of contributions	82,950
Adjustments due to positive differences in pension cost-sharing proportion	352,800
Total deferred outflows of resources	<u>15,712,984</u>

Menlo Park Fire Protection District
Statement of Net Position (Continued)
June 30, 2015

	Governmental Activities
<hr/>	
LIABILITIES	
Current liabilities:	
Accounts payable	800,458
Accrued liabilities	2,784,747
Interest payable	312,765
Unearned revenue	219,088
Compensated absences - due within one year	1,009,220
Claims payable - due within one year	547,776
Long-term debt - due within one year	255,000
Total current liabilities	<u>5,929,054</u>
Noncurrent liabilities:	
Tax refund payable	125,446
Compensated absences - due in more than one year	1,607,952
Claims payable - due in more than one year	1,123,596
Long-term debt - due in more than one year	11,015,000
Aggregate net pension liabilities (Note 8)	34,261,141
Total noncurrent liabilities	<u>48,133,135</u>
Total liabilities	<u>54,062,189</u>
 DEFERRED INFLOWS OF RESOURCES	
Pension plan investment earnings in excess of expected earnings	10,385,813
Employer's proportionate share of contributions in excess of the Employer's actual contribution	951,675
Adjustments due to negative differences in pension cost-sharing proportion	84,074
Total deferred outflows of resources	<u>11,421,562</u>
 NET POSITION	
Net investment in capital assets	11,847,646
Restricted:	
Debt service	1,113,255
Contractual requirements	277,608
Total restricted	<u>1,390,863</u>
Unrestricted	<u>30,443,000</u>
Total net position	<u><u>\$ 43,681,509</u></u>

Menlo Park Fire Protection District
Statement of Activities
For the Year Ended June 30, 2015

	Governmental Activities
Expenses	
Public safety - fire	\$ 29,885,087
Interest payment of long-term debt	979,592
Total expenses	<u>30,864,679</u>
Program revenues	
Operating grants and contributions	1,701,160
Charges for services	1,291,789
Total program revenues	<u>2,992,949</u>
Net program expenses	<u>27,871,730</u>
General revenues:	
Property taxes	37,954,413
Use of money and property	150,180
Other revenues	1,255,637
Total general revenues	<u>39,360,230</u>
Change in net position	11,488,500
Net Position - beginning of year, as restated (Note 11)	<u>32,193,009</u>
Net Position - end of year	<u><u>\$ 43,681,509</u></u>

FUND FINANCIAL STATEMENTS



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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund – This is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

FEMA Special Revenue Fund - This fund is used to account separately for funds received and disbursed for federal emergencies. The District participates in a program with the Federal Emergency Management Agency (FEMA) who grants the District money for the reimbursement of certain expenditures allocated for activities performed at the request of the Federal government.

Capital Improvement Capital Projects Fund - This fund is used to account for the acquisition and/or construction of all governmental general capital assets.

Debt Service Fund - This fund is used to account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.



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Menlo Park Fire Protection District
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds				
	General Fund	FEMA Special Revenue Fund	Capital Improvement Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and investments	\$ 40,328,484	\$ -	\$ 22,040,293	\$ 1,237,792	\$ 63,606,569
Restricted cash and investments	-	-	150,833	1,113,255	1,264,088
Receivables:					
Accounts	399,832	-	-	-	399,832
Taxes	683,447	-	-	-	683,447
Interest	16,573	-	-	-	16,573
Due from other funds	13,123	-	-	-	13,123
Due from other governments	621,099	59,706	-	-	680,805
Prepaid items	607,905	-	-	-	607,905
Inventories	8,676	-	-	-	8,676
Total assets	\$ 42,679,139	\$ 59,706	\$ 22,191,126	\$ 2,351,047	\$ 67,281,018
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 470,934	\$ 34,877	\$ 294,647	\$ -	\$ 800,458
Accrued liabilities	2,773,041	11,706	-	-	2,784,747
Unearned revenue	219,088	-	-	-	219,088
Due to other funds	-	13,123	-	-	13,123
Total liabilities	3,463,063	59,706	294,647	-	3,817,416
Deferred inflows of resources:					
Unavailable revenues	622,981	-	-	-	622,981
Total deferred inflows of resources	622,981	-	-	-	622,981
Fund Balances:					
Nonspendable	616,581	-	-	-	616,581
Restricted	277,608	-	-	1,113,255	1,390,863
Committed	26,152,356	-	21,896,479	1,237,792	49,286,627
Assigned	10,988,306	-	-	-	10,988,306
Unassigned	558,244	-	-	-	558,244
Total fund balances	38,593,095	-	21,896,479	2,351,047	62,840,621
Total liabilities, deferred inflows of resources and fund balances	\$ 42,679,139	\$ 59,706	\$ 22,191,126	\$ 2,351,047	\$ 67,281,018

Menlo Park Fire Protection District
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2015

Total Fund Balances - Total Governmental Funds	\$ 62,840,621
Amounts reported for governmental activities in the Statement of Net Position were different because:	
Capital assets used in governmental activities were not financial resources and therefore were not reported in governmental funds.	22,862,646
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet.	(312,765)
Long-term liabilities were not due and payable in the current period and therefore were not reported in the governmental funds.	
Amount reported in Government-Wide Statement of Net Position:	
Compensated absences - due within one year	(1,009,220)
Compensated absences - due in more than one year	(1,607,952)
Claims payable - due within one year	(547,776)
Claims payable - due in more than one year	(1,123,596)
Long-term debt - due within one year	(255,000)
Long-term debt - due in more than one year	(11,015,000)
Tax Refund Payable	(125,446)
Total long-term debt	<u>(15,683,990)</u>
Revenues earned but not available to pay for current expenditures for governmental funds are unavailable.	622,981
Pension contributions made during the year after the measurement date are reported as expenditures in governmental funds and as deferred outflow of resources in the government-wide financial statements.	15,277,234
Net pension liability is not due and payable in the current period and therefore is not reported in the governmental funds.	(34,261,141)
Net OPEB Asset is not available in the current period and therefore is not reported in the governmental funds.	3,321,735
Difference between projected and actual earnings on pension plan investments are reported in the government-wide financial statements:	
Deferred adjustments due negative differences in pension cost-sharing proportion	(84,074)
Deferred adjustments due positive differences in pension cost-sharing proportion	352,800
Difference between employer actual contribution and employer's proportionate share of contribution	
Employer's proportionate share of contributions in excess of the Employer's actual contribution	(951,675)
Employer's actual contribution in excess of the Employer's proportionate share of contributions	82,950
Difference between projected and actual earnings on pension plan investments are reported in the government-wide financial statements:	
Projected earnings under actual earnings	<u>(10,385,813)</u>
Net Position of Governmental Activities	<u>\$ 43,681,509</u>

Menlo Park Fire Protection District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds				
	General Fund	FEMA Special Revenue Fund	Capital Improvement Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Property taxes - secured and unsecured	\$ 36,354,540	\$ -	\$ -	\$ -	\$ 36,354,540
Redevelopment Projects in Menlo Park	705,356	-	-	-	705,356
Homeowner's property tax relief	185,592	-	-	-	185,592
Redevelopment projects in East Palo Alto	708,925	-	-	-	708,925
Licenses and permits	1,102,357	-	-	-	1,102,357
Charges for services - JPA ambulance service	189,432	-	-	-	189,432
Rent revenue	155,177	-	-	-	155,177
Grant revenue	319,900	1,381,260	-	-	1,701,160
Intergovernmental	-	-	-	209,997	209,997
Interest	129,742	-	211	20,227	150,180
Other revenue	890,463	-	-	-	890,463
Total revenues	40,741,484	1,381,260	211	230,224	42,353,179
EXPENDITURES:					
Current:					
Salaries and benefits	35,262,507	324,356	-	-	35,586,863
Services and supplies	4,518,910	847,511	-	-	5,366,421
Capital Outlay	1,176,183	209,393	2,955,274	-	4,340,850
Debt service:					
Principal	-	-	-	245,000	245,000
Interest and fiscal charges	-	-	-	757,210	757,210
Total expenditures	40,957,600	1,381,260	2,955,274	1,002,210	46,296,344
REVENUES OVER (UNDER) EXPENDITURES	(216,116)	-	(2,955,063)	(771,986)	(3,943,165)
OTHER FINANCING SOURCES (USES):					
Proceeds from sales of property	101,000	-	-	-	101,000
Transfers in	-	-	5,673,600	950,100	6,623,700
Transfers out	(6,623,700)	-	-	-	(6,623,700)
Total other financing sources (uses)	(6,522,700)	-	5,673,600	950,100	101,000
CHANGES IN FUND BALANCES	(6,738,816)	-	2,718,537	178,114	(3,842,165)
FUND BALANCES:					
Beginning of year	45,331,911	-	19,177,942	2,172,933	66,682,786
End of year	\$ 38,593,095	\$ -	\$ 21,896,479	\$ 2,351,047	\$ 62,840,621

Menlo Park Fire Protection District
Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ (3,842,165)
Amounts reported for governmental activities in the Statement of Activities were different because:	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period.	
Purchase of capital assets	4,340,850
Net effect of disposal of capital assets	(10,617)
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds.	
	(901,387)
Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	
Principal payment of long-term debt	245,000
Changes in net pension liability reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds (Note 8).	
	11,157,293
The net effect of various miscellaneous transactions involving pension plans (i.e. deferred inflow/outflow amortization, contributions after measurement date) increased Net Position.	
	1,210,271
Certain long-term assets and liabilities were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, long-term assets and liabilities were not reported as expenditures in governmental funds. These amounts represented the changes in long-term liabilities from prior year.	
Changes in compensated absences	(353,503)
Changes in claims payable	(5,819)
Changes in net OPEB asset	(106,973)
Changes in tax refund payable	65,420
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. This amount represented the change in accrued interest from prior year.	
	(312,765)
Unavailable revenues were reported as deferred inflows of resources in the Governmental Funds but were reported as revenues in the Government-Wide Statement of Statement of Activities	
	2,895
Change in Net Position of Governmental Activities	<u><u>\$ 11,488,500</u></u>

Menlo Park Fire Protection District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
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Menlo Park Fire Protection District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

The basic financial statements of the Menlo Park Fire Protection District (the “District”) have been prepared in conformity with accounting principles generally accepted of the United States of America (“U.S. GAAP”) as applied to Governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

A. Reporting Entity

The Menlo Park Fire Protection District (District) was organized in 1915 and operates under the State of California Health and Safety Code. The District protects around 90,000 residents covering an area of 30 square miles in Southern San Mateo County, which includes the City of Menlo Park, the Town of Atherton, and City of East Palo Alto. The District also covers unincorporated adjacent areas including Dumbarton Oaks, North Fair Oaks, Ravenswood and lands adjacent to Stanford University. The District operates 7 Fire Stations and 1 Fire Prevention and Administration office.

The District also has working agreements with the neighboring Fire departments, Palo Alto, Redwood City, and Woodside Fire District, to provide automatic aid.

A five-member Board of Directors, elected to four-year terms, establishes policy of the District. The present Board consists of Rex Ianson (retired firefighter), Virginia Chang Kiraly (Corporate Finance), Rob Silano (Public Safety Expert), Peter Carpenter (Entrepreneur) and Chuck Bernstein (President and Founder of Private Educational Organization).

The District has 102 employees. The command staff includes a Fire Chief, two Division Chiefs, one Fire Marshal, and four Battalion Chiefs. Each of the Division chiefs has a primary function responsibility. The responsibilities include Operations and Training. In addition, each Battalion Chief is also a shift supervisor for one of the three suppression shifts. The fourth Battalion Chief assists with training.

The District maintains its headquarters at 170 Middlefield Road, Menlo Park, California 94025.

The Menlo Park Fire Protection District is not blended with any other governmental unit, thus its financial statements do not include any financial activity of any other agency. It is not a component unit of any other reporting entity.

B. Basis of Accounting and Measurement Focus

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained in accordance with legal and managerial requirements.

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

Government - Wide Financial Statements

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Change in Net Position. These statements present summaries of governmental activities for the District.

These financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents change in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the District in two categories:

- Charges for services
- Operating grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Transfers in/out

Fund Financial Statements

Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The District considers all funds as major funds since they met the applicable criteria in accordance with GASB Statement No. 34. An accompanying schedule is presented to reconcile and explain the differences in Net Position as presented in these statements to the Net Position presented in the Government-Wide Financial Statements.

All funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

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 as soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Fund Financial Statements (Continued)

Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The District reports the following major funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in another fund.

FEMA Special Revenue Fund – The FEMA Special Revenue Fund is used to account separately for funds received and disbursed for federal emergencies. The District participates in a program with the Federal Emergency Management Agency (FEMA) who grants the District money for the reimbursement of certain expenditures allocated for activities performed at the request of the Federal government.

Capital Improvement Capital Projects Fund – The Capital Improvement Capital Projects Fund is used to account for the acquisition and/or construction of all major governmental general capital assets.

Debt Service Fund – The Debt Service Fund is used to account for accumulation of resources and payments made for the principal and interest on long-term debt of governmental funds.

C. Cash and Investments

Cash includes cash on hand and demand deposits. Investments are reported at fair value. Changes in fair value that occur during the fiscal year are recognized as investment income for that fiscal year.

The District participates in an investment pool managed by the State of California titled Local Agency Investment Fund (“LAIF”), which has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk and to change in interest rates. The reported value of the pool is the same as the fair value of the pool shares.

Certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk
- Foreign Currency Risk

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

D. Restricted Cash and Investments

Cash and investments with fiscal agents are restricted due to limitations on their use by bond covenants or donor limitations. Fiscal agents acting on behalf of the District hold investment funds arising from the proceeds of long-term debt issuances. The funds may be used for specific capital outlays or for the payment of certain bonds, and have been invested only as permitted by specific State statutes or applicable District ordinance, resolution or bond indenture.

E. Inventories and Prepaid items

Inventories are valued on an average-cost basis which are adjusted to annual physical counts or estimates under the consumption method of accounting. Prepaid items are items the District has paid in advance and will receive future benefit from.

F. Interfund Transactions

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. Interfund balances arise in the normal course of operations to cover cash shortages and are expected to be repaid shortly after the end of the fiscal year.

G. Capital Assets and Depreciation

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings and Site Improvements	7 -50 years
Furniture and Equipment	5 -20 years
Vehicles	5 -15 years

Major outlays for capital assets are capitalized as construction in progress, once constructed, and repairs and maintenance costs are expensed. Interest accrued during capital assets construction, if any, is capitalized as part of the asset cost, net of interest income on construction bond proceeds.

H. Compensated Absences

Compensated absences comprise vested vacation, sick, comp time and annual leave. Employees do not gain a vested right to accumulated sick leave, unless they take retirement through PERS or are laid off. The annual leave plan combines vacation and sick leave, which is settled annually.

In government-wide financial statements compensated absences are recorded as expenses and liabilities as incurred.

In Fund financial statements, compensated absences are recorded as expenditures in the years paid, as it is the District’s policy to liquidate any unpaid annual leave at year-end from future resources rather than currently available and expendable resources. The General Fund is typically used to liquidate compensated absences.

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

I. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 8). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The following timeframes are used for pension reporting:

CalPERS

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Measurement Period	July 1, 2013 to June 30, 2014

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

J. Long-Term Debt

Government-Wide Financial Statements

Long-term debt and other financial obligations are reported as liabilities in the appropriate funds.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are expensed when incurred.

Fund Financial Statements

The fund financial statements do not present long-term debt but are shown in the Reconciliation of the governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

K. Tax Refund Payable

Tax Refund Payable comprises the District's share of the tax refund to be paid over seven years due to the County of San Mateo overcharging Genentech for property taxes over multiple years.

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

L. Property Taxes

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are expensed when incurred.

Property taxes are levied on March 1 and are payable in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is January 1. The County of San Mateo, California (County) bills and collects property taxes and remits them to the District according to a payment schedule established by the County.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied, provided the taxes are received within 60 days after the end of the fiscal year. Property taxes received after this date are not considered available as a resource that can be used to finance the current year operations of the District and, therefore, are not recorded as revenue until collected. No allowance for doubtful accounts was considered necessary.

M. Unearned Revenue

Unearned revenue recorded in the Government-Wide Statement of Net Position for activities and the Fund Financial Statements consist of federal and state capital grants, representing voluntary nonexchange transactions, for which advance payments have been received from the provider for which eligibility requirements, other than timing requirements, have not been satisfied.

N. Net Position

In government-wide financial statements, net position is categorized as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

O. Fund Balances

In Fund financial statements, fund balances are categorized as follows:

Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

P. Fund Balances (Continued)

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body and that remain binding unless removed in the same manner. The Board of Directors is considered the highest authority for the District.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The Board of Directors has authorized the District Manager to determine and define the amount of assigned fund balances.

Unassigned – This amount is for any portion of the fund balances that do not fall into one of the above categories. The general fund is the only fund that reports a positive unassigned fund balance amount. In other funds, it is not appropriate to report a positive unassigned fund balance amount. However, in funds other than general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Q. Spending Policy

Government-Wide Financial Statements

When an expense is incurred for purposes for which both restricted and unrestricted Net Position are available, the District's policy is to apply restricted Net Position first.

Fund Financial Statements

When expenditures are incurred for purposes where only unrestricted fund balances are available, the District uses the unrestricted resources in the following order: committed, assigned, and unassigned.

R. Use of Estimates

The preparation of basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from these estimates and assumptions.

S. Accounting Changes

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*). This Statement establishes standards for measuring and recognizing liabilities, deferred outflow of resources, deferred inflows of resources, and expense/expenditures for pension plans. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This statement became effective for periods beginning after June 15, 2014. See Note 11 for prior period adjustment as a result of implementation.

GASB has issued Statement No. 69, *Government Combinations and Disposals of Government Operation*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement became effective for periods beginning after December 15, 2013 and did not have a significant impact on the District's financial statements for year ended June 30, 2015.

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

S. Accounting Changes (Continued)

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement establishes standards relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement became effective for periods beginning after June 15, 2014. See Note 11 for prior period adjustment as a result of implementation.

Note 2 – Cash and Investments

The following is a summary of cash and investments and cash and investments with fiscal agents at June 30, 2015:

Cash and investments	\$ 63,606,569
Restricted cash and investments	<u>1,264,088</u>
Total cash and investments	<u>\$ 64,870,657</u>

Cash, cash equivalents and investments consisted of the following at June 30, 2015:

Cash on hand	\$ 5,650
Demand deposits with financial institutions	<u>14,900,631</u>
Total cash	<u>14,906,281</u>
Local Agency Investment Fund (LAIF)	<u>49,964,376</u>
Total investments	<u>49,964,376</u>
Total cash and investments	<u>\$ 64,870,657</u>

A. Deposits

The carrying amount of the District's cash deposits were \$14,900,631 at June 30, 2015. Bank balances before reconciling items were \$14,994,747 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the District's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the District's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the District's name.

The market value of pledged securities must equal at least 110% of the District's cash deposits. California law also allows institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total cash deposits. The District may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The District, however, has not waived the collateralization requirements.

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Cash and Investments (Continued)

B. Investments

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Local Agency Investment Fund	N/A	None	\$50 Million**
California Asset Management Trust	N/A	None	\$50 Million***
Certificates of Deposits	5 years	20%	5%
Negotiable Certificates of Deposits	5 years	30%	5%
Banker's Acceptances	180 days	40%	30%
U.S. Treasury Obligations	5 years	None	None
U.S. Agency and U.S. Government Sponsored			
Enterprise Securitized	5 years	None	None
California Municipal Obligations	5 years	10%	10%
Repurchase Agreement	30 days	20%	10%
Commercial Paper of Prime Quality	270 days	25%	10%
Money Market Mutual Funds	5 years	20%	10%
Local Agency Bonds	5 years	None	10%

* Excluding amounts held by bond trustee that are not subject to California Government Code restriction.

** Maximum is \$50 million per account.

*** Maximum is \$50 million (net of bond proceeds)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreement rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None
Certificates of Deposit	None	None	None
Repurchase Agreements	None	None	None
Mortgage Pass-Through Securities	None	None	None
State Bonds or Notes	None	None	None
Municipal Bonds or Notes	None	None	None
Asset-Backed Securities	5 years	20%	20%

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Cash and Investments (Continued)

C. Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity, the greater the sensitivity its fair value is to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At June 30, 2015, the District's pooled cash and investments had the following maturities:

As of June 30, 2015, the District had the following investments and maturities:

<u>Investments</u>	<u>Credit Rating</u>	<u>Fair Value June 30, 2015</u>	<u>Maturity 12 Months or Less</u>
Investments:			
Local Agency Investment Fund (LAIF)	N/A	\$ 49,964,376	\$ 49,964,376
Total Treasury Investments		<u>\$ 49,964,376</u>	<u>\$ 49,964,376</u>

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organization. As of June 30, 2015, the Local Agency Investment Fund was not rated.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. Cash in banks is fully insured by the Federal Deposit Insurance Corporation and so there is no exposure to custodial credit risk.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. District investments that are greater than 5 percent of the total investments are in either an external investment pool or mutual funds and are therefore exempt.

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Cash and Investments (Continued)

D. Investments in Local Agency Investment Fund

The District is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District's investments in LAIF at June 30, 2015 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2015, the District had \$49,964,376 invested in LAIF, which had invested 2.08% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The District valued its investments in LAIF as of June 30, 2015, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. The fair value of the District's position in the pool is the same as the value of the pool shares. The credit quality rating of LAIF is unrated as of June 30, 2015.

Note 3 – Interfund Balances and Transactions

A. Due to/Due from other funds

At June 30, 2015, interfund receivables and payables were as follows:

Due To Other Funds	
	FEMA Fund
Due From Other Funds	
General Fund	\$ 13,123

Current interfund balances arise in the normal course of operations to cover cash shortages and are expected to be repaid shortly after the end of the fiscal year.

B. Transfers In/Out

For the year ended June 30, 2015, interfund transfers were as follows:

Transfers To Other Funds	
	General Fund
Transfers from Other Funds	
Capital Improvement Fund	\$ 5,673,600
Debt Service Fund	950,100
Total	\$ 6,623,700

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 3 – Interfund Balances and Transactions (Continued)

B. Transfers In/Out (Continued)

General Fund – Transfers were for operating support to the districts capital projects and debt services fund. The total amount of transfers out for capital projects was \$5,673,600. In addition, a transfer was made to pay debt service in the amount of \$950,100. The General Fund transfers out totaled \$6,623,700.

Note 4 – Capital Assets

Summary of change in capital assets activity for the year ended June 30, 2015, is shown below:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 5,090,013	\$ -	\$ -	\$ 5,090,013
Construction in progress	4,622,786	2,651,258	-	7,274,044
Total capital assets, not being depreciated	9,712,799	2,651,258	-	12,364,057
Capital assets, being depreciated:				
Building and improvements	12,327,611	304,016	-	12,631,627
Vehicles - MPFPD	5,661,189	178,328	-	5,839,517
Vehicles - FEMA	1,542,746	51,229	(520,500)	1,073,475
Furniture & Equipment - MPFPD	1,458,901	997,855	(165,723)	2,291,033
Furniture & Equipment - FEMA	306,599	158,164	-	464,763
Subtotal	21,297,046	1,689,592	(686,223)	22,300,415
Less accumulated depreciation				
Building and improvements	(5,221,449)	(311,023)	-	(5,532,472)
Vehicles - MPFPD	(3,585,502)	(397,336)	-	(3,982,838)
Vehicles - FEMA	(1,426,867)	(34,774)	509,883	(951,758)
Furniture & Equipment - MPFPD	(1,175,282)	(117,127)	165,723	(1,126,686)
Furniture & Equipment - FEMA	(166,945)	(41,127)	-	(208,072)
Subtotal	(11,576,045)	(901,387)	675,606	(11,801,826)
Total capital assets, being depreciated	9,721,001	788,205	(10,617)	10,498,589
Total capital assets, net	\$ 19,433,800	\$ 3,439,463	\$ (10,617)	\$ 22,862,646

Depreciation expense of \$901,387 was charged to public safety-fire governmental activities.

Note 5 – Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2015 is as follows:

	Original Issue Amount	Balance July 1, 2014	Debt Retired	Balance June 30, 2015	Classification	
					Due within One Year	Due in More Than One Year
2009 Certificates of Participation Series A 2%-5%, due 8/1/2022	\$ 3,055,000	\$ 2,580,000	\$ (245,000)	\$ 2,335,000	\$ 255,000	\$ 2,080,000
2009 Certificates of Participation Series B 2%-5%, due 8/1/2022	8,935,000	8,935,000	-	8,935,000	-	8,935,000
Total		\$ 11,515,000	\$ (245,000)	\$ 11,270,000	\$ 255,000	\$ 11,015,000

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 5 – Long-Term Debt (Continued)

2009 Certificates of Participation

On behalf of the District, in December 2009, the Public Property Financing Corporation of California (a nonprofit public benefit corporation) issued Certificates of Participation in the original principal amount of \$11,990,000, bearing interest at 2-7%. Bond proceeds were used to finance a portion of the costs of the acquisition, construction, improvements and/or rehabilitation of facilities and improvements to be owned and operated by the District. Under a non-cancelable lease of these assets extending to August 1, 2039, the District makes annual payments on August 1, from any source of available funds of the District which are sufficient to pay the principal and interest on the 2009 Certificates of Participation. The costs of the assets securing this lease and the balance of the debt evidenced by the 2009 Certificates of Participation have been included in the District's financial statements as this lease is in essence a financing arrangement, with ownership of the financed assets reverting to the District at its conclusion.

The taxable 2009 B Bonds were sold as "Build America Bonds" pursuant to the American Recovery and Reinvestment Act of 2009. The interest on Build America Bonds is not tax-exempt and therefore the bonds carry a higher interest rate. However, this higher interest rate will be offset by a subsidy payable by the United States Treasury up to 35 percent of the interest payable on the Bonds. The subsidy will be payable on or about the date that the District makes its debt service payments and the total subsidy received in fiscal year 2015 was \$209,997.

The annual debt services requirements for the Certificates of Participation Bonds, Series A and B, outstanding at June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 255,000	\$ 746,810	\$ 1,001,810
2017	260,000	739,085	999,085
2018	270,000	729,785	999,785
2019	280,000	717,385	997,385
2020	295,000	703,010	998,010
2021-2025	1,705,000	3,257,658	4,962,658
2026-2030	2,135,000	2,606,104	4,741,104
2031-2035	2,685,000	1,740,921	4,425,921
2036-2040	3,385,000	639,704	4,024,704
Total	\$ 11,270,000	\$ 11,880,464	\$ 23,150,464

Note 6 – Compensated Absences

Summary of changes in compensated absences for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance 6/30/2015	Classification	
					Due within One Year	Due in More Than One Year
Compensated Absences	\$ 2,263,669	\$ 2,226,442	\$ (1,872,939)	\$ 2,617,172	\$ 1,009,220	\$ 1,607,952
Total	\$ 2,263,669	\$ 2,226,442	\$ (1,872,939)	\$ 2,617,172	\$ 1,009,220	\$ 1,607,952

The District's liability for vested and unpaid compensated absences (accrued vacation, sick time, comp time and annual leave) has been accrued and amounts to \$2,617,172 at June 30, 2015.

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 7 – Self-Insurance

A. General Liability

The District has commercial insurance coverage over its property, portable equipment, comprehensive crime, management liability and automobiles. The District also has excess liability insurance up to \$10,000,000 per occurrence (\$20,000,000 in aggregate). During the current year, there were no significant reductions in insurance coverage from the prior year. For each of the past three fiscal years, the settlements have not exceeded the District's insurance coverage.

B. Workers' Compensation

The District is self-insured for workers' compensation claims up to the first \$750,000 of each insurance claim. The District has insurance coverage for potential losses in excess of the workers' compensation self-insurance limit. The District has contracted with a workers' compensation administrator to handle its claims. As of June 30, the accrued workers' compensation claims liabilities were:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Claims liabilities - beginning balance	\$ 1,665,553	\$ 1,658,307	\$ 1,186,072
Incurred claims, representing the total of a provision for events of the current fiscal year and any change in the provision for events of prior fiscal years	553,595	393,926	1,050,487
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(547,776)</u>	<u>(386,680)</u>	<u>(578,252)</u>
Claims liabilities - ending balance	<u><u>\$ 1,671,372</u></u>	<u><u>\$ 1,665,553</u></u>	<u><u>\$ 1,658,307</u></u>

C. Dental Plan

The District has a self-insured dental plan. The District contributes \$122 per month for each full time employee toward the employee dental plan. The benefit for part time staff is prorated depending upon the number of hours worked. In October for each year, claims are submitted by the District employees to a third party administrator (TPA) for reimbursement on November 30. The District paid \$150,742 to the TPA during the year ended June 30, 2015.

Note 8 – Pension Plans

A. Summary

Net Pension Liability

Net Pension Liability is reported in the accompanying statement of net position as follows:

	Net Pension Liability
Safety Classic Plan - 32	33,051,990
Miscellaneous Classic Plan - 31	\$ 1,208,985
Safety PEPRA Plan - 25022	166
Total	<u><u>\$ 34,261,141</u></u>

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Pension Plans (Continued)

A. Summary (Continued)

Deferred Outflows of Resources

Deferred Outflows of Resources are reported in the accompanying statement of net position as follows:

	Deferred employer pension contributions made after measurement date	Employer's actual contributions in excess of Employer's proportionate share of contributions	Adjustments due to positive differences in proportions
Safety Classic Plan - 32	\$ 14,956,843	\$ -	\$ 345,278
Miscellaneous Classic Plan - 31	267,296	58,667	-
Safety PEPRA Plan - 25022	48,546	24,283	7,522
Miscellaneous PEPRA Plan - 26020	4,549	-	-
Total	\$ 15,277,234	\$ 82,950	\$ 352,800

Deferred Inflows of Resources

Deferred Inflows of Resources are reported in the accompanying statement of net position as follows:

	Investment earnings greater than expected earnings	Employer's proportionate share of contributions in excess of the Employer's actual contributions	Adjustments due to negative differences in proportions
Safety Classic Plan - 32	\$ 9,979,488	\$ 951,675	\$ -
Miscellaneous Classic Plan - 31	406,275	-	84,074
Safety PEPRA Plan - 25022	50	-	-
Total	\$ 10,385,813	\$ 951,675	\$ 84,074

Pension Expense

Pension expenses are included in the accompanying statement of revenues, expenses, and Change in Net Position as follows:

	Net Pension Expense
Miscellaneous Classic Plan - 31	\$ 228,322
Safety Classic Plan - 32	2,680,181
Safety PEPRA Plan - 25022	1,167
Total	\$ 2,909,670

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Pension Plans (Continued)

B. CalPERS Pension Plans

Plan Description

Substantially all District employees working the equivalent of 1,000 hours per fiscal year are eligible to participate in the Safety Classic, Miscellaneous Classic, Safety PEPRAs or Miscellaneous PEPRAs cost-sharing multiple employer defined benefit plans administered by California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. The Classic Plans are closed to new entrants only eligible for employees hired prior to January 1, 2013. Employees hired after January 1, 2013 are eligible to enroll in the PEPRAs. Benefit Provisions under the Plans are established by State statutes within the Public Employee's Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic safety and miscellaneous CalPERS member becomes eligible for Service Retirement upon attainment of age 50 and 55, respectively, with at least 5 years of credited service. Public Employee Pension Reform Act (PEPRA) safety and miscellaneous members become eligible for service retirement upon attainment of age 57 and 62, respectively, with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 12 full-time equivalent monthly pay. Retirement benefits for classic safety miscellaneous employees are calculated as 3% and 2.7%, respectively, of the average final 12 months compensation. Retirement benefits for PEPRA safety and miscellaneous employees are calculated as 2.7% and 2%, respectively, of the average final 36 months compensation.

Participant is eligible for non-industrial disability retirement if becomes disabled and has at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the District to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5% per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2%.

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Employees Covered

At June 30, 2015 the following employees were covered by the benefit terms for each Plan:

	Safety Classic Plan - 32	Miscellaneous Classic Plan - 31	Safety PEPRA Plan - 25022	Miscellaneous PEPRA Plan - 26020
Inactive employees or beneficiaries currently receiving benefits	139	13	0	0
Inactive employees entitled to but not yet receiving benefits	19	5	0	0
Active employees	80	14	4	1

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the active contribution rate was 8.986% of annual payroll for the Safety Classic Plan, 7.947% for the Miscellaneous Classic Plan, and 11.715% for the Safety PEPRA Plan. The average employer's contribution rate was 15.685% of annual payroll for the Miscellaneous Classic Plan, 27.877% for the Safety Classic Plan, 12.250% for the Safety PEPRA Plan, and 12.250% for the Miscellaneous PEPRA Plan.

For the measurement period ended June 30, 2014, the plan's proportionate share of aggregate employer contributions made for each Plan was as follows:

	Safety Classic Plan - 32	Miscellaneous Classic Plan - 31	Safety PEPRA Plan - 25022
Contributions - employer	\$ 4,100,170	\$ 159,944	\$ 21

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

As of June 30, 2015, the District reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability/(Asset)
Safety Classic Plan:			
Balance at: 6/30/13 (Valuation date)	\$ 169,646,846	\$ 125,880,541	\$ 43,766,305
Balance at: 6/30/14 (Measurement date)	177,877,159	144,825,169	33,051,990
Net Changes during 2013-2014	8,230,313	18,944,628	(10,714,315)
Miscellaneous Classic Plan:			
Balance at: 6/30/13 (Valuation date)	\$ 6,723,605	\$ 5,071,696	\$ 1,651,909
Balance at: 6/30/14 (Measurement date)	7,123,724	5,914,739	1,208,985
Net Changes during 2013-2014	400,119	843,043	(442,924)
Safety PEPRA Plan:			
Balance at: 6/30/13 (Valuation date)	\$ 851	\$ 631	\$ 220
Balance at: 6/30/14 (Measurement date)	892	726	166
Net Changes during 2013-2014	41	95	(54)

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

(1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2013). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2014). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2014 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2013-14).

(3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.

(4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

(5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The District's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	Safety Classic Plan - 32	Miscellaneous Classic Plan - 31	Safety PEPRA Plan - 25022
Proportion June 30, 2013	0.91479%	0.05041%	0.00000%
Proportion June 30, 2014	0.53117%	0.01943%	0.00000%
Change - Increase (Decrease)	-0.38362%	-0.03098%	0.00000%

For the year ended June 30, 2015, the District recognized pension expense in the amounts of \$2,680,181, \$228,322, and \$1,167, for the Safety Classic, Miscellaneous Classic and Safety PEPRA plans, respectively.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The Expected Average Remaining Service Lifetime ("EARS�") is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARS� for risk pool for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years of 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired).

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Safety Classic Plan			
	Deferred outflows of Resources		Deferred inflows of Resources
Difference between projected and actual earning on pension plan investments	\$ -	\$	(9,979,488)
Adjustment due to differences in proportions	345,278		-
Difference between District contributions and proportionate share of contributions	-		(951,675)
Total	\$ 345,278	\$	(10,931,163)

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Miscellaneous Classic Plan			
	Deferred outflows of Resources		Deferred inflows of Resources
Difference between projected and actual earning on pension plan investments	\$	-	\$ (406,275)
Adjustment due to differences in proportions		-	(84,074)
Difference between District contributions and proportionate share of contributions		58,667	-
Total	\$	58,667	\$ (490,349)

Safety PEPR Plan			
	Deferred outflows of Resources		Deferred inflows of Resources
Difference between projected and actual earning on pension plan investments	\$	-	\$ (50)
Adjustment due to differences in proportions		7,522	-
Difference between District contributions and proportionate share of contributions		24,283	-
Total	\$	31,805	\$ (50)

For the Safety Classic Plan, Miscellaneous Classic Plan, Safety PEPR plan, and Miscellaneous PEPR plan, \$14,956,843, \$267,296, \$48,546, and 4,549, respectively, was reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/ (Inflows) of Resources		
	Safety Classic	Miscellaneous Classic	Safety PEPR
	Plan - 32	Plan - 31	Plan - 25022
2016	\$ (2,711,442)	\$ (110,642)	\$ 11,346
2017	(2,711,442)	(110,642)	11,346
2018	(2,668,129)	(108,830)	9,077
2019	(2,494,872)	(101,568)	(14)
2020	-	-	-
Thereafter	-	-	-
	<u>\$ (10,585,885)</u>	<u>\$ (431,682)</u>	<u>\$ 31,755</u>

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. Both the June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Discount Rate (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10 ¹	Real Return Years 11+ ²
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	-0.55	-1.05

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Plan's Aggregate Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Safety Classic Plan	\$ 56,878,194	\$ 33,051,990	\$ 13,420,226
Miscellaneous Classic Plan	2,154,038	1,208,985	424,681
Safety PEPR Plan	286	166	68
	<u>\$ 59,032,518</u>	<u>\$ 34,261,141</u>	<u>\$ 13,844,975</u>

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2015, the District reported a payable of \$135,495 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

C. Deferred Compensation Plan

The District offers its eligible employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all regular employees, permits them to defer a portion of their salary until future years. The deferred compensation is available to employees upon termination, retirement, disability or death.

Note 9 – Other Post-Employment Benefits

Plan Descriptions

The District provides various post-employment health benefits for all employees who terminate or retire from the District. These benefits include contributions to the employees Post Employment Health Plan (PEHP), Retiree Medical Stipends, and Public Employees' Medical and Hospital Care Act (PEHMCA). The benefits are based on Memorandum of Understanding with the Unions, and/or Board adopted Resolutions.

An employee is eligible to participate in a District sponsored health plan if he or she retires within 120 days of separation from employment, and receives a monthly retirement allowance from CalPERS. If the member meets this requirement, he or she may continue his or her enrollment at retirement and enrolls within 60 days of retirement.

As of June 30, 2015, 66 retirees participated in the CalPERS Medical Plan. The District currently pays only the PEHMCA Portion of the premium. For the 2015 calendar year the PEHMCA fee is \$122 per retiree participating in a CalPERS Medical Plan.

Post-Employment Health Plan (PEHP)

Currently, the District contributes to the PEHP Plan for International Association of Fire Fighters ("IAFF") Local 2400 and non-represented non-Safety staff. Authorized by Board Resolution No. 1431-2011, the District contributes a monthly allotment of \$442 to each represented Safety employee's individual Post Employment Health Account. As of June 30, 2015 there are 75 active employees receiving the benefit.

Authorized by Board Resolution No. 1606-2013, the District contributes a monthly allotment of \$250 to each non-represented non-Safety employee's individual Post Employment Health Account. As of June 30, 2015, there are 16 active employees receiving the benefit.

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 9 – Other Post-Employment Benefits (Continued)

Plan Descriptions (Continued)

Retiree Medical Stipend

Employees retiring from the District, and meeting the years of service requirement, are eligible for a medical stipend until they are eligible for Medicare (Age 65). The amount varies for Represented and Unrepresented employees as outlined below. Election of CalPERS medical coverage is not required to receive this benefit.

Employees in the IAFF represented group retiring on or after January 1, 2002, and hired before January 1, 2012, with at least 20 years of District service are eligible to receive \$250 per month towards the cost of coverage.

Employees in the non-represented Safety group and Non-Safety group retiring on or after January 1, 2002, and hired before January 1, 2012, with at least 15 years of District service are eligible to receive \$300 per month toward the cost of coverage.

Funding Policy

The District's policy is to partially prefund these benefits by accumulating assets with Public Agency Retirement Services (PARS) discussed above along with making pay-as-you-go payments.

Annual OPEB Cost and Net OPEB Asset

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Generally accepted accounting principles permits contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. The following table shows the components of the District's annual OPEB cost for the year, the actual amount contributed to PARS, the amount actually contributed to pay premiums, and changes in the District's net OPEB obligation for these benefits:

Annual required contribution	\$ 132,737
Interest on net OPEB (asset)	(168,544)
Adjustment to the annual required contribution	<u>355,162</u>
Annual OPEB cost	319,355
District's portion to current year premiums paid	<u>(212,382)</u>
(Decrease) in net OPEB asset	106,973
Net OPEB (asset), beginning of the year	<u>(3,428,708)</u>
Net OPEB (asset), end of year	<u><u>\$ (3,321,735)</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2014 and 2015 were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
2013	\$ 391,274	\$ 177,250	45%	\$ (840,090)
2014	416,918	3,005,536	721%	(3,428,708)
2015	319,355	212,382	67%	(3,321,735)

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 9 – Other Post-Employment Benefits (Continued)

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was partially funded with assets that had been transferred to PARS as of that date. The actuarial accrued liability for benefits was \$4,563,112, and the actuarial value of assets was \$1,812,694, resulting in an unfunded actuarial liability (“UAAL”) of \$2,750,418 and a funded ratio (actuarial value of assets as a percentage of the actuarial liability) of 39.72%. The covered payroll (annual payroll of active employees covered by the plan) was \$11,841,085 and the ratio of the UAAL to the covered payroll was negative 23.23%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Frozen Entry Age Actuarial Cost Method. The actuarial assumptions included a 4.89% percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date. The UAAL is being amortized as a level percentage of projected payroll over 15 years. Additional actuarial assumptions include (a) 3.25% projected annual salary increase, (b) 4.50% health inflation increases, and (c) inflation rate of 3%.

Note 10 – Emergency Medical Response

In September 1997, the District began its participation with other fire departments of cities and fire districts throughout San Mateo County in the development of a Joint Power Agreement to establish the San Mateo Pre-Hospital Emergency Services Providers Group, which provides pre-hospital emergency services in San Mateo County. The District receives revenue on a monthly basis for the services provided. For the year ended June 30, 2015, the District received a net amount of \$189,432 for its portion of revenue from the Emergency Medical Response JPA.

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 11 – Prior Period Adjustments

The District restated beginning net position as following:

Beginning Net Position, as previously reported	\$ 75,047,995
Prior period adjustments:	
Report proportionate share of pension contributions made during the measurement period as deferred outflows of resources due to implementation of GASB 68	4,260,135
Report of actual contribution made during the measurement period, net of proportionate share of contribution	(1,178,984)
Report net pension liability due to the implementation of GASB 68	(45,418,434)
Reclassification of unavailable revenue to unearned revenue	(517,703)
Beginning Net Position, as restated	<u><u>\$ 32,193,009</u></u>

Note 12 – PERB Judgment and Firefighters MOU

When the IAFF MOU expired in June 2008, the District implemented changes to administrative and operational practices in 2011, resulting in an increase in medical contribution, reduction in some benefits, and a change in overtime calculations based on the FLSA rules. After the implementation of the medical contribution and operational changes, the Union filed two unfair labor practice charges with the State Public Employer Relations Board (“PERB”) in 2011. The PERB Board issued decisions for PERB 1 and PERB 2 on August 13, 2014 and August 22, 2014, respectively. The resolution for PERB 1 or “Unfair Practice Case #HO-U-1142-M” involved paying 30 employees \$460,968. PERB 2 “Unfair Practice Case #HO-U-1144-M”, involved paying 92 employees \$1,063,143. The settlement payments for PERB 1 and PERB 2 were made in June 2015.

In addition, the decision acknowledged that the Memorandum of Understanding (MOU) from 2008 was the starting point for discussions and the District and the Union, who were actively in negotiations at the time, needed to discuss a number of changes going backwards and then forward again. The parties began making substantive progress in negotiations in mid-2014, and after the PERB Board decisions, focused discussions on the resolution of the PERB decisions. In March 2015, the Board authorized settlement of both PERB cases and those settlements have now been executed and implemented. Bargaining for a new MOU continued with renewed focus in 2015 and the new MOU was ratified on August 25, 2015. The MOU included back pay for the firefighters between July 2014 and June 2015 which was included in the accrued liabilities balance as of June 30, 2015.

Note 13 – Accrued Liabilities

Accrued liabilities consist of the following:

Payroll accrual (6/24/15 - 6/30/15)	\$ 401,319
Backpay accrual due to Firefighters MOU signed August 25, 2015	2,383,428
Total accrued liabilities	<u><u>\$ 2,784,747</u></u>

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 14 – Classification of Fund Balances

A. Fund Balances

	General Fund	Capital Improvement Capital Projects Fund	Debt Service Fund	Total
Nonspendable				
Prepaid Fire Engine	\$ 594,964	\$ -	\$ -	\$ 594,964
Prepaid Rent	1,608	-	-	1,608
Prepaid Workers' Compensation Claims	11,333	-	-	11,333
Inventories	8,676	-	-	8,676
Total nonspendable	<u>616,581</u>	<u>-</u>	<u>-</u>	<u>616,581</u>
Restricted				
Debt Service	-	-	1,113,255	1,113,255
Employees 3% Contribution To PERS Reserve	277,608	-	-	277,608
Total restricted	<u>277,608</u>	<u>-</u>	<u>1,113,255</u>	<u>1,390,863</u>
Committed				
Budgetary Deficit	18,128,125	-	-	18,128,125
FEMA Deployments	3,000,000	-	-	3,000,000
Apparatus	5,024,231	-	-	5,024,231
Debt Service	-	-	1,237,792	1,237,792
Admin/Fire Prevention	-	371,215	-	371,215
Station 1	-	1,327,846	-	1,327,846
Station 2	-	4,920,205	-	4,920,205
Station 3	-	619,400	-	619,400
Station 4	-	4,029,892	-	4,029,892
Station 5	-	619,400	-	619,400
Station 6	-	8,747,459	-	8,747,459
Station 7	-	1,261,062	-	1,261,062
Total committed	<u>26,152,356</u>	<u>21,896,479</u>	<u>1,237,792</u>	<u>49,286,627</u>
Assigned				
Encumbrances (Purchase Orders)	208,500	-	-	208,500
PERS-Future PERS Payments	3,256,233	-	-	3,256,233
General Services	931,973	-	-	931,973
Workers' Compensation	1,892,771	-	-	1,892,771
Compensated Absences	2,543,781	-	-	2,543,781
Equipment Replacement	2,155,048	-	-	2,155,048
Total assigned	<u>10,988,306</u>	<u>-</u>	<u>-</u>	<u>10,988,306</u>
Unassigned	<u>558,244</u>	<u>-</u>	<u>-</u>	<u>558,244</u>
Total fund balances	<u><u>\$ 38,593,095</u></u>	<u><u>\$ 21,896,479</u></u>	<u><u>\$ 2,351,047</u></u>	<u><u>\$ 62,840,621</u></u>

B. Stabilization and Contingency Arrangements

In June of 2012, the District, by Resolution #1536, replaced two unassigned Reserve Funds, one for Economic Uncertainty and one for Fluctuating Property Tax Growth with a new committed Budgetary Deficit Fund. The balance is equal to the projected excess of budgeted expenditures over budgeted revenues by fund. As of June 30, 2015 the Reserve for Budgetary Deficit Fund had a balance of \$18,128,125. The District has only had to use this committed fund balance once in the last 10 years.

Menlo Park Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 15 – Commitments and Contingencies

Litigation

The District is presently involved in certain matters of litigation that have arisen in the normal course of conducting District business. District management believes, based upon consultation with the District Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the District. Additionally, District management believes that the District's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

Federal and State Grant Programs

The District participates in Federal and State grant programs. These programs have been audited through the fiscal year ended June 30, 2015 by the District's independent accountants in accordance with the provisions of the federal Single Audit Act as amended and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The District expects such amounts, if any, to be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

Menlo Park Fire Protection District
Required Supplementary Information (Unaudited)
Budget Comparison Schedule - General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Property taxes - secured and unsecured	\$ 31,519,000	\$ 36,186,322	\$ 36,354,540	\$ 168,218
Redevelopment Projects in Menlo Park	623,600	623,600	705,356	81,756
Homeowner's property tax relief	193,800	183,978	185,592	1,614
Redevelopment projects in East Palo Alto	520,000	520,000	708,925	188,925
Licenses and permits	1,168,000	1,168,000	1,102,357	(65,643)
Charges for services - JPA ambulance service	197,000	197,000	189,432	(7,568)
Rent revenue	124,500	124,500	155,177	30,677
Grant revenue	-	-	319,900	319,900
Interest	120,000	120,000	129,742	9,742
Other revenue	29,600	367,313	890,463	523,150
Total revenues	34,495,500	39,490,713	40,741,484	1,250,771
EXPENDITURES:				
Current:				
Salaries and benefits	23,354,800	34,796,800	35,262,507	(465,707)
Services and supplies	4,492,700	5,155,115	4,518,910	636,205
Capital outlay	2,618,800	1,349,930	1,176,183	173,747
Total expenditures	30,466,300	41,301,845	40,957,600	344,245
REVENUES OVER				
(UNDER) EXPENDITURES	4,029,200	(1,811,132)	(216,116)	1,595,016
OTHER FINANCING SOURCES (USES)				
Proceeds from sales of property	-	101,000	101,000	-
Transfers out	(3,450,100)	(6,623,700)	(6,623,700)	-
Total other financing sources (uses)	(3,450,100)	(6,522,700)	(6,522,700)	-
Net change in fund balance	\$ 579,100	\$ (8,333,832)	(6,738,816)	\$ 1,595,016
Fund Balance:				
Beginning of year			45,331,911	
End of year			\$ 38,593,095	

Menlo Park Fire Protection District
Required Supplementary Information (Unaudited) (Continued)
Budget Comparison Schedule - FEMA Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Grant revenue	\$ 1,431,438	\$ 1,381,260	\$ 1,381,260	\$ -
Total revenues	<u>1,431,438</u>	<u>1,381,260</u>	<u>1,381,260</u>	<u>-</u>
EXPENDITURES:				
Current:				
Salaries and benefits	672,699	324,356	324,356	-
Services and supplies	758,739	847,511	847,511	-
Capital outlay	-	209,393	209,393	-
Total expenditures	<u>1,431,438</u>	<u>1,381,260</u>	<u>1,381,260</u>	<u>-</u>
REVENUES OVER				
(UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance:				
Beginning of year			-	
End of year			<u>\$ -</u>	

Menlo Park Fire Protection District
Required Supplementary Information (Unaudited) (Continued)
Budget Comparison Schedule - Capital Improvement Capital Projects Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Interest	\$ -	\$ -	\$ 211	\$ 211
Total revenues	-	-	211	211
EXPENDITURES:				
Capital outlay	6,233,000	6,781,000	2,955,274	(3,825,726)
Total expenditures	6,233,000	6,781,000	2,955,274	(3,825,726)
REVENUES OVER (UNDER) EXPENDITURES	(6,233,000)	(6,781,000)	(2,955,063)	3,825,937
OTHER FINANCING SOURCES (USES):				
Transfers in	2,500,000	5,673,600	5,673,600	-
Total other financing sources (uses)	2,500,000	5,673,600	5,673,600	-
CHANGE IN FUND BALANCE	<u>\$ (3,733,000)</u>	<u>\$ (1,107,400)</u>	2,718,537	<u>\$ 3,825,937</u>
FUND BALANCE:				
Beginning of year			19,177,942	
End of year			<u>\$ 21,896,479</u>	

Menlo Park Fire Protection District
Required Supplementary Information (Unaudited) (Continued)
Budget Comparison Schedule - Debt Service Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 218,300	\$ 218,300	\$ 209,997	\$ (8,303)
Interest	-	-	20,227	20,227
Total revenues	<u>218,300</u>	<u>218,300</u>	<u>230,224</u>	<u>11,924</u>
EXPENDITURES:				
Debt Service:				
Principal	245,000	245,000	245,000	-
Interest and fiscal charges	756,800	756,800	757,210	410
Total expenditures	<u>1,001,800</u>	<u>1,001,800</u>	<u>1,002,210</u>	<u>(410)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(783,500)</u>	<u>(783,500)</u>	<u>(771,986)</u>	<u>11,514</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	950,100	950,100	950,100	-
Total other financing sources (uses)	<u>950,100</u>	<u>950,100</u>	<u>950,100</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>\$ 166,600</u>	<u>\$ 166,600</u>	178,114	<u>\$ 11,514</u>
FUND BALANCE:				
Beginning of year			2,172,933	
End of year			<u>\$ 2,351,047</u>	

Menlo Park Fire Protection District
Required Supplementary Information (Unaudited) (Continued)
Notes to the Budgetary Comparison Schedules
For the Year Ended June 30, 2015

Annual budgets are adopted by the Board of Directors prior to July 1st, the beginning of the fiscal year, for the general, special revenue, debt service, and capital projects funds. The budget includes appropriations (budgeted expenditures) and the means of financing them (budgeted revenues). All unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are carried forward in the subsequent fiscal year.

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures.

A formal budget was used as a management control device during the year for all District funds. The District's budget allocations are based on their chart of accounts, which includes major objects, minor objects and individual appropriation accounts for department, division and expenditure type. Expenditures cannot legally exceed appropriations by major object account.

Budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. Sufficient resources were available within this fund to finance this expenditure.

Encumbrance accounting is employed in funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Menlo Park Fire Protection District
Required Supplementary Information (Unaudited) (Continued)
Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2015

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Safety Classic Plan

Measurement Period	June 30, 2014 ¹
District's Proportion of the Net Pension Liability	0.53117%
District's Proportionate Share of the net Pension Liability	\$ 33,051,990
District's Covered-Employee Payroll	<u>\$ 11,247,323</u>
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	<u>293.87%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>81.42%</u>

California Public Employees' Retirement System ("CalPERS") Miscellaneous Classic Plan

Measurement Period	June 30, 2014 ¹
District's Proportion of the Net Pension Liability	0.01943%
District's Proportionate Share of the net Pension Liability	\$ 1,208,985
District's Covered-Employee Payroll	<u>\$ 1,748,139</u>
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	<u>69.16%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>83.77%</u>

California Public Employees' Retirement System ("CalPERS") Safety PEPR Plan

Measurement Period	June 30, 2014 ¹
District's Proportion of the Net Pension Liability	0.00000%
District's Proportionate Share of the net Pension Liability	\$ 166
District's Covered-Employee Payroll	<u>\$ 88,479</u>
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	<u>0.19%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>81.39%</u>

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

Menlo Park Fire Protection District
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions
For the Year Ended June 30, 2015

Last Ten Fiscal Years		
California Public Employees' Retirement System ("CalPERS") Safety Classic Plan	2014-15 ¹	2013-14 ¹
Actuarially Determined Contribution ²	\$ 2,956,843	\$ 2,808,611
Contribution in Relation to the Actuarially Determined Contribution ²	(14,956,843)	(2,808,611)
Contribution Deficiency (Excess)	\$ (12,000,000)	\$ -
Covered-Employee Payroll ^{3,4}	\$ 11,584,743	\$ 11,247,323
Contributions as a Percentage of Covered-Employee Payroll	129.11%	24.97%
California Public Employees' Retirement System ("CalPERS") Miscellaneous Classic Plan	2014-15 ¹	2013-14 ¹
Actuarially Determined Contribution ²	\$ 267,296	\$ 239,564
Contribution in Relation to the Actuarially Determined Contribution ²	(267,296)	(239,564)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-Employee Payroll ^{3,4}	\$ 1,800,583	\$ 1,748,139
Contributions as a Percentage of Covered-Employee Payroll	14.84%	13.70%
California Public Employees' Retirement System ("CalPERS") Safety PEPRA Plan	2014-15 ¹	2013-14 ¹
Actuarially Determined Contribution ²	\$ 48,546	\$ 32,976
Contribution in Relation to the Actuarially Determined Contribution ²	(48,546)	(32,976)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-Employee Payroll ^{3,4}	\$ 91,133	\$ 88,479
Contributions as a Percentage of Covered-Employee Payroll	53.27%	37.27%
California Public Employees' Retirement System ("CalPERS") Miscellaneous PEPRA Plan	2014-15 ¹	2013-14 ¹
Actuarially Determined Contribution ²	\$ 4,549	\$ 1,569
Contribution in Relation to the Actuarially Determined Contribution ²	(4,549)	(1,569)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-Employee Payroll ³	\$ 72,784	\$ 25,104
Contributions as a Percentage of Covered-Employee Payroll	6.25%	6.25%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" are not considered separately financed specific liabilities.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

⁴ Payroll from prior year (\$10,919,731 for Safety Classic Plan, \$1,677,222 for Miscellaneous Classic Plan, and \$85,902 for Safety PEPRA Plan) was assumed to increase by the 3.00 percent payroll growth assumption.

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

Menlo Park Fire Protection District
Required Supplementary Information (Unaudited) (Continued)
Schedule of Funding Progress of the Other Postemployment Healthcare Plan
For the Year Ended June 30, 2015

The following Schedule of Funding Progress shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) [(b) - (a)]	Funded Ratio [(a) / (b)]	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b) - (a)] / (c)
April 1, 2009	\$ -	\$ 2,957,498	\$ 2,957,498	0.00%	\$ 11,700,800	25.28%
April 1, 2011	823,487	2,967,179	2,143,692	27.75%	11,563,896	18.54%
June 30, 2013	1,812,694	4,563,112	2,750,418	39.72%	11,841,085	23.23%



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STATISTICAL SECTION

(Unaudited)

This part of the District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

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Page

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time:

	88
1 Net Position by Component	89
2 Changes in Net Position	90
3 Fund Balances of Governmental Funds	91
4 Changes in Fund Balances of Governmental Funds	

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax:

1 Assessed Value and Estimated Actual Value of Taxable Property	92
2 Direct and Overlapping Property Tax Rates	93
3 Principal Property Taxpayers	94
4 Property Tax Levies and Collections	95

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future:

1 Ratio of Outstanding Debt by Type	96
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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place:

1 Demographic and Economic Statistics	97
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Operating Information

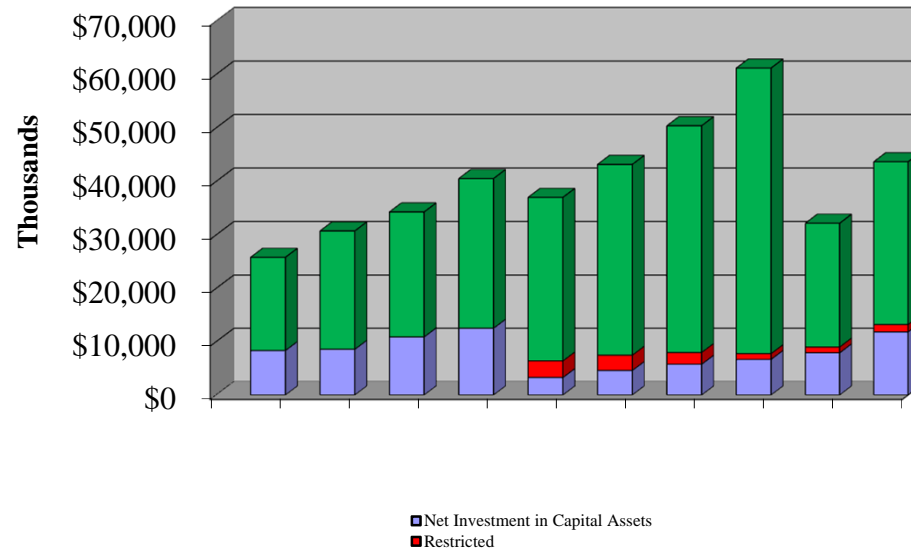
These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs:

1 Principal Employers – information available only for the City of Menlo Park	98
2 Full-time Equivalent Employees by Function/Program	99
3 Operating Indicators	100
4 Capital Asset Statistics by Function/Program	101

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

Menlo Park Fire Protection District
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)



	2006	2007	2008	2009	2010	2011	2012	2013	2014 (B)	2015
Governmental activities										
Net investment in capital assets	\$ 8,351,325	\$ 8,575,363	\$ 10,899,127	\$ 12,531,135	\$ 3,281,789	\$ 4,599,421	\$ 5,775,696	\$ 6,682,020	\$ 7,918,800	\$ 11,847,646
Restricted	-	-	-	-	3,120,636	2,873,309	2,209,876	1,084,916	1,093,440	1,390,863
Unrestricted	17,474,866	22,177,699	23,403,691	28,018,133	30,630,832	35,712,673	42,430,956	53,419,064	23,180,769	30,443,000
Total governmental activities net position	<u>\$ 25,826,191</u>	<u>\$ 30,753,062</u>	<u>\$ 34,302,818</u>	<u>\$ 40,549,268</u>	<u>\$ 37,033,257</u>	<u>\$ 43,185,403</u>	<u>\$ 50,416,528</u>	<u>\$ 61,186,000</u>	<u>\$ 32,193,009</u>	<u>\$ 43,681,509</u>

(A) The District implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".

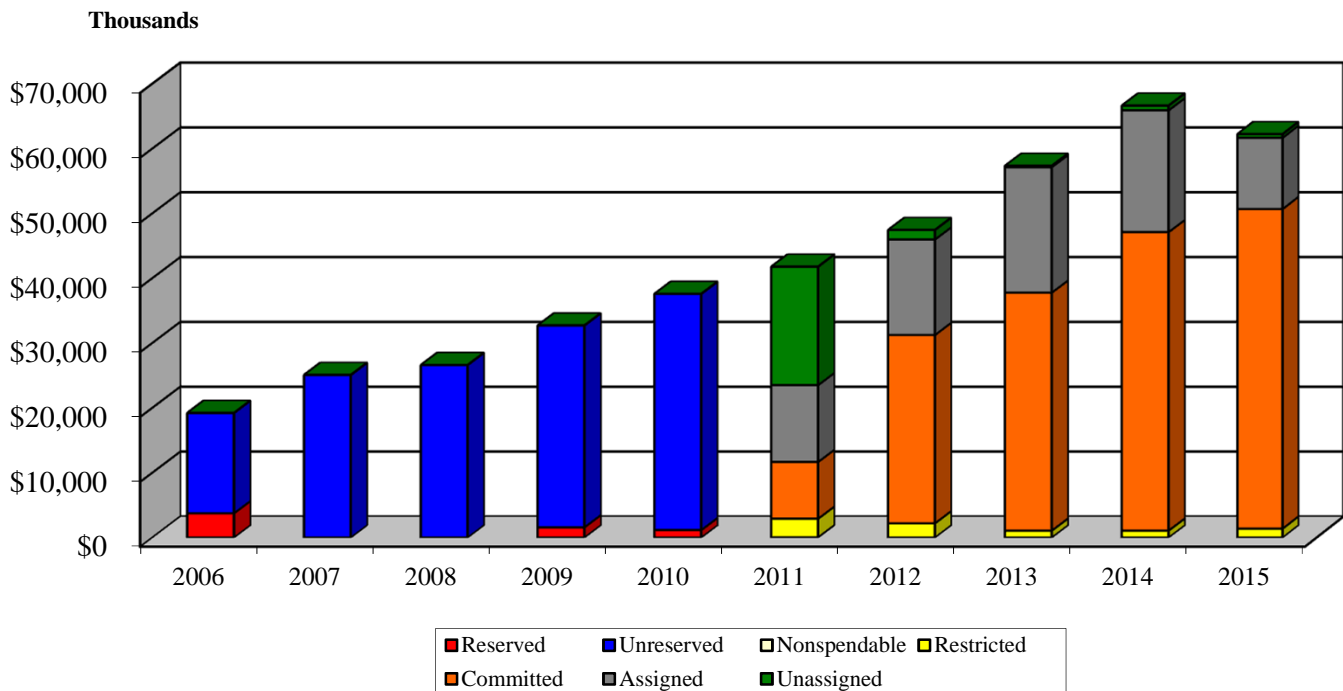
(B) Unrestricted net position was restated due to implementation of GASB No. 68 and No. 71.

Menlo Park Fire Protection District
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2006	2007	2008	2009	2010	2011	2012	2013 (A)	2014	2015
Expenses										
Governmental Activities:										
Public Safety	\$ 20,866,048	\$ 20,539,218	\$ 24,624,356	\$ 26,062,237	\$ 35,057,044	\$ 25,329,356	\$ 25,229,433	\$ 26,883,046	\$ 26,149,042	\$ 29,885,087
Interest on long-term debt	639,686	773,090	719,276	764,835	889,008	889,008	769,867	767,527	761,585	979,592
Total Governmental Activities Expenses	21,505,734	21,312,308	25,343,632	26,827,072	35,946,052	26,218,364	25,999,300	27,650,573	26,910,627	30,864,679
Program Revenues										
Charges for Services:										
Public Safety	347,397	267,188	262,862	898,000	751,026	906,383	904,300	1,114,934	1,858,611	1,701,160
Operating Grants and Contributions:										
Public Safety	1,441,724	1,104,766	1,161,274	2,691,651	1,304,364	1,292,507	872,243	1,423,594	1,896,239	1,291,789
Total Government Activities Program Revenues	1,789,121	1,371,954	1,424,136	3,589,651	2,055,390	2,198,890	1,776,543	2,538,528	3,754,850	2,992,949
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes Levied for General Purposes	20,708,072	21,843,503	26,016,797	28,871,188	29,935,412	29,412,338	30,808,906	32,500,796	35,203,720	37,954,413
Investment Earnings	628,927	867,048	814,859	440,308	214,790	161,423	138,564	129,950	124,890	150,180
Premiums Received on Issuance of Long Term Deb	-	-	-	-	225,165	225,165	-	-	-	-
Miscellaneous	2,364,227	3,386,025	1,667,071	172,375	224,449	597,859	506,412	3,250,771	1,689,162	1,255,637
Special Item:										
Gain (loss) on Sale of Assets	(151,172)	(17,436)	(18,963)	-	-	-	-	-	-	-
Total General Revenues and Other Assets	23,550,054	26,079,140	28,479,764	29,483,871	30,599,816	30,396,785	31,453,882	35,881,517	37,017,772	39,360,230
Change in Net Position	\$ 3,833,441	\$6,138,786	\$4,560,268	\$6,246,450	(\$3,290,846)	\$6,377,311	\$7,231,125	\$10,769,472	\$13,861,995	\$11,488,500

(A) The District implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".

Menlo Park Fire Protection District
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)



FISCAL YEAR ENDED JUNE 30,					
	2006	2007	2008	2009	2010
General Fund					
Reserved	\$ 3,755,457	\$ -	\$ -	\$ 1,592,699	\$ 1,174,398
Unreserved	15,437,760	-	26,697,028	28,194,244	30,733,635
Total General Fund	<u>\$ 19,193,217</u>	<u>\$ 25,050,884</u>	<u>\$ 26,697,028</u>	<u>\$ 29,786,943</u>	<u>\$ 31,908,033</u>
All Other Governmental Funds					
Unreserved, reported in:					
Special revenue funds	\$ 14,449	\$ 8,985	\$ (104,717)	\$ -	\$ -
Capital projects fund	-	-	-	2,893,400	2,564,152
Debt service fund	-	-	-	15,226	3,104,716
Total all other governmental funds	<u>\$ 14,449</u>	<u>\$ 8,985</u>	<u>\$ (104,717)</u>	<u>\$ 2,908,626</u>	<u>\$ 5,668,868</u>
FISCAL YEAR ENDED JUNE 30,					
	2011 (b)	2012	2013	2014	2015
General Fund					
Nonspendable	\$ 50,547	\$ 2,505	\$ 7,074	\$ 52,256	\$ 616,581
Restricted	-	-	-	-	277,608
Committed	7,809,136	20,505,679	23,198,591	25,763,023	26,152,356
Assigned	11,834,364	14,734,978	19,358,110	18,793,736	10,988,306
Unassigned	18,271,937	1,464,701	207,006	722,896	558,244
Total General Fund	<u>\$ 37,965,984</u>	<u>\$ 36,707,863</u>	<u>\$ 42,770,781</u>	<u>\$ 45,331,911</u>	<u>\$ 38,593,095</u>
All Other Governmental Funds					
Restricted	\$ 2,873,309	\$ 2,209,876	\$ 1,084,916	\$ 1,093,440	\$ 1,113,255
Committed	932,373	8,520,017	13,487,748	20,257,435	23,134,271
Total all other governmental funds	<u>\$ 3,805,682</u>	<u>\$ 10,729,893</u>	<u>\$ 14,572,664</u>	<u>\$ 21,350,875</u>	<u>\$ 24,247,526</u>

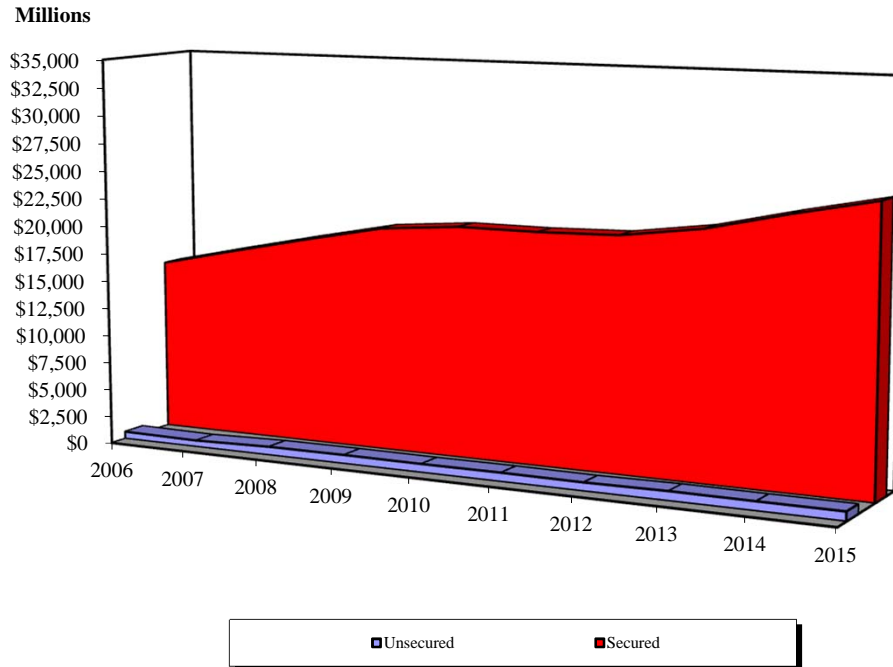
- (a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.
- (b) The District implemented the provisions of GASB 54 in fiscal year 2011. Fund balance is presented in accordance with those requirements beginning in that year.

Menlo Park Fire Protection District
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Property taxes - current secured and unsecured	\$19,867,765	\$21,602,412	\$26,732,155	\$28,183,521	\$29,702,116	\$29,916,257	\$30,846,354	\$32,314,304	\$34,934,265	\$ 36,354,540
Property taxes - prior secured and unsecured	60,388	60,477	14,787	751,067	54,854	67,007	128,336	15,108	(49,102)	-
Redevelopment projects in Menlo Park	599,011	-	696,281	714,950	663,874	647,452	519,713	506,686	624,429	705,356
Interest	628,927	867,048	211,912	440,308	214,790	161,423	138,564	129,950	124,890	150,180
Homeowner's property tax relief	180,908	180,614	(1,638,338)	178,634	182,416	186,271	184,445	186,499	186,346	185,592
Licenses and permits	348,910	568,029	611,933	777,388	560,934	719,171	719,140	917,906	1,147,754	1,102,357
Charges and services - JPA ambulance service	276,732	143,024	870,252	120,612	190,092	187,212	185,160	197,028	193,154	189,432
Rents	70,665	124,164	125,892	124,745	134,052	130,847	99,033	127,857	138,589	155,177
Redevelopment projects in East Palo Alto	293,343	1,125,421	136,970	757,873	600,228	570,155	575,493	667,756	679,407	708,925
Grant revenues	1,441,724	1,104,766	1,161,274	2,660,639	1,320,431	1,067,153	734,736	1,303,938	1,773,615	1,701,160
Intergovernmental	-	-	-	-	-	-	-	2,639,992	1,013,945	209,997
ERAF rebate	1,433,297	1,248,486	814,859	(1,714,857)	(1,268,076)	(1,449,036)	(1,445,435)	(1,189,557)	(1,171,625)	-
Other revenue	843,677	444,089	214,786	47,630	95,892	354,633	386,379	482,922	536,628	890,463
Total Revenues	26,045,347	27,468,530	29,952,763	33,042,510	32,451,603	32,558,545	33,071,918	38,300,389	40,132,295	42,353,179
Expenditures										
Salary and benefits	17,133,121	17,481,803	19,758,720	20,335,776	30,338,934	20,510,293	20,057,751	19,883,737	19,917,186	35,586,863
Services and supplies	2,904,591	2,854,288	4,956,810	3,901,953	5,397,241	4,660,425	4,847,594	5,918,898	7,964,629	5,366,421
Capital outlay	1,456,286	1,280,236	4,513,880	2,521,173	3,638,265	429,582	1,751,616	1,589,538	1,909,554	4,340,850
Debt service:										
Principal repayment	-	-	13,345	28,741	31,084	1,884,835	-	235,000	240,000	245,000
Interest and fiscal charges	-	-	89,481	151,609	379,912	929,945	769,867	767,527	761,585	757,210
Total Expenditures	21,493,998	21,616,327	29,332,236	26,939,252	39,785,436	28,415,080	27,426,828	28,394,700	30,792,954	46,296,344
Excess (deficiency) of revenues over (under) expenditures	4,551,349	5,852,203	620,527	6,103,258	(7,333,833)	4,143,465	5,645,090	9,905,689	9,339,341	(3,943,165)
Other Financing Sources (Uses)										
Proceeds from sales of property	-	-	-	-	-	-	-	-	-	101,000
Other financing sources	-	-	1,958,005	-	11,990,000	112,379	21,000	-	-	-
Other financing uses	-	-	-	-	225,165	(61,079)	-	-	-	-
Transfers in	4,844,298	4,685,695	7,442,500	11,832,472	4,274,200	1,003,196	8,968,200	3,575,300	8,285,456	6,623,700
Transfers (out)	(4,844,298)	(4,685,695)	(7,442,500)	(11,832,472)	(4,274,200)	(1,003,196)	(8,968,200)	(3,575,300)	(8,285,456)	(6,623,700)
Total Other Financing Sources (Uses)	-	-	1,958,005	-	12,215,165	51,300	21,000	-	-	101,000
Net Change in Fund Balances	\$4,551,349	\$5,852,203	\$2,578,532	\$6,103,258	\$4,881,332	\$4,194,765	\$5,666,090	\$9,905,689	\$9,339,341	(\$3,842,165)
Debt service as a percentage of noncapital expenditures	N/A	N/A	.41%	.74%	1.13%	10.05%	2.6%	3.7%	3.5%	2.4%

Menlo Park Fire Protection District

Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years



Fiscal Year	Secured Property	SBE Nonunitary	Unsecured Property	Percent Change	Total Assessed Value (a)	Total Direct Tax Rate (b)
2006	\$15,495,229,409	\$1,692,762	\$661,920,202	9.60%	\$16,158,842,373	1%
2007	17,105,590,407	1,398,302	586,053,680	9.49%	17,693,042,389	1%
2008	18,650,827,884	1,764,612	767,657,595	9.76%	19,420,250,091	1%
2009	20,113,643,461	1,749,366	796,105,392	7.68%	20,911,498,219	1%
2010	20,722,802,857	1,642,644	775,766,123	0.16%	21,500,211,624	1%
2011	20,728,676,930	1,642,644	803,762,383	0.16%	21,534,081,957	1%
2012	20,921,926,083	988,815	767,084,182	0.72%	21,689,999,080	1%
2013	21,946,534,043	988,815	850,536,564	5.11%	22,798,059,422	1%
2014	23,641,313,362	869,020	826,556,204	7.33%	24,468,738,586	1%
2015	25,158,692,499	869,020	833,420,014	6.23%	25,992,981,533	1%

(a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.

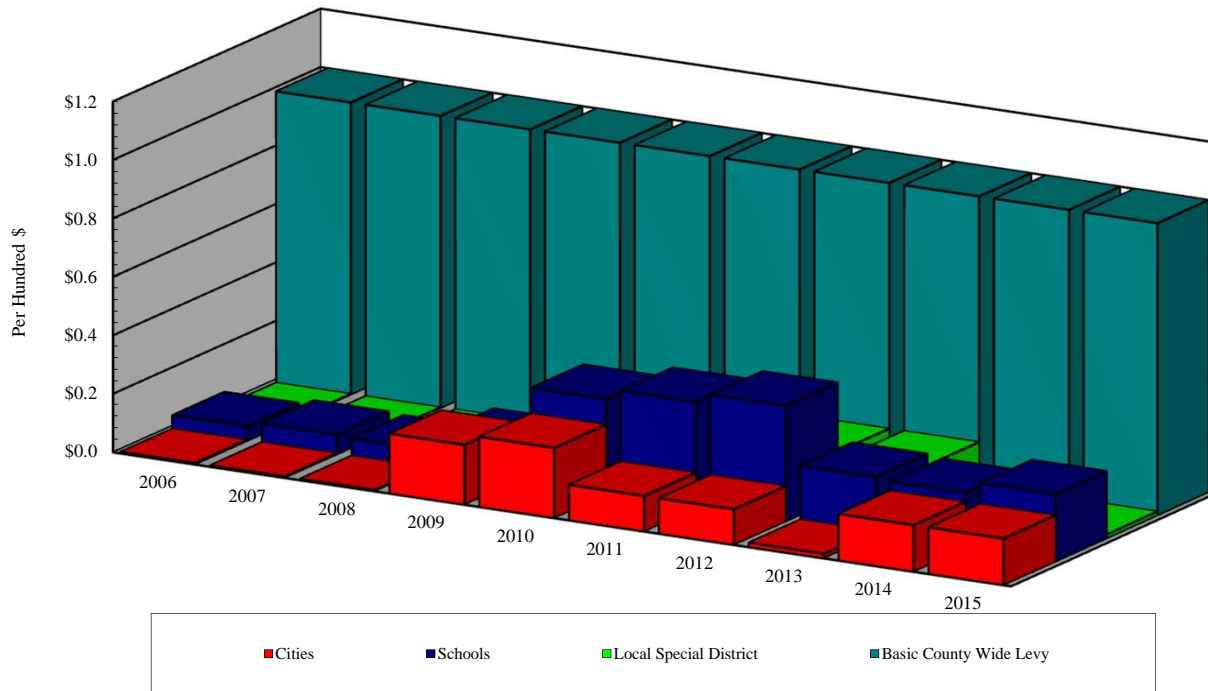
(b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation to all the taxing entities within a tax rate area. The Menlo Park Fire Protection District encompasses more than 235 tax rate areas.

Source: San Mateo County Assessor

Menlo Park Fire Protection District

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years



Fiscal Year	Basic County Wide Levy	Local Special District	Schools	Cities	Total
2006	\$1.0000	\$0.0030	\$0.0508	\$0.0048	\$1.0586
2007	1.0000	0.0030	0.0679	0.0046	1.0755
2008	1.0000	0.0039	0.0633	0.0044	1.0716
2009	1.0000	0.0141	0.1323	0.2052	1.3516
2010	1.0000	0.1601	0.3284	0.2409	1.7294
2011	1.0000	0.1601	0.3640	0.1222	1.6463
2012	1.0000	0.1601	0.3973	0.1222	1.6796
2013	1.0000	0.1601	0.1996	0.0156	1.3753
2014	1.0000	0.0170	0.1903	0.1601	1.3674
2015	1.0000	0.0140	0.2320	0.1601	1.4061

Source: San Mateo County Assessor

Menlo Park Fire Protection District
Principal Property Taxpayers
Current Fiscal Year and Nine Years Ago

ASSESSEE NAME	2014-2015		2005-2006	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Wells Reit II - University Circle LP	\$326,635,338	1.26%		
Quadrus Sand Hill LLC	228,980,894	0.88%		
Stanford Research Institute	160,904,907	0.62%	\$141,617,438	0.88%
Kilroy Realty LP	131,654,334	0.51%		
Tyco Electronics Corporation	126,958,578	0.49%	268,153,671	1.66%
Peninsula Innovation Partners	124,857,242	0.48%		
Wilson Menlo Park Campus LLC	122,827,619	0.47%		
Bohannon Development	105,455,087	0.41%	87,580,056	0.54%
Menlo PREHC I LLC	95,849,230	0.37%		
Sand Hill Commons Reit Inc	94,200,296	0.36%		
Menlo Oaks Partners LP		0.00%	78,675,390	0.49%
AMB Property LP		0.00%	77,981,432	0.48%
Sun Microsystems		0.00%	372,778,204	2.31%
University Circle Investors LLC		0.00%	101,626,274	0.63%
Menlo Business Park LLC		0.00%	75,457,624	0.47%
IKEA California LLC		0.00%	73,918,770	0.46%
Henry J. Kaiser Family Foundation		0.00%	58,336,608	0.36%
Total - Principal taxpayers	<u>\$1,518,323,525</u>	<u>5.85%</u>	<u>\$1,336,125,467</u>	<u>8.28%</u>
Total - All real properties assessed by the County (1):	<u>\$25,992,981,533</u>		<u>\$16,158,842,373</u>	

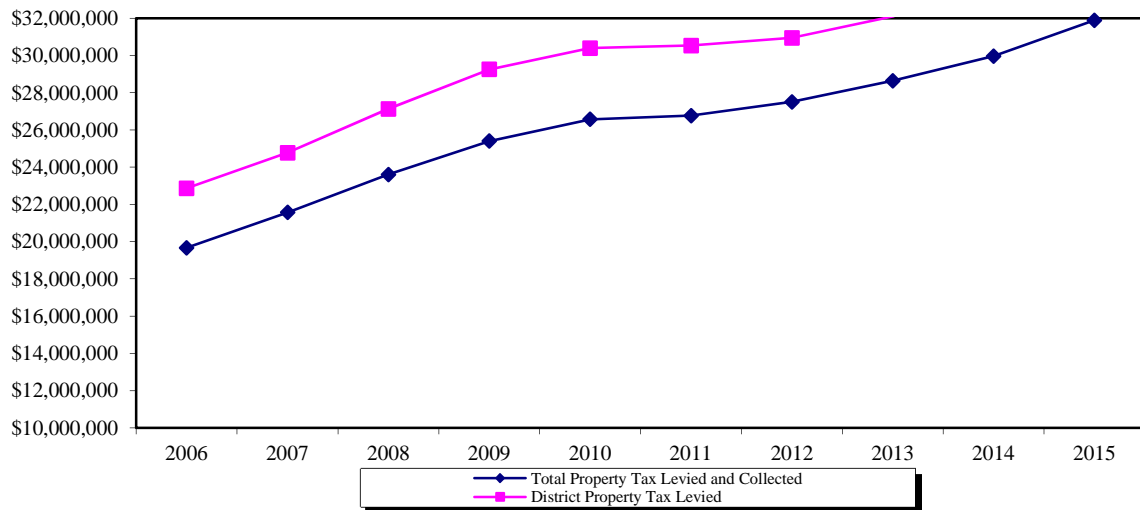
(1) Assessed value includes only net secured real properties

Source: San Mateo County Assessor

Menlo Park Fire Protection District

Property Tax Levies and Collections

Last Ten Fiscal Years



Fiscal Year	District Property Tax Levied	Total Property Tax Levied and Collected	Percent of Levy Collected	Subsequent Year Collection
2006	22,864,277	19,672,609	86%	0
2007	24,773,178	21,564,349	87%	0
2008	27,126,724	23,601,908	87%	0
2009	29,251,403	25,397,976	87%	0
2010	30,387,813	26,571,508	87%	0
2011	30,530,950	26,763,091	88%	0
2012	30,940,694	27,505,511	89%	0
2013	32,095,412	28,636,735	89%	0
2014	34,554,691	29,957,491	87%	0
2015	36,713,323	31,884,886	87%	0

Source: San Mateo County Property Tax Levy Letter

Menlo Park Fire Protection District
Ratio of Outstanding Debt by Type
Last Seven Fiscal Years

Fiscal Year	Governmental Activities		Total Governmental Activities	Total Primary Government	Per Capita	Population	Percent of Personal Income
	Mortgage Loan	Certificate of Participation					
2009	1,915,919		1,915,919	1,915,919	14.00	94,647	Not Available
2010	1,884,835	\$11,990,000	13,874,835	13,874,835	145.01	95,679	Not Available
2011		11,990,000	11,990,000	11,990,000	136.37	87,921	Not Available
2012		11,990,000	11,990,000	11,990,000	135.34	88,591	Not Available
2013		11,755,000	11,755,000	11,755,000	131.56	89,350	Not Available
2014		11,515,000	11,515,000	11,515,000	127.95	89,997	Not Available
2015		11,270,000	11,270,000	11,270,000	124.01	90,883	Not Available

Notes: Menlo Park Fire Protection District did not have any outstanding debt prior to FY 2008

Menlo Park Fire Protection District

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	City of Atherton	Population			Total Population (1)	Personal Income (thousands of dollars) (2)
		City of East Palo Alto	City of Menlo Park	Unincorporated County		
2006	7,261	32,083	30,751	21,585	91,680	6,127,822
2007	7,391	32,489	31,017	21,759	92,656	Not Available
2008	7,475	32,897	31,490	21,948	93,810	Not Available
2009	7,468	33,174	31,865	22,140	94,647	Not Available
2010	7,554	33,524	32,185	22,416	95,679	Not Available
2011	6,917	28,366	32,069	20,569	87,921	Not Available
2012	6,888	28,467	32,266	20,898	88,591	Not Available
2013	6,893	28,675	32,485	21,201	89,254	Not Available
2014	6,917	28,934	32,754	21,392	89,997	Not Available
2015	6,935	29,137	33,273	21,538	90,883	Not Available
Fiscal Year	Per Capita Personal Income	Median Age	Public School Enrollment	Unemployment Rate		
	(3)		(5)	(6)		
2006	\$66,839	39.4	9,634	3.7%		
2007	Not Available	39.7	9,854	3.9%		
2008	Not Available	Not Available	10,346	4.7%		
2009	Not Available	40.1	Not Available	8.3%		
2010	Not Available	Not Available	Not Available	9.8%		
2011	Not Available	39.3	Not Available	13.0%		
2012*	Not Available	Not Available	Not Available	7.0%		
2013	Not Available	38.5	Not Available	5.4%		
2014	Not Available	39.0	Not Available	4.3%		
2015	Not Available	Not Available	Not Available	3.2%		

(1) California State Dept. of Finance - Population Research Unit (January 2007)

(2) California State Dept. of Finance - Estimate equals county per capita average times population

(3) U.S. Department of Commerce - Bureau of Economic Analysis

(4) Association of Bay Area Census (California)

(5) Menlo Park City School District, Las Lomitas Elementary, and Menlo Atherton High School
(Sequoia Union High School District)

(6) County of San Mateo Profile

* 2012 data source: Employment Development Department

Menlo Park Fire Protection District
Principal Employers
Current Fiscal Year and Nine Years Ago
June 30, 2015

Firm Name	Rank	2014-2015		2005-2006	
		Total Employees	Percentage of Total City's Labor Force	Total Employees	Percentage of Total City's Labor Force
Facebook, Inc *	1	3,957	23%	n/a	n/a
SRI International	2	1,239	7%	1,250	8%
TE Corporation	3	776	5%	1,040	7%
Intuit Inc	4	585	3%	n/a	n/a
SHR Hotel LLC	5	454	3%	n/a	n/a
Evale Inc	6	378	2%	47	0%
United Parcel Service	9	348	2%	n/a	n/a
Pacific Biosciences of California	7	300	2%	17	0%
Safeway Stores, Inc.	8	264	2%	232	2%
E*Trade Financial Corporation	10	259	2%	201	1%
Top 10 Employers		8,560	51%	2,787	18%
Total Employment of the City's Labor Force **		16,900	100%	15,300	100%

Note:

- 1) The Principal Employers list for the City of East Palo Alto is not reported since the City does not record or report employer size information.
- 2) The Town of Atherton is mostly residential.

Source:

*City of Menlo Park, Finance, Business Licenses

**State of California, Employment Development Department, Labor Force Report, June 2004,2013

Menlo Park Fire Protection District
Full-Time-Equivalent Employees by Function/Program
Last Ten Fiscal Years

Function/Program	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Fire Prevention	<u>106.20</u>	<u>107.20</u>	<u>107.20</u>	<u>110.30</u>	<u>110.30</u>	<u>110.80</u>	<u>112.05</u>	<u>112.60</u>	<u>112.85</u>	<u>115.50</u>
Total	<u><u>106.20</u></u>	<u><u>107.20</u></u>	<u><u>107.20</u></u>	<u><u>110.30</u></u>	<u><u>110.30</u></u>	<u><u>110.80</u></u>	<u><u>112.05</u></u>	<u><u>112.60</u></u>	<u><u>112.85</u></u>	<u><u>115.50</u></u>

Menlo Park Fire Protection District

Operating Indicators

Last Nine Fiscal Years

Function/Program	Fiscal Year								
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Fire Prevention									
Fire Safety Inspections (Construction/Code Compliance)	3,579	3,523	2,917	3,041	3,483	3,365	3,687	5,595	3,319
Fire Investigations	56	37	31	69	55	61	46	33	34
Weed Abatement Inspections	150	230	260	48	406	491	268	33	155
Public Education and Training (Number of Events)	247	299	132	439	430	381	389	376	402
Plan Review and Permits	1,211	1,516	1,408	1,151	1,262	1,287	1,629	1,703	1,539

Note: Data was not available prior to 2006/07

Source: Menlo Park Fire Protection District, Finance Department

Menlo Park Fire Protection District

Capital Asset Statistics by Function/Program

Last Nine Fiscal Years

Function/Program	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Buildings & Land									
Number of Stations	7	7	7	7	7	7	7	7	7
Number of Administration Buildings	0	1	1	1	1	1	1	1	1
Vehicles									
Number of MPFPD Vehicles	21	24	26	28	19	24	26	25	26
Number of US&R Vehicles	19	20	20	16	14	14	14	10	6
Equipment									
<u>Number of Types of Engine Equipment:</u>									
Thermal Imaging Cameras	14	15	12	10	10	12	10	8	18
Autopulse & Charger	7	7	7	7	4	0	0	0	0
Lifepack - 12 Defibrillator	11	11	10	5	3	3	3	3	0
Hurst Spreader	2	2	2	2	2	2	3	3	3
High Pressure Air Bag Rescue Kit	1	1	1	0	0	0	0	0	0
Aegis 8 Channel Safety Net Radio Bridge Unit	1	1	1	1	0	0	0	0	0
Hurst Cutter				1	1	1	2	2	2
Hurst Power unit				1	1	1	2	2	2
Lucas Device					1	8	8	8	9
Amkus Rope Rescue System							1	1	1
Combi Tool									1
SCBA Gear									62
<u>Number of Types of Station Equipment:</u>									
Zetron	7	7	7	7	7	7	7	7	7
Servers	5	8	7	10	9	9	10	10	13
Laminated Front Desk w/ counter & lock drawer	3	4	4	4	4	4	4	4	4
Bodmaster Weight Station & Trainer	8	8	8	8	8	8	0	0	0
HP 960 Mounted Tape Drive	1	1	1	1	0	0	0	0	0
BullEx Intelligent Training System	1	1	1	1	0	0	0	0	0
Generators	2	2	2	2	2	2	2	2	2
Software/Applications	3	3	3	4	4	4	2	0	1
Generic Stationary Generator	2	2	2	2	2	2	2	2	2
HP300 18HP Port Pump	1	1	1	1	1	1	1	1	1
Hoses	5	5	2	2	2	2	2	2	2
Positive Check				1	1	1	1	1	1
Turnout Washer					1	1	1	1	1
Scanner					1	1	1	1	1
David Clark Radio System								2	2
Simulation Training Manikin							1	0	1
Emergency Alerting System									6
SCBA Compressor									1
SCBA Air Fill Station									1
Radio Repeater									1
<u>Number of Assets at the Mechanic Shop & Rescue Site:</u>									
Lifts	0	4	4	4	4	4	4	4	8
Snap On Modis	0	1	1	1	1	1	1	1	0
Live Fire Prop	0	1	1	2	2	2	2	0	0
Warning Siren				1	1	1	1	1	1
Water Recycle Unit									1
Traffic Pre-Emption System									1
<u>Number of US&R & Equipment:</u>									
Search Cam 2000	1	1	1	0	0	0	0	0	0
Chevy Crew Cab	2	2	2	2	2	2	2	2	0
Air Bag Rescue Kit	1	1	1	0	1	0	0	0	0
Portable Air Compressor	2	2	2	2	0	0	0	0	0
HVAC System	1	1	1	1	1	1	1	1	1
Satellite Phone	0	2	2	2	2	2	6	4	4
Printer	1	0	0	0	0	0	0	0	0
Water Heater				2	2	3	6	4	4
Home Security				1	1	1	1	0	0
Copier				1	1	1	1	0	0
Area Rae Hazmat Equipment					3	3	3	1	1
McKesson I-STAT					1	1	1	1	1
Viasat Portable Internt Device								1	1
Hazmat Detectors							2	2	2
Hasty Search Communication Kits							2	2	2
Rescue Cages							2	2	2
RDK Ruggedized Host Controller							1	1	1
Nano Raider ZH Isotope Detection Monitor							1	1	1
Multi Rae Pro									1
Mobile Radio									1
Portable Radio									10
Defibrillators									2
Autovent 4000 Ventilator									2

Note: Certain data required by GASB 44 was not available prior to 2006/07

Source: Menlo Park Fire Protection District, Finance Department