

Menlo Park Fire Protection District

The Internal Service Funds



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Fund Balance Section

Adopted by the Board Directors on 6-26-12
Resolution #1539-2012

Internal Service Funds & Fund Balances

In June, 2005 the Grand Jury issued a report that included a recommendation that the Menlo Park Fire Protection District expand financial reporting to include information about reserves, including a description of why the reserves are maintained, when accumulated resources can be expected to be expended, what the estimated total cost of the anticipated expenditures is, and why the expenditures are necessary for the accomplishment of the Special District's charter. Internal Service Funds were established as a part of the FY 2007-08 budget process in response to the Grand Jury's recommendations. In FY 2009-10, several new internal service funds were implemented to enhance fiscal management. In FY 2010-11, the Rolling Stock fund was split into two funds, one for apparatus and one for all other items.

Internal Service Funds are used to finance special costs and services of the District, and to meet Board designated reserve levels. These funds identify an adequate funding level for current and future significant costs while establishing a standardized impact on the annual operating budget of the District. Designated reserves are identified and targeted during the year-end audit process. The Internal Services Funds are shown as Designations of the General Fund's year-end fund balance. The methodology for annualized costs to (transfer from) the General Fund and targeted fund balances for each of the Internal Service Funds are disclosed by Fund in this section of the budget document.

Internal Service Funds

Communications Radios & Infrastructure – An Internal Service Fund was established for the FY 2007-08 budget process. The source of funds is a transfer from the General Fund. This Internal Service Fund provides fiscal planning for the replacement of communications devices such as radios and traffic pre-emption devices. (BA = Battalion Chief, B. Marra)

Compensated Absences - At the Finance Committee meeting of April 15, 2009, the committee requested a detailed disclosure of compensated absences liabilities. The compensated absences Internal Service Fund has been established to designate adequate funding for the compensated absences liabilities, and provide an enhanced level of detail. (BA = Director of Administrative Services, M. Braucht)

Emergency Medical Equipment – An Internal Service Fund was established in the FY 2007-08 budget process. The source of funds is a transfer from the General Fund. This Internal Service Fund provides fiscal planning for the on-going replacement of emergency medical equipment. (BA = EMS Manager, P. Lunghi)

Emergency Equipment - An Internal Service Fund was established in the FY 2007-08 budget process. The source of funds is a transfer from the General Fund. This Internal Service Fund provides fiscal planning for the on-going replacement of District emergency equipment other than medical equipment. (BA = Battalion Chief, J. Stevens)

General Services/Legislative/Significant Legal Action– An Internal Service Fund for General Insurance was established in the FY 2008-09 budget process. For FY 2011-12, this fund transitioned into the General Services/Legislative/Significant Legal Action Internal Service Fund. The source of funds is a transfer from the General Fund. This Internal Service Fund supports fiscal planning for insurance coverage for District properties and other liabilities, for legal proceedings and fees, for one-time events such as the Genentech property tax refund, and election costs. (BA = Director of Administrative Services, M. Braucht)

Information Technology – An Internal Service Fund was established in the FY 2007-08 budget process. The source of funds is a transfer from the General Fund. This Internal Service Fund provides fiscal planning for the on-going replacement and upgrades of the District’s computer network. (BA = IT Project Manager, Ben Cheng)

Public Employees Retirement (PERS) – An Internal Service Fund was established in the FY 2007-08 budget process. This Internal Service Fund will serve as a resource to mitigate the impact of the PERS rate fluctuations on the General Fund operating budget. (BA = Director of Administrative Services, M. Braucht)

Retirees’ Supplemental Benefit – An Internal Service Fund was established in the FY 2007-08 budget process. The source of funds is a transfer from the General Fund. The appropriations from this fund are the monthly stipends to the Districts eligible retirees. The designated reserves are targeted to cover the District liability for the current retirees and fund the liability for future retirees. (BA = Accountant, F. Ghahremani)

Rolling Stock – An Internal Service Fund was established in the FY 2007-08 budget process. The source of funds is a transfer from the General Fund and any revenue generated from the sale of current stock on hand. The entire fund balance is designated for the purchase of rolling stock. (BA= Division Chief, M. Navarro)

Rolling Stock – Apparatus - An Internal Service Fund was established in the FY 2010-11 budget process. The apparatus were separated for the rest of the rolling stock to better disclose the impact of the cost to replace apparatus. The source of funds is a transfer from the General Fund and any revenue generated from the sale of current stock on hand. The entire fund balance is designated for the purchase of apparatus. (BA=Fleet Supervisor, S. Strom)

Station Replacement – An Internal Service Fund was established in the FY 2007-08 budget process. The purpose of this Internal Service Fund is to ensure that Menlo Park Fire Protection District will have clear disclosure on the future funding needs for the replacement of each of the Fire Stations. The Menlo Park Fire Protection District owns seven Fire Stations which are strategically located within the District limits. The source of funds is a transfer from the General Fund. (BA = Fire Chief, H. Schapelhouman)

Workers’ Compensation – An Internal Service Fund was established in the FY 2008-09 budget process. This Internal Service Fund provides fiscal planning for the purpose of paying future workers’ compensation claims by both employees and volunteers of the District. (BA = Director of Administrative Services, M. Braucht)

Fund Balances

In 2009 the Governmental Accounting Standards Board (GASB) issued Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*. It is intended to improve information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications. Thereafter, the users of governmental financial statements will receive more consistent and understandable information that is useful for making economic, social and political decisions.

The term fund balance is the difference between assets and liabilities reported in a governmental fund. Prior to GASB 54, fund balances have been classified into three separate components, Reserved, Designated, and Undesignated. GASB 54 eliminates those three classifications and replaces them with the following five classifications:

- *Non-spendable*—fund balance includes amounts that are not in a spendable form or are required to be maintained intact; for example the principal of an endowment fund.
- *Restricted*—fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers, such as grant providers, constitutionally, or through enabling legislation. That is, legislation that creates a new revenue source and restricts its use. Restrictions may be changed or lifted only with the consent of resource providers.
- *Committed*—fund balance includes 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 taking the same formal action that imposed the constraints originally. Amounts constrained by a government using its highest level of decision-making authority.
- *Assigned*—fund balance comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegated the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- *Unassigned*—fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

On June 28, 2011, by Resolution #1458-2011, the District’s Board of Directors directed Staff to implement GASB No. 54 to enhance the classification of the fund balances. On July 6, 2011 and on February 7, 2012, the Finance Committee reviewed the submitted staff report outlining the new guidelines for managing reserve or contingency funds under GASB No. 54. The Committee further recommended that the District revise its Reserve Fund Policy and reclassify the Unassigned funds to Committed and Assigned, as required under the new statement. This recommendation is designed to strengthen the District’s oversight of reserve funds and ensure that the District is optimally positioned to respond to any future State or County fiscal actions. The Board of Directors, by Resolution #1505-2012, approved the reclassification of the Unassigned fund balances and revisions to the Board Policy and Procedures Manual, Section 5.10.

Fund Balance Committed for Cash Flow

At the meeting of October 18, 2005, by Resolution #1103 the Board of Directors determined that it was necessary to maintain a minimum level of funding for stability and credit worthiness. The cash flow reserve has been established to designate adequate funding for the annual dry period, future acquisitions, and replacement of vehicles, facilities, capital equipment, future workers' compensation claims, contractual obligations, encumbrances, debt service requirements and insurance liabilities. The Board of Directors mandated that the District maintain a minimum fund balance of at least 50% of the operating revenues in the General Fund at the Fiscal year end. (BA = Director of Administrative Services, M. Braucht)

Board Designated Reserve for Economic Uncertainty (Fund Balance Committed for Budgetary Deficit)

At the meeting of March 3, 2009, the Finance Committee discussed setting parameters for the Reserve for Economic Uncertainty. The current balance in reserve is \$2,500,000 and there are not any know fiscal policies associated with the Reserve for Economic Uncertainty. The Board of Directors discussed establishing fiscal policies related to this reserve at the March 17, 2009 Board meeting. They established some basic concepts. Source of Funds are identified at the end of the fiscal year based on property tax related revenues net secured property taxes and the ERAF shift in excess of revenue estimates. Use of Funds may be proposed by Staff during the development of the operating budget or at any time during the fiscal year, and subject to line item approval by the Board of Directors. (BA = Director of Administrative Services, M. Braucht)

Board Designated Reserve for Fluctuating Property Tax Growth (Fund Balance Committed for Budgetary Deficit)

At the meeting of March 4, 2008, the Finance Committee determined that prudent fiscal policy for the Fire District should include a cap on the percent of property tax growth that will support the General Funds on-going operating expenditures. The Finance Committee recommended, and the Board approved, that the increase in Secured Property Tax Revenue would be capped at 5.5% above the prior fiscal year for on-going operating expenditures as reported by the Controller for the County of San Mateo. Any excess Secured Property Tax Revenue is designated to a Reserve for on-going operating expenses in the event the Secured Property Tax increase over the prior fiscal year is less than 5.5%. As recommended by the Finance Committee and approved by the Board of Directors, this policy was implemented in FY 2007-08 and set annually. The Finance Committee reviews the secured property tax growth rate annually, and makes a decision as to any allocation of funds to this reserve fund. (BA = Director of Administrative Services, M. Braucht)

Fund Balance Committed for FEMA Deployments

In July 2010, FEMA made a technical visit to the District and recommended that the District set aside a reserve fund balance for deployments for a minimum of \$3,000,000. In response, and to comply with GASB Statement #54, the District, under Resolution #1505-2012, beginning with fiscal year 2011-12, established a Committed FEMA Deployment internal service fund.

Summary Source & Use of Funds

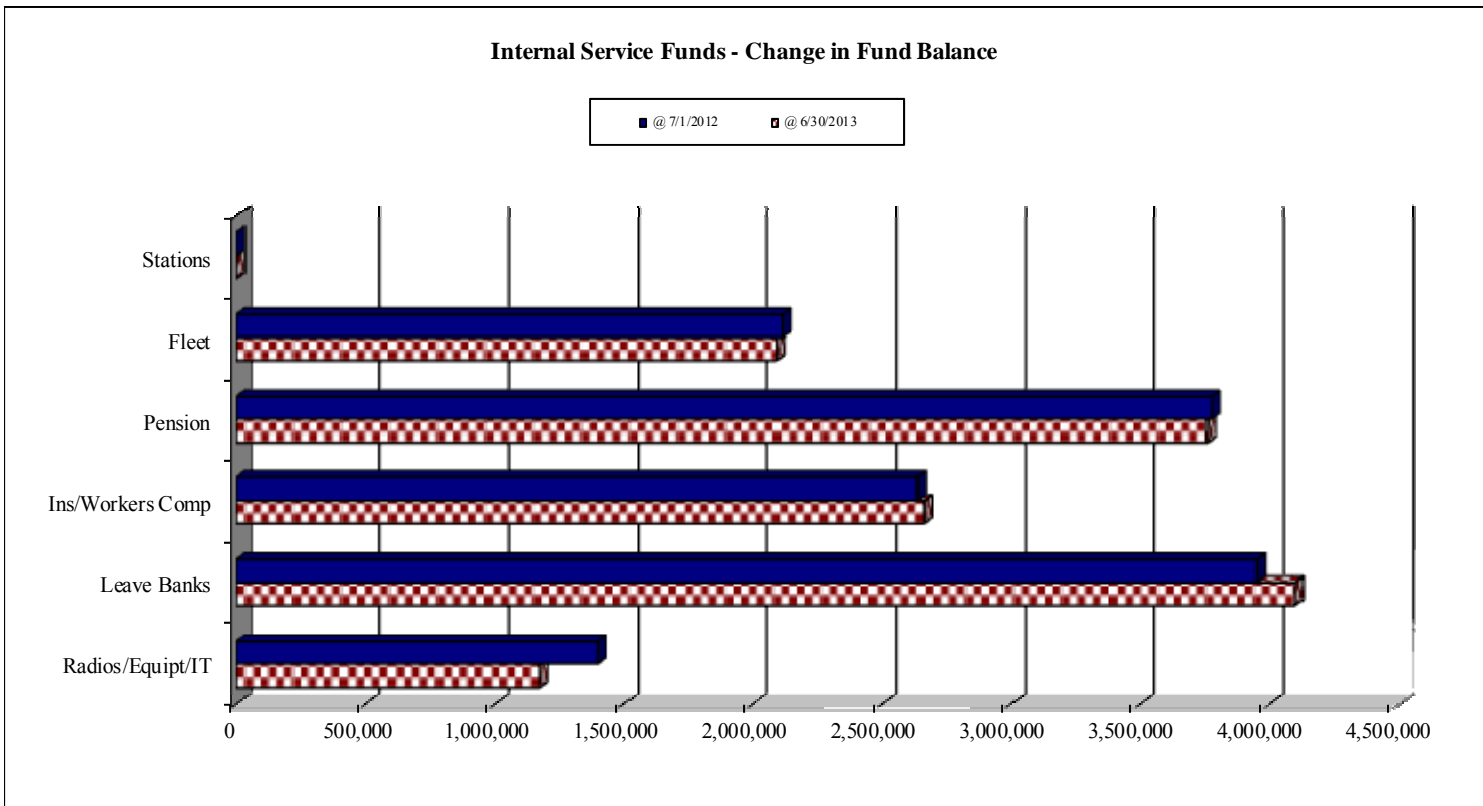
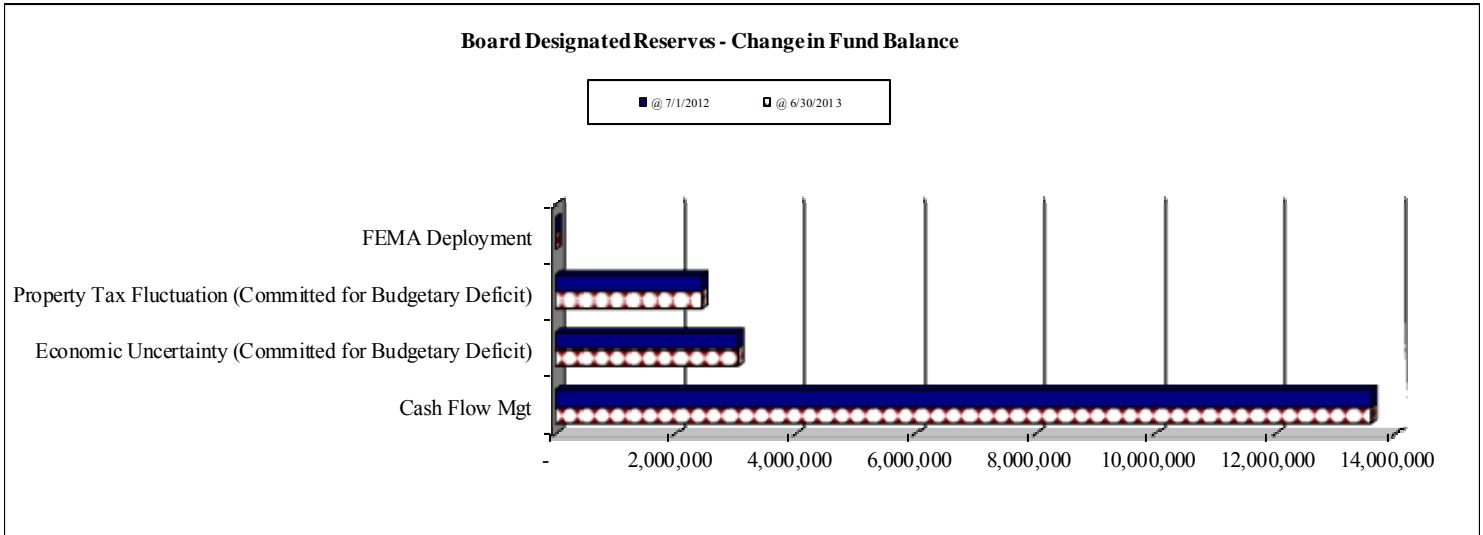
The following tables provide an overview of the source and use of funds for the Committed and Assigned Fund Balances and the Internal Service Funds. Net transfers are predominately a source of funds from the General Fund.

<u>Summary Source and Use of Funds</u>						
	Estimated					Estimated
	Fund Bal.	Plus	Less	Transfers	Transfer	Fund Bal.
	@ 7/1/2012	Revenue	Expenses	In	Out	@ 6/30/2013
Committed Fund Balances	22,080,200	-	-	-	-	22,080,200
Internal Service Funds	13,864,700	-	2,891,700	5,323,000	2,522,200	13,773,800
Grand Total	\$ 35,944,900	\$ -	\$ 2,891,700	\$ 5,323,000	\$2,522,200	\$35,854,000

<u>Source and Use of Funds by Fund</u>						
	Estimated					Estimated
	Fund Bal.	Plus	Less	Transfers	Transfers	Fund Bal.
	@ 7/1/2012	Revenue	Expenses	In	Out	@ 6/30/2013
<u>Board Designation/Committed Funds:</u>						
Cash Flow Mgt	13,594,800			-	-	13,594,800
FEMA Deployment	3,000,000	-	-	-	-	3,000,000
Economic Uncertainty (Committed for Budget)	3,039,300	-	-	-	-	3,039,300
Property Tax Fluctuation (Committed for Budget)	2,446,100			-	-	2,446,100
Total Board Designations	\$ 22,080,200	\$ -	\$ -	\$ -	\$ -	\$22,080,200
<u>Internal Service Funds Fund Balances:</u>						
Communications (Committed)	287,500		144,000	37,100		180,600
Compensation Absences (Assigned)	3,947,900		423,000	572,600		4,097,500
Emergency Equipment (Committed)	554,400		209,600	139,000		483,800
Emergency Medical Equipment (Committed)	140,300		7,400	32,400		165,300
General Services/Legislative/Significant Legal A	806,000		539,500	400,000		666,500
Information Technology (Assigned)	415,000		148,200	74,000		340,800
Public Employee Retirement System (Assigned)						
Retirees Medical Benefit-OPEB Cash (Assigned)	3,772,800		199,400	184,000		3,757,400
Rolling Stock - Apparatus (Committed)	1,788,200	-	660,000	529,000		1,657,200
Rolling Stock (Committed)	324,100	-	-	107,700		431,800
Stations (Committed)	-			2,522,200	2,522,200	-
Workers' Compensation (Assigned)	1,828,500		560,600	725,000		1,992,900
Total Internals Service Funds	\$ 13,864,700	\$ -	\$ 2,891,700	\$ 5,323,000	\$2,522,200	\$13,773,800

Change in Fund Balances

The following bar graphs show the projected change in fund balances for the Board Designated Reserves and the Internal Service Funds.



The following table provides a summary of expenditures by fund by item:

Fund	Description	FY 2011-12 Actual	FY 2012-13 Re-Budgeted	FY 2012-13 New Exp.	FY 2012-13 Total Exp.	FY 2013-14 Planned
Communication Radios	Base/Repeater	-	-	60,000	60,000	-
	Zetron	-	84,000		84,000	-
	<i>Sub-Total for Communication Radios Fund</i>	-	84,000	60,000	144,000	-
Compensated Absences	Cash Outs	656,000	-	423,000	423,000	437,800
	<i>Sub-Total for Compensated Absences Fund</i>	656,000	-	423,000	423,000	437,800
Emergency Equipment	Bench Tester for Scotts	-	-	15,000	15,000	-
	Master Control Kit	8,500	-	-	-	-
	Air Bags	5,000	5,000	-	5,000	-
	Breathing Apparatus	-	-	-	-	261,000
	Bullet Proof Vests	-	4,000	-	4,000	4,000
	EMS Jackets	-	7,200	3,600	10,800	28,800
	Fire Helmets-Structure	5,000		5,000	5,000	40,000
	SCBA Positive Check			-	-	15,800
	Thermal Imagers	20,800		20,800	20,800	40,000
	Turn Outs	-		144,000	144,000	-
	Wildland Gear	-		5,000	5,000	-
	<i>Sub-Total for Emergency Equipment</i>	39,300	16,200	193,400	209,600	389,600
Emergency Medical Equipment	Mechanical CPR Devices	97,800				-
	Defibrillators	-				-
	Manikins	-	-	7,400	7,400	-
	<i>Sub-Total for Emergency Medical Equipmen</i>	97,800	-	7,400	7,400	-
General Svcs/Legislative/Legal	General Liability	76,700		80,000	80,000	80,000
	Auto	41,200		45,000	45,000	45,000
	Claims & Unemployment	11,800		12,000	12,000	12,000
	Genentech Prop. Tax Refund	148,200		119,500	119,500	67,200
	Legislative Action-Election	185,000		-	-	185,000
	Legal Action for PERB, FLSA, Etc.	260,000		260,000	260,000	215,000
	Umbrella	21,200		23,000	23,000	23,000
	<i>Sub-Total for General Svcs/Legislative/Legal</i>	744,100	-	539,500	539,500	627,200
Information Technology	Cameras	-	32,400		32,400	34,200
	Tough Books	-	36,000		36,000	25,200
	Personnel Computers	14,100	10,000		10,000	5,200
	Lap Tops	19,800		13,200	13,200	32,200
	Printers	4,000	5,600		5,600	4,400
	Servers & Networking Equipment	-	51,000		51,000	56,600
	<i>Sub-Total for Informaiton Technology</i>	37,900	135,000	13,200	148,200	157,800
Retirees' Supplemental Medical	Medical Stipend	100,000		114,000	114,000	123,600
	TLC Fees-Retirees	2,300		2,600	2,600	2,700
	PEMCHA *	74,700		82,800	82,800	85,300
	<i>Sub-Total for Retirees' Sup. Medical</i>	177,000	-	199,400	199,400	211,600
Rolling Stock	Cars	-			-	-
	Administration	50,000			-	-
	Fleet	-			-	67,600
	Fire Prevention	17,700			-	125,900
	<i>Sub-Total for Rolling Stock</i>	67,700	-	-	-	193,500
Rolling Stock Apparatus	Engine & Truck	15,000		660,000	660,000	1,500,000
	<i>Sub-Total for Rolling Stock Apparatus</i>	15,000	-	660,000	660,000	1,500,000
Stations	Station (Transfer Funds to CIP Station 2 Fund)	7,928,100		-	-	-
	<i>Sub-Total for Stations</i>	-	-	-	-	-
Workers' Compensation	Claims Management & 1st Aid Claims	62,800		60,600	60,600	61,000
	Excess Liability	177,000		180,000	180,000	189,000
	Self Insured-Safety	264,500		320,000	320,000	320,000
	<i>Sub-Total for Workers' Compensation</i>	504,300	-	560,600	560,600	570,000
G. Total Internal Service Funds Expenditures		2,339,100	235,200	2,656,500	2,891,700	4,087,500

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Communications Radios & Infrastructure Internal Service Fund

[Battalion Chief Ben Marra (#600-6000)]

The Communications Radios & Infrastructure Internal Service Fund was established in the FY 2007-08 budget process. This Internal Service Fund provides fiscal planning for the replacement of communication equipment and traffic pre-emption devices. This fund is not a source of funding for the purchase of new and additional items; the purpose of this fund is to replace the old equipment. This fund supports the following systems:

1. Base Radios- are the repeaters for our radio frequencies. Currently Station #1 and Station #2 have base radios. When Station #4 is rebuilt a base radio will be included in the construction costs.
2. Portable Radios – Portable Radios are used on every response vehicle and position. Allocation of 85 Portable Radios: Engines (35); Truck (5); BC (10), Rescue, Reserves (16); Chief Officers (7); Inspectors (4); Other (4).
3. MDT – Mobile Data Terminal allows the District to obtain real time information regarding engine location and status. Allocation of 21 devices: Engines (7); Truck, BC, Rescue, Reserves (6); Chief Officers (4); Inspectors (4).
4. Cell Phones - Cell phones are required by the County to participate in the EMS Paramedic program for the engine companies. Allocation of 23 cell phones: Engines (7); Truck, BC & Rescue (3); IT (1); Pub Ed & Cert (2); Adjutant (1); Inspectors (4); & Back-Ups (5).
5. Zetron - is the device that the county requires so alarms and/or emergency calls can be rung down at the stations. Printers are part of this system for a printed copy of incident information.

The quantity of radios increased and the replacement of radios has, over the past year, increased due to the 2013 FCC mandate to switch over to a narrow band frequency range. San Mateo County purchased and installed MDT's at no cost to the District, since the funding was provided by Fire Net Six. However, the replacement cost will be the District's responsibility. The Zetrons and printers purchases have been postponed to fiscal year 2012-13.

Following is a multi-year funding and replacement plan for communication devices. The projected replacement cost, for each item, is calculated as a future value of the current, 2013, cost using a 5.0% cost growth rate, and compared to current market value. The date of replacement is either stated as the planned purchase date, or is calculated from the year purchased using the useful life expectancy of the item. On an annual basis the budget administrator performs a needs assessment prior to recommending replacement.

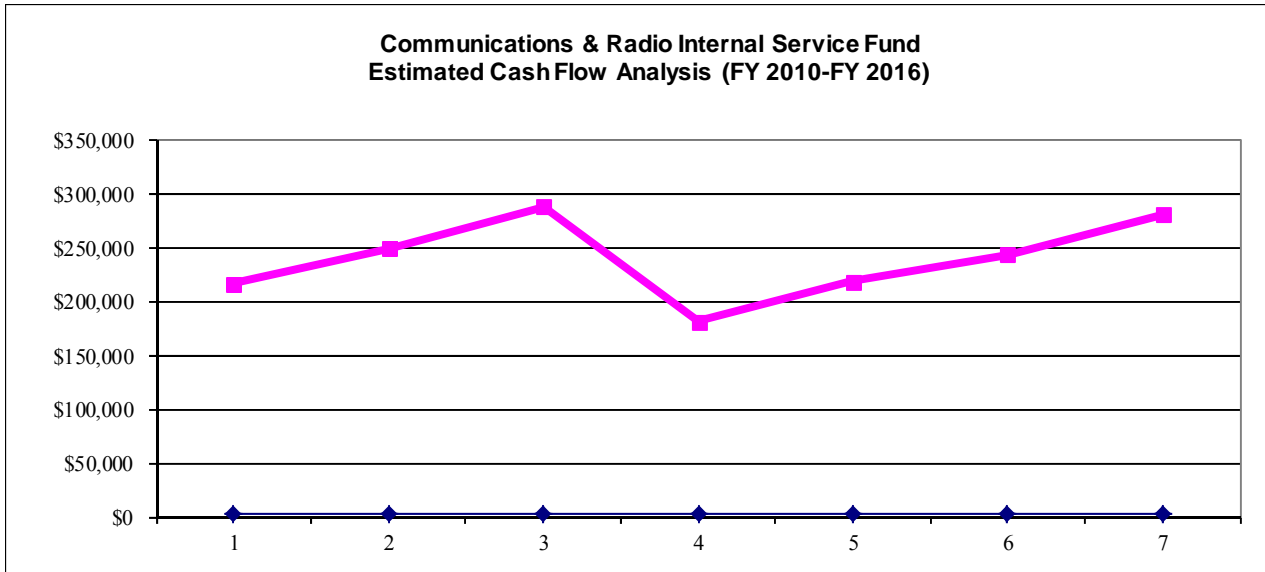
Communications : Replacement Costs and Transfer from General Fund							
Type	#	Aquired	Unit Cost	Est. \$ to Replace	Est. Life	FY to Replace	Yearly Charge
Base/Repeater	2	1985		\$ 30,000	15	2013	\$ 4,200
Portable-Kenwood TK5210K2-VHF *	33	2011	\$ 2,000	\$ 2,800	10	2020	\$ 9,900
Portable	18	2010	\$ 1,900	\$ 1,900	10	2019	\$ 3,600
Portable	18	2010	\$ 1,200	\$ 1,600	10	2019	\$ 3,600
Portable	11	2009	\$ 2,200	\$ 2,200	10	2018	\$ 2,200
Portable	5	2009	\$ 2,700	\$ 2,700	10	2018	\$ 1,500
MDT	21	2012	\$ 2,300	\$ 2,300	10	2021	\$ 4,200
Cell Phone	23	2005		\$ 500	10	2015	\$ 2,300
Zetron	7	1996	\$ 12,000	\$ 12,000	15	2013	\$ 5,600
Total				\$ 56,000			\$ 37,100

* Purchase of 33 Portable Kenwood radios was approved by Resolution #1410-2010, which authorized the allocation of prior year-end savings for a one-time purchase from the General Fund operating budget.

Communications Radios & Infrastructure Internal Service Fund

[Battalion Chief Ben Marra (#600-6000)]

The beginning balance for FY 2012-13 is estimated at \$287,500. The following chart is a multi-year cash flow projection for this Fund. As shown the annual transfer from the General Fund meets the needs of this Internal Service Fund.



The following table shows the application of the funding strategy and the necessary transfer from the General Fund to meet those goals. For audit presentation purposes the entire fund balance will be shown in the General Fund as a designation for communications, radios and related infrastructure improvements.

Communications, Radios & Infrastructure Source & Use of Funds										
		2010-11	# of	2011-12		2011-12	# of	2012-13	# of	2013-14
		Actual	Units	Adopted		Yr End Est.	Units	Adopted	Units	Planned
Source of Funds:										
Fund Balance @ 7/1		216,300		248,300		248,300		287,500		180,600
Transfer In - GF		32,000		39,200		39,200		37,100		37,100
Total Source of Funds		\$ 248,300		\$ 287,500		\$ 287,500		\$ 324,600		\$ 217,700
Use of Funds:										
Base/Repeater	2						2	60,000		
Portable Radios	85									
MDT	21		21	84,000						
Cell Phones	23									
Zetron	7		7	84,000			7	84,000		
Transfer to General Fund										
Total Use of Funds		\$0		\$ 168,000		\$ -		\$ 144,000		\$ -
Fund Balance @ 6/30		\$ 248,300		\$ 119,500		\$ 287,500		\$ 180,600		\$ 217,700

Purchase Justification by Budget Administrator, Chief Marra:

The purpose of purchasing new communication equipment is for the replacement of old and obsolete technology. The new technology will provide a stronger signal, better range of communication and longer battery life. The new equipment will ensure that District's staff are able to maintain critical communication in the performance of its mission.

All purchases from Internal Service Funds require pre-approval by the Board of Directors in the form of a Board report.

Compensated Absences Internal Service Fund

[Director of Admin. Services M. Braucht (#605-6005)]

At the Finance Committee meeting of April 15, 2009, the committee recommended establishing a Compensated Absences Internal Service Fund, which are defined as absences for which employees will eventually be paid such as extended sick leave, annual leave, and compensatory time off. Under Governmental Accounting and Financial Reporting Standards (GASB), the District is required to report on its accounting records and financial statements a liability as employees earn the right to receive benefits for compensated absences that are attributable to services already rendered and that are not contingent upon a specific event that is outside the control of the employer and employee, GASB Statement No. 16.

District compensated absences are:

- Extended Sick Leave – Employees who were hired prior to 1996 were able to bank their unused annual leave accrual over the maximum annual accrual of 480 hours or 320 hours, depending on the work schedule. The Extended Sick Leave bank was closed by resolution 1498-2011 “In order to promote transparency and administrative efficiency, the District at the discretion of the Fire Chief shall phase out the multiple leave balance and implement a single Annual Leave program....”
- Annual Leave Hours – Per payroll, each benefited employee earns a number of hours based on the job classification and years of service rendered. For IAFF union members, the maximum annual leave accrual is either 672 hours or 470 hours, depending upon the scheduled work hours per week. For AFSCME union members, the maximum accrual is 500 hours. Excess hours are calculated at the end of the calendar year and cashed out no later than the last payroll paid in the month of February. The budget projection for fiscal year 2012-13 is based on the annual accrual, current leave table as of October 2011.
- Compensatory Time Off – Effective October 24, 2011 all overtime hours were included in the paychecks and compensatory time off banks were closed, with the exception of AFSCME bargaining group.

For budgeting purposes, the compensated absences are set at cap for each represented and unrepresented group:

- AFSCME at 500 hours
- Chief Officers at 772 hours
- IAFF at 672 hours
- IAFF, Inspectors at 470
- Misc. Administration Support at 320 hours

Compensated Absences Internal Service Fund

[Director of Admin. Services M. Braucht (#605-6005)]

The following table shows the application of the funding strategy and the necessary transfer from the General Fund to meet those goals. For audit presentation purposes the entire fund balance will be shown in General Fund as a designation for compensated absences.

Compensated Leave Balances Source & Use of Funds						
		2010-11	2011-12	2011-12	2012-13	2013-14
		Actual	Adopted	Yr End Est.	Adopted	Planned
Source of Funds:						
Fund Balance @ 7/1		4,074,500	4,555,600	4,031,300	3,947,900	4,097,500
Transfer In - GF		572,600	572,600	572,600	572,600	572,600
Total Source of Funds		\$ 4,647,100	\$ 5,128,200	\$ 4,603,900	\$ 4,520,500	\$ 4,670,100
Use of Funds						
Cash Outs		615,800	550,800	656,000	423,000	437,800
Total Use of Funds		\$ 615,800	\$ 550,800	\$ 656,000	\$ 423,000	\$ 437,800
Fund Balance @ June 30		\$ 4,031,300	\$ 4,577,400	\$ 3,947,900	\$ 4,097,500	\$ 4,232,300
Fund Balance Designations:						
Extended Sick Leave Balance	\$	18,200	757,700	-	-	-
Annual Leave Hours	\$	548,000	2,617,600	2,893,000	3,047,200	3,047,200
Comp-Time	\$	47,900	376,000	-	-	-
Fund Balance Undesignated	\$	3,417,200	826,100	1,054,900	1,050,300	1,185,100
Total	#	4,031,300	4,577,400	3,947,900	4,097,500	4,232,300
Estimated Hours in Bank @ Cap						
Extended Sick Leave Balance	Hrs	22,100	25,100	-	-	-
Annual Leave Hours	Hrs	54,300	47,900	67,300	71,300	71,300
Comp-Time	Hrs	4,100	5,000	-	-	-
Total		80,500	78,000	67,300	71,300	71,300

Emergency Equipment Internal Service Fund

[Battalion Chief J. Stevens (#610-6010)]

The Emergency Equipment Internal Service Fund was established in the FY 2007-08 budget process. This Internal Service Fund provides fiscal planning for the on-going replacement for the following equipment:

- Bench Tester for Scott Air packs – (Inventory 1) Machine used to perform annual testing and testing after repairs to self-contained breathing apparatus (SCBA) to maintain compliance with the standards set by the manufacturer.
- Self-contained Breathing Apparatus (SCBA) – (Inventory 60) Includes harness, pressure regulator, air supply lines, cylinder, and face piece. SCBA is used by fire personnel to enter smoke, toxic, or potentially harmful atmospheres by using compressed air supplied in the cylinder, which is delivered to the face piece, supplying the firefighter with a constant flow of fresh air.
- Air Bags – (Inventory 10) - Air bags come in a variety of sizes and are used to lift extremely heavy objects or pry debris to gain access for rescue. The bags are carried on the truck and rescue companies.
- Master Control Kit – (Inventory 1) Air-lifting bags generally operate with inflation pressures of between 90 psi and 145 psi and can be supplied with air from SCBA bottles, cylinders, truck or train air brake systems, cascade systems that may be mounted on a rig, or air compressors. All high-pressure air bags carry ratings for both the maximum force in pounds that they can exert and the maximum height they can achieve when fully inflated.
- SCBA PSI Positive Check – (Inventory 1) is a device that is connected to a computer that checks and verifies that the firefighters face piece has a proper seal and fit to their face. The test is administered annually or when a new face piece is issued.
- Thermal Imaging Camera (TIC) – (Inventory 10) -Is a hand held device used by fire personnel to determine heat sources in a smoke environment. It is a primary tool used in the search and rescue process during a fire. It can also be used to detect heat hidden in spaces not visible to the naked eye.
- Fire Helmets – (Inventory 100) there are two types of fire helmets used by MPFD fire personnel, structure and wild land. Structure fire helmets are made of either a plastic composite or leather and are used to provide head and face protection during structure fire operations. Wild land helmets are made of a plastic composite and are lightweight helmets used during grass, brush, tree, vegetation, and heavy timber firefighting operations.
- Turn-Out Gear – (Inventory 100) Consists of a multilayered coat and pants that are used to protect fire personnel during structure or vehicle firefighting, vehicle collision extrications, harmful atmospheres, and other emergency situations requiring body protection from heat and harmful smoke/fire by-products. Rubber or leather turn-out boots are also used to provide foot protection. The Menlo Park Fire Protection District maintains its personal protective equipment in accordance with the National Fire Protection Association (NFPA) Standards. Among these standards is NFPA 1851. This standard outlines the requirements for cleaning, maintaining, and testing turn out garments. The standard calls for annual testing that includes; moisture barrier, shell density, water penetration, and inspection for cracks, tears, seams, and abrasion wear. Testing of the garments begins after the second year after manufacturing.
- EMS Jackets – (Inventory 90) Each Firefighter is equipped with an EMS Jacket. The Jackets are worn by all safety employees and they serve as personal protection equipment for them when responding to medical calls.
- Bullet Proof Vests – (Inventory 95) - Are garments worn over a tee-shirt or work shirt that provides fire personnel protection against hand gun penetrating projectiles up to 44 caliber rounds. The vests currently used are a type IIIA and are required to be worn during all potentially hostile or violent situations.
- Wild land Gear – (Inventory 100) each firefighter is equipped with wild land gear which includes a pair of boots, jacket and pants, gloves, helmet, and web gear.
- Hurst Cutter – (Inventory 1) It achieves the maximum cutting capability with forged shock-resistant steel blades.
- Hurst Dual Power Unit – (Inventory 1) to use for hydraulic rescue tools.
- Hurst Rams - (Inventory 2) Rams are used in auto rescues. There are many types and sizes; the District owns currently one large ram 35”-60” and one small ram 23”-36.”
- Hurst Spreader – (Inventory 1) A spreader is a hydraulic tool designed with two arms which come together in a narrow tip, and which uses hydraulic pressure to separate or spread the arms. The tip of the tool can be inserted into a narrow gap between two vehicle panels when the tool is operated, the arms are opened, pushing apart the metal in the panels. Spreaders may also be used to "pop" vehicle doors from their hinges.
- Hydraulic Line Set – (Inventory 1)

Emergency Equipment Internal Service Fund

[Battalion Chief J. Stevens (#610-6010)]

Following is a multi-year funding and replacement plan for emergency equipment. The projected replacement cost, for each item, is calculated as a future value of the current, 2013, cost using a 5.0% cost growth rate, and compared to current market value. The date of replacement is either stated as the planned purchase date, or is calculated from the year purchased using the useful life expectancy of the item. On an annual basis the budget administrator performs a needs assessment prior to recommending replacement.

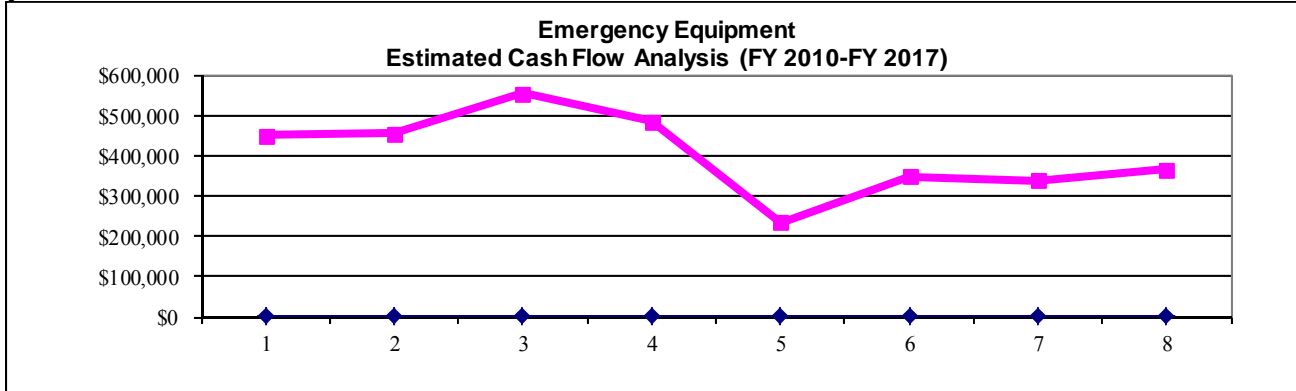
EMERGENCY EQ. TABLE: REPLACEMENT COST AND YRLY CHG TO GENERAL FUND							
Type	#	Aquired	Unit Cost	Est. \$ to Replace	Est. Life	FY to Replace	Yearly Charge
Breathing Apparatus	58	2005		\$ 4,500	10	2014	27,000
Breathing Apparatus	2	2010	\$ 3,800	\$ 4,500	10	2019	1,000
Bench Tester for Scotts	1			\$ 15,000	10	2013	2,000
Air Bags	5	2012	\$ 1,000	\$ 1,000	7	2018	1,000
Air Bags	5	2008	\$ 1,000	\$ 1,000	7	2013	1,000
Master Control Kit	1	2012	\$ 2,500	\$ 2,500	7	2018	1,000
SCBA Positive Check	1	2005	\$ 15,000	\$ 15,800	10	2014	2,000
Thermal Imagers	3	2010	\$ 9,000	\$ 10,000	5	2014	6,000
Thermal Imagers	1	2008	\$ 9,700	\$ 10,000	5	2014	2,000
Thermal Imagers	2	2006	\$ 10,400	\$ 10,400	5	2013	4,000
Thermal Imagers	2	2012	\$ 10,400	\$ 10,400	5	2016	4,000
Thermal Imagers	2	2011	\$ 10,400	\$ 11,500	5	2015	5,000
Fire Helmets-Sturcture	10	2012	\$ 500	\$ 500	5	2016	1,000
Fire Helmets-Sturcture	10	2008	\$ 500	\$ 500	5	2013	1,000
Fire Helmets-Sturcture	80	2008	\$ 500	\$ 500	5	2014	8,000
Turn-Out Gear	52	2010	\$ 2,100	\$ 2,400	7	2016	18,000
Turn-Out Gear	48	2004	\$ 3,000	\$ 3,000	7	2013	21,000
EMS Jackets	48	2008	\$ 600	\$ 600	7	2014	4,000
EMS Jackets	18	2008	\$ 600	\$ 600	7	2013	2,000
EMS Jackets	12	2008	\$ 600	\$ 600	7	2012	1,000
EMS Jackets	12	2011	\$ 600	\$ 700	7	2017	1,000
Bullet Proof Vests	85	2008	\$ 800	\$ 1,000	10	2017	9,000
Bullet Proof Vests	5	2008	\$ 800	\$ 800	10	2014	1,000
Bullet Proof Vests	5	2008	\$ 800	\$ 800	10	2013	1,000
Hurst Cutter	1	2009	\$ 5,000	\$ 8,100	15	2023	2,000
Hurst Dual Line Power Unit	1	2003	\$ 7,600	\$ 9,200	15	2017	1,000
Hurst Rams	2	2003	\$ 2,800	\$ 3,600	16	2018	1,000
Hurst Spreader	1	2003	\$ 7,600	\$ 9,200	15	2017	1,000
Hydraulic Line Set	1	2003	\$ 3,000	\$ 3,800	16	2018	1,000
Wild Land Gear	90	2012	\$ 500	\$ 600	7	2018	8,000
Wild Land Gear	10	2008	\$ 500	\$ 500	7	2013	1,000
Total				\$ 143,600			\$ 139,000

On an annual basis, 5 Bullet Proof Vests, 12 EMS Jackets and 10 Fire Helmets are budgeted to provide funds to replace any equipment that is damaged in a fire or rescue incident.

Emergency Equipment Internal Service Fund

[Battalion Chief J. Stevens (#610-6010)]

The beginning balance for FY 2012-13 is estimated at \$554,400. The following chart is a multi-year cash flow analysis. The annual transfer from the General Fund meets the needs of this Fund.



The following table shows the application of the funding strategy and the necessary transfer from the General Fund to meet those goals. For audit presentation purposes the entire fund balance will be shown in the General Fund as a designation for emergency equipment.

Emergency Equipment Source & Use of Funds									
		2010-11	# of	2011-12	2011-12	# of	2012-13	# of	2013-14
		Actual	Units	Adopted	Yr End Est.	Units	Adopted	Units	Planned
Source of Funds:									
Fund Balance @ 7/1		449,100		454,700	454,700		554,400		483,800
Transfer In - GF		144,000		139,000	139,000		139,000		139,000
Total Source of Funds		\$ 593,100		\$ 593,700	\$ 593,700		\$ 693,400		\$ 622,800
Use of Funds:									
Bench Tester for Scotts	1					1	15,000		
Master Control Kit	1		1	8,500	8,500				
Air Bags	10		5	10,000	5,000	5	5,000		
Breathing Apparatus	60							58	261,000
Bullet Proof Vests	95		5	4,000		5	4,000	5	4,000
EMS Jackets	90	7,400	12	7,200		18	10,800	48	28,800
Fire Helmets-Structure	100		10	5,000	5,000	10	5,000	80	40,000
Hurst Cutter	1								
Hurst Dual Line Power	1								
Hurst Rams	2								
Hurst Spreader	1								
Hydraulic Line Set	1								
SCBA Positive Check	1							1	15,800
Turn Outs	100	110,100				48	144,000		
Wildland Gear	100					10	5,000		
Thermal Imagers	10	20,900	2	20,800	20,800	2	20,800	4	40,000
Total Use of Funds		\$ 138,400		\$ 55,500	\$ 39,300		\$ 209,600		\$ 389,600
Fund Balance @ 6/30		\$ 454,700		\$ 538,200	\$ 554,400		\$ 483,800		\$ 233,200

Purchase Justification by Budget Administrator. Chief Stevens:

New equipment is being purchased to replace old, non-operational and hazardous equipment. The Low or High Pressure Air Bag Kit becomes dangerous to utilize once they have worn beyond their operational limits. In addition, new equipment is being purchased to ensure the safety of District's personnel. The District is planning to hire 6 new employees and proper safety equipment, as needed, to outfit these additional staff.

All purchases from Internal Service Funds require pre-approval by the Board of Directors in the form of a Board report.

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Emergency Medical Equipment Internal Service Fund

[EMS Manager, P. Lunghi (#620-6020)]

The Emergency Medical Equipment Internal Service Fund was established in the FY 2007-08 budget process. This Internal Service Fund provides fiscal planning for the on-going replacement of the following medical equipment:

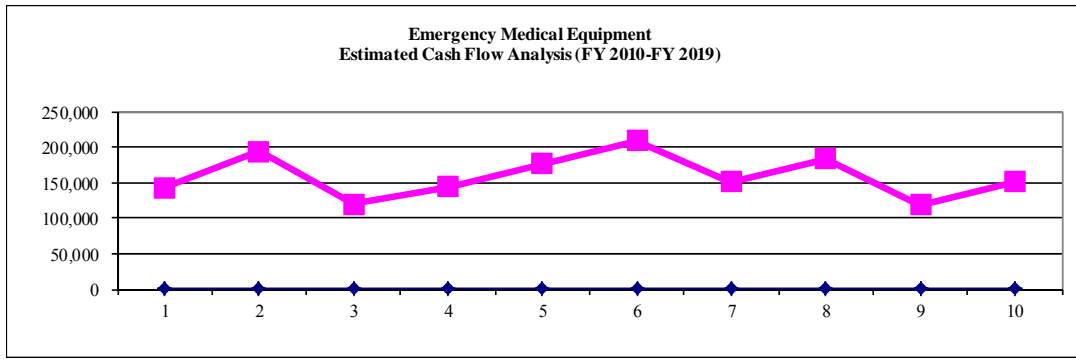
- Mechanical CPR Devices – These are state of the art machines that can perform CPR on patients in cardiac arrest. One was purchased for each of the District’s seven engines and they have an estimated life span of 7 years.
- Defibrillators – The District owns three Defibrillators, which are on three Engines. The District utilizes 7 additional Defibrillators supplied by AMR. A defibrillator is an electric-shock machine that administers a controlled electric shock to the chest or heart to correct a critically irregular heartbeat that cannot drive the circulation.
- Manikins – There are three manual manikins used for CPR training and two additional intubation manikins used for general training. One electronic manikin is also in use.

Following is a multi-year funding and replacement plan for emergency medical equipment. The projected replacement cost, for each item, is calculated as a future value of the current, 2013, cost using a 5.0% cost growth rate, and compared to current market value. The date of replacement is either stated as the planned purchase date, or is calculated from the year purchased using the useful life expectancy of the item. On an annual basis the budget administrator performs a needs assessment prior to recommending replacement.

<u>EMERGENCY MEDICAL EQUIPMENT TABLE: REPLACEMENT COST AND YRLY CHG TO GENERAL FUND</u>							
Type	#	Acquired	Unit Cost	Est. \$ to Replace	Est. Life	FY to Replace	Yearly Charge
Mechanical CPR Devices	7	2012	\$ 14,000	\$ 14,000	7	2018	\$ 15,400
Defibrillators	3	2010	\$ 30,000	\$ 30,000	7	2016	\$ 13,800
Manikin - Adult	4	2011	\$ 1,300	\$ 1,900	11	2021	\$ 800
Manikin - Pediatric	1	2011	\$ 1,200	\$ 1,800	11	2021	\$ 200
Manikin - Infant	1	2011	\$ 900	\$ 1,300	11	2021	\$ 100
Manikin - Intubation Pediatric	1	2011	\$ 1,300	\$ 1,900	11	2021	\$ 200
Manikin - Intubation Adult	1	2012	\$ 2,100	\$ 3,300	11	2022	\$ 300
Manikin - Electronic	1	2007	\$ 7,400	\$ 7,400	5	2013	\$ 1,600
				\$ 61,600			\$ 32,400

<u>EMERGENCY MEDICAL EQUIPMENT TABLE: REPLACEMENT COST FOR EQUIPMENT OWNED BY AMR</u>							
Type	#	Acquired	Unit Cost	Est. \$ to Replace	Est. Life	End of AMR Cont.	Yearly Charge
Defibrillators	5	2004	\$ 31,000	\$ 30,000	10	2018	\$ 16,000
Defibrillators	2	2006	\$ 31,000	\$ 30,000	10	2018	\$ 6,400
				\$ 60,000			\$ 22,400

The beginning balance for FY 2012-13 is estimated at \$140,300. The following chart is a multi-year cash flow projection for this Fund. As shown the annual transfer from the General Fund meets the needs of this Internal Service Fund.



Emergency Medical Equipment Internal Service Fund

[EMS Manager, P. Lunghi (#620-6020)]

The following table shows the application of the funding strategy and the necessary transfer from the General Fund to meet those goals. For audit presentation purposes, the entire fund balance will be shown in the General Fund as a designation for emergency medical equipment. Note, for fiscal year 2012-13, \$44,800 is budgeted as a reserve against AMR withholding, or being unable to provide, equipment at the end of its ten-year contract in June 2018. For fiscal year 2013-14 this reserve is budgeted at \$67,200

Medical Equipment Source & Use of Funds									
		2010-11	2011-12	# of	2011-12	# of	2012-13	# of	2013-14
		Actual	Adopted	Units	Yr End Est.	Units	Adopted	Units	Planned
<u>Source of Funds:</u>									
Fund Balance @ 7/1		142,400	120,100		193,300		140,300		165,300
Other Financing Sources		10,000			21,000				
Transfer In - GF		52,000	23,800		23,800		32,400		32,400
Total Source of Funds		\$ 204,400	\$ 143,900		\$ 238,100		\$ 172,700		\$ 197,700
<u>Use of Funds:</u>									
Mechanical CPR Devices	7	11,100		7	97,800				
Defibrillators	10								
Other Financing Uses-Defib.									
Manikins	9					1	7,400		
Total Use of Funds		\$ 11,100	\$ -		\$ 97,800		\$ 7,400		\$ -
Fund Balance @ 6/30		\$ 193,300	\$ 143,900		\$ 140,300		\$ 165,300		\$ 197,700
Fund Balance for AMR Reserve@ 6/30			\$ 22,400				\$ 44,800		\$ 67,200

Purchase Justification by Budget Administrator, P. Lunghi:

New equipment is being purchased to replace old and worn out equipment for emergency calls and training staff to provide life saving medical procedures.

All purchases from Internal Service Funds require pre-approval by the Board of Directors in the form of a Board report

General Services/Legislative/Significant Legal Action Internal Service Fund

[Director of Admin. Services M. Braucht (#680-6080)]

General Services: Based on recommendation by the Finance Committee, the General Insurance Internal Service Fund was established in the FY 2009-10 budget. This Internal Service Fund provides coverage for liability expenses and property protection which includes, but is not limited to, management liability, comprehensive crime, and portable equipment. The current provider is Heffernan Insurance Brokers, (www.heffgroup.com). The areas of coverage are:

- Commercial General Liability – This policy includes coverage for premises and operations and damages to others’ property, personal injury caused to others, good Samaritan coverage, watercraft liability, professional health care liability, and coverage for volunteers and additional insured. The policy has limits of: \$1,000,000 per occurrence and \$3,000,000 aggregate. The General Liability premium is calculated based on an industry rate, the number of employees, and the number and types of calls to which the District responds.

Types of coverage include:

- Management Liability – Damages occurring from wrongful acts committed by a volunteer, employee, officer, director, trustee or commissioner acting on behalf of the District while in performance of District operations, which includes, but is not limited to, claims against employee benefits, employment practices, wrongful termination, harassment and discrimination, employee bonding, and professional liability coverage for paramedic firefighters. Coverage is \$1,000,000 per occurrence and \$3,000,000 aggregate.
 - Comprehensive Crime – Indemnity bonding for all employees, volunteers and contracted employees up to \$1,000,000 and \$5,000 for money and securities.
 - Portable Equipment - Includes coverage for any forklift, jet skis, cranes, airboat, tools and equipment that are transported by vehicles. The vehicles are covered up to the cost of the vehicle, while tools are covered up to \$50,000.
- Property Coverage includes flood and earthquake coverage as well as blanket building and contents.
 - Auto Insurance – This policy includes coverage for vehicle accidents that involve Menlo Park vehicles and/or personnel. This insurance policy does not include coverage for employees driving personal cars for District related business, but it does protect the District from claims made against the District in these circumstances. The policy coverage has a deductible of \$250 Comprehensive and \$500 Collision and the coverage includes liability \$1,000,000, medical payments \$5,000, and uninsured motorists \$1,000,000. The auto premium is calculated by adding a flat fee per vehicle and a collision rate, which is based on the current value of the vehicles covered.
 - Umbrella – This policy covers claims made against the District that exceed the General Liability or Auto Liability policy limits. This policy has limits of: \$10,000,000 per occurrence and \$20,000,000 aggregate. The umbrella premium is calculated as a percentage of the general liability and auto premium.

The District is defined as a “State Unemployment Insurance Reimbursement Client” by the California Employment Development Department. The District does not pay unemployment insurance premiums to the State of California Employment Development Department. When a past employee files for and receives unemployment benefits from the State of California, the District is responsible for that benefit. In the case of a valid claim, the District is billed quarterly by the Employment Development Department.

The Board of Directors approved, in the regular Board meeting of May 17, 2011 the transition of the Internal Service Fund for General Insurance to an Internal Service Fund for General Services, Legislative & Legal with an increase in Transfer From the General Fund of \$200,000. This facilitated the carry-forward from year to year of budget dollars allocated for legal proceedings, election cost, and funding for the Genentech property tax refund case.

Legislative: The Board consists of five locally elected officials. Any resident of the District can run for a Board seat. Elections are held every two years, on the years ending in an odd number. In November 2013 two seats will be open, (FY 2013-14). The fund will provide a funding source for the election costs.

General Services/Legislative/Significant Legal Action Internal Service Fund

[Director of Admin. Services M. Braucht (#680-6080)]

The following table shows the application of the funding strategy and the necessary transfer from the General Fund to meet those goals. For audit presentation purposes the entire fund balance will be shown in the General Fund as a designation for General Services, legislative and significant legal action.

General Services/Legislative/Significant Legal Action Source & Use of Funds					
	2010-11	2011-12	2011-12	2012-13	2013-14
	Actual	Adopted	Yr End Est.	Adopted	Planned
Source of Funds:					
Fund Balance @ 7/1	163,800	1,194,700	1,195,100	806,000	666,500
Insurance Reimbursement					
Transfer In - GF for Genentech Re	548,000				
Transfer In - GF FLSA & PERB	500,000				
Transfer In - GF	150,000	355,000	355,000	400,000	400,000
Total Source of Funds	\$ 1,361,800	\$ 1,549,700	\$ 1,550,100	\$ 1,206,000	\$ 1,066,500
Use of Funds:					
General Liability	76,500	85,000	76,700	80,000	80,000
Auto	41,400	45,000	41,200	45,000	45,000
Claims & Unemployment	4,400		11,800	12,000	12,000
Genentech Prop. Tax Refund	22,000	148,200	148,200	119,500	67,200
Legislative Action-Election		185,000	185,000	-	185,000
Legal Action for PERB, FLSA, Etc.		215,000	260,000	260,000	215,000
Umbrella	22,400	25,000	21,200	23,000	23,000
Total Use of Funds	\$ 166,700	\$ 703,200	\$ 744,100	\$ 539,500	\$ 627,200
Fund Balance @ 6/30	\$ 1,195,100	\$ 846,500	\$ 806,000	\$ 666,500	\$ 439,300
Fund Balance Reserved for Genent	\$ 526,000	\$ 377,800	\$ 377,800	\$ 258,300	\$ 191,100

San Mateo County Estimated Property Tax Refund Schedule to Genentech							
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Apportionment	\$ 22,000	\$ 148,200	\$ 119,500	\$ 67,200	\$ 65,400	\$ 63,600	\$ 61,800
Year-To-Date Apportionment as of 6/30/12				\$ 170,200			
Estimated Total Apportionment Due by FY 2016-17				\$ 547,700			

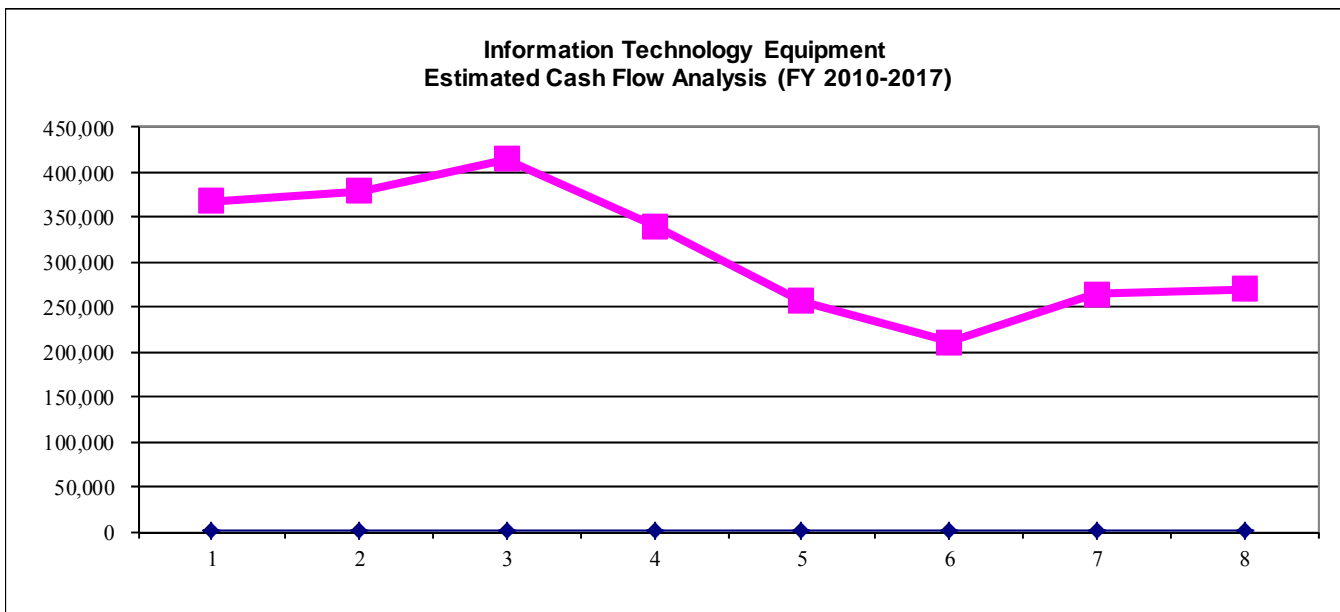
Information Technology Internal Service Fund

[Information Technology Project Manager Ben Cheng (#630-6030)]

The Information Technology Internal Service Fund was established in the FY 2007-08 budget process. This Internal Service Fund provides fiscal planning for the on-going replacement and upgrade of the District's computer network. This fund includes the following five categories:

1. Computers:
Personnel Computers - (Inventory 41) - The use of these in the stations are for communication (e-mail), research, scheduling, training, logging reports, incident reports, and special projects. The access to these computers is for all personnel with log on privileges.
Lap Top Computers - (Inventory 29) These are given to Chief Officers for access at work, home, and traveling to maintain and complete required assignments. Other personnel are assigned laptops for special service such as: Apparatus development, Cad-Mapping, Web maintenance and training.
Engine Laptops - (Inventory 12) These are planned when access becomes more reliable, enhancing our capability to obtain vital information when responding to an emergency call or disaster.
2. Security Cameras - (Inventory 12) These cameras are planned when access becomes more reliable on the apparatus to provide a live visual of the occurrence for Chief Officers and other core personnel.
3. Printers - (Inventory 21) These are used to print important files, paperwork, etc for presentation, training, records, and/or personnel needs.
4. Servers - (Inventory 14) These are maintained at Station No. 1 and the Administration and Fire Prevention building hosting our communication system of computers. These servers are the core and are vital for maintaining records, backing up files and information records.
5. Networking Equipment – (Inventory 20) These are Firewalls, web filters, switches and wireless connectivity, which are the security and connection components that allow our users access to our vital information hosted on our servers.

The beginning balance for FY 2012-13 is estimated at \$415,000. The following chart is a multi-year cash flow projection for this Fund. As shown the annual transfer from the General Fund meets the needs of this Internal Service Fund.



Information Technology Internal Service Fund

[Information Technology Project Manager Ben Cheng (#630-6030)]

The following table presents a multi-year projection of equipment purchases and replacements. The projected replacement cost, for each item, is calculated as a future value of the current, 2013, cost using a 5.0% cost growth rate, as compared to estimated market costs. The date of replacement is either stated as the planned purchase date, or is calculated from the year originally purchased using the useful life expectancy of the item.

INFORMATION TECH. TABLE: REPLACEMENT COST AND YRLY CHG TO GENERAL FUND							
Type	#	Aquired	Unit Cost	Est. \$ to Replace	Est. Life	FY to Replace	Yearly Charge
Servers-Window	1	2011	\$ 12,600	\$ 13,900	5	2015	\$ 2,800
Servers	2	2006	\$ 5,000	\$ 5,000	6	2013	\$ 1,600
Servers-SQL	1	2008	\$ 5,000	\$ 5,000	6	2013	\$ 800
Servers	6	2008	\$ 6,000	\$ 6,000	6	2013	\$ 6,000
Servers	2	2009	\$ 6,000	\$ 6,300	6	2014	\$ 2,200
Servers	2	2010	\$ 6,000	\$ 6,600	6	2015	\$ 2,200
Laptops	7	2011	\$ 2,200	\$ 2,300	4	2014	\$ 4,200
Laptops	9	2012	\$ 2,200	\$ 2,300	4	2015	\$ 5,400
Laptops	2	2008	\$ 2,200	\$ 2,200	4	2013	\$ 1,200
Laptops	7	2009	\$ 2,200	\$ 2,300	4	2014	\$ 4,200
Laptops	4	2010	\$ 2,200	\$ 2,200	4	2013	\$ 2,400
ToughBooks	2	2009	\$ 6,000	\$ 6,600	5	2015	\$ 2,600
ToughBooks	6		\$ 6,000	\$ 6,000	5	2013	\$ 7,200
ToughBooks	4		\$ 6,000	\$ 6,300	5	2014	\$ 5,200
Computers (PCs)	26	2011	\$ 1,700	\$ 1,900	5	2015	\$ 8,400
Computers (PCs)	3	2011	\$ 2,100	\$ 2,300	5	2015	\$ 1,500
Computers (PCs)	5	2012	\$ 2,500	\$ 2,900	5	2016	\$ 3,000
Computers (PCs)	1	2012	\$ 1,600	\$ 1,900	5	2016	\$ 400
Computers (PCs)	4	2010	\$ 2,500	\$ 2,500	5	2013	\$ 2,000
Computers (PCs)	2	2010	\$ 2,500	\$ 2,600	5	2014	\$ 1,000
Printers	7	1998	\$ 800	\$ 800	6	2013	\$ 700
Printers	4	2012	\$ 800	\$ 900	5	2016	\$ 800
Printers	1	2012	\$ 800	\$ 900	5	2016	\$ 200
Printers	1	2011	\$ 800	\$ 900	5	2015	\$ 200
Printers	2	2008	\$ 800	\$ 900	6	2015	\$ 400
Printers	2	2009	\$ 800	\$ 800	5	2014	\$ 400
Printers	4	2010	\$ 700	\$ 700	5	2014	\$ 400
Firewalls	1	2009	\$ 6,400	\$ 6,700	6	2014	\$ 1,100
Web Filters	2	2010	\$ 2,700	\$ 2,800	5	2014	\$ 1,200
Switches T1	12	2009	\$ 1,308	\$ 1,400	6	2014	\$ 2,400
Switches X450a	2	2010	\$ 6,100	\$ 7,400	8	2017	\$ 1,800
Switches X250e	2	2010	\$ 3,400	\$ 4,100	8	2017	\$ 1,000
Wireless Connectivity	1	2010	\$ 14,200	\$ 14,900	5	2014	\$ 3,000
Cameras	6		\$ 5,400	\$ 5,400	10	2013	\$ 3,000
Cameras	6		\$ 5,400	\$ 5,700	10	2014	\$ 3,600
Total				\$ 141,400			\$ 84,500

Information Technology Internal Service Fund

[Information Technology Project Manager Ben Cheng (#630-6030)]

The following table shows the application of the funding strategy and the necessary transfer from the General Fund to meet those goals. For audit presentation purposes the entire fund balance will be shown in the General Fund as a designation for information technology upgrades and equipment. In FY 2009-10 the \$250,000 for the Sun Pro application, which will replace the existing Firehouse application for incident management, training, reporting, and apparatus maintenance, was transferred to the General Fund and thereby encumbered the funds.

Information Technology Source & Use of Funds									
		2010-11	# of	2011-12	2011-12	# of	2012-13	# of	2013-14
		Actual	Units	Adopted	Yr End Est.	Units	Adopted	Units	Planned
<u>Source of Funds:</u>									
Fund Balance @ 7/1		368,500		386,600	378,800		415,000		340,800
Transfer In - GF One Time Purchase									
Transfer In - GF		83,700		74,100	74,100		74,000		74,000
Total Source of Funds		\$ 452,200		\$ 460,700	\$ 452,900		\$ 489,000		\$ 414,800
<u>Use of Funds:</u>									
Cameras	12		6	32,400	-	6	32,400	6	34,200
Tough Books	12		6	36,000	-	6	36,000	4	25,200
Electronic Records Mgt				-					
Phones & Switches				-					
Personnel Computers	41	43,500	9	22,500	14,100	4	10,000	2	5,200
Lap Tops	29	16,700	11	24,200	19,800	6	13,200	14	32,200
Printers	21	700	12	9,600	4,000	7	5,600	6	4,400
Servers	14	12,500	9	51,000		9	51,000	2	12,600
Network Equipment	20							16	44,000
Transfer to General Fund									
Total Use of Funds		\$ 73,400		\$ 175,700	\$ 37,900		\$ 148,200		\$ 157,800
Fund Balance @ 6/30		\$ 378,800		\$ 285,000	\$ 415,000		\$ 340,800		\$ 257,000

Purchase Justification by Budget Administrator. B. Cheng:

New equipment is being purchased to replace and upgrade existing outdated equipment. Previously planned for new items are being acquired to support contingency needs and to allow the District quickly to recover from any system or individual equipment failures. Additionally, 6 engines are each being equipped with a ToughBook and a camera to ensure District's staff will have the resources they need to fully execute and document their service to the public.

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Public Employees Retirement Internal Service Fund (Assigned For Future PERS Payment Fund)

[Director of Admin. Services M. Braucht (#640-6040)]

The Public Employees Retirement Internal Service Fund was established in the FY 2007-08 budget process. This Internal Service Fund will allow the District to apply a maximum and minimum PERS rate for both the Miscellaneous and the Safety Group to the General Fund operating budget. This will then generate a savings that in future years can act as a funding source for rate increases. Until the PERS rates peak and then begin to decline a marginal savings may be realized as the result of vacant positions.

A CalPERS member becomes eligible for retirement benefits upon reaching the age of 50 with least 5 years of credited services (total service across all CalPERS employers). The current benefit factor for the Miscellaneous Group is 2.7% @ 55 years of age; the current benefit factor for the Safety Group is 3% @ 50 years of age. CalPERS members do not participate in Social Security, as such there are no contributions made by the District to Social Security.

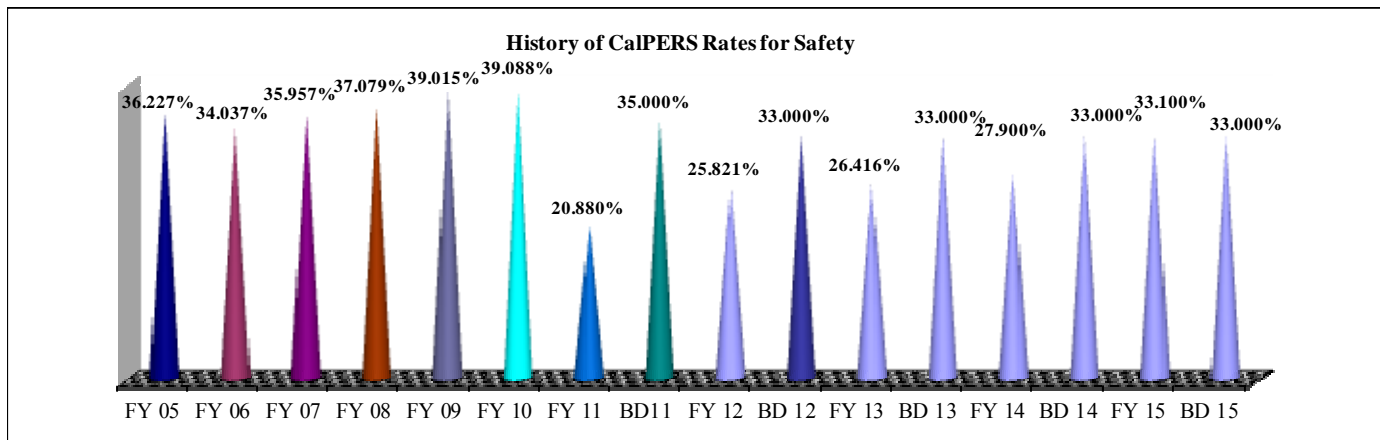
Safety Group – Effective July 1, 2002 the Board of Directors approve Resolution # 991, amending the contract from 3/1/1944 and contracting with CalPERS for a Retirement Benefit Factor of 3% @ 50.

Miscellaneous Group - Effective July 1, 2003 the Board of Directors approve Resolution # 1027, amending the contract from 3/1/1944 and contracting with CalPERS for a Retirement Benefit Factor of 2.7 % @ 55.

Unrepresented Employees – Effective January 9, 2008 the Board of Directors approved Resolution #'s 1195 and 1196, which provides for the normal member contributions to be paid by the employer, and reported as additional compensation. The benefit consists of paying 8% of the normal contributions as employer paid member contributions (EPMC) for all District Unrepresented Miscellaneous Employees and paying 9% of the normal contributions as EPMC for all District Unrepresented Safety Employees. EPMC is included as an element of total compensation package.

Employee Contribution - As stated in Resolution #'s 825, 863, 864, the District employee's contribution to CALPERS is tax deferred.

On an annual basis the District receives a report from the California Public Employee's Retirement System that presents the results of the prior year actuarial calculations for both the Miscellaneous Group and the Safety Group. The CalPERS staff actuaries perform the analysis. Included in each report is confirmation of the current year employer contribution rate, the rate for the next fiscal year, and estimate a rate for the second year out, which is presented in this budget document as the planned budget.



Public Employees Retirement Internal Service Fund

[Director of Admin. Services M. Braucht (#640-6040)]

At the March 16, 2010 Board meeting, the Board of Directors adopted Resolution #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, this resulted in a 9.319% reduction in the Safety Group rate. The Resolution #1388-2010 and #1409-2010 authorized pay off of the remaining Safety Side Fund obligation. The final payment was made on January 1, 2011 and, as a consequence, the employer contribution rate decreased to 20.88%. In March 2012, CalPERS changed the discount from 7.75 percent to 7.50 percent, which may increase the Public Safety employer contribution rate by 2% to 3% and Miscellaneous rate by 1% to 2%. District Safety employees have an average of 14 years of service. According to the CalPERS Actuary, the higher the years of service the higher the impact of a change in the discount rate.

For budgeting purpose the CalPER's rates have been set:

- Safety Group @ 33% for FY 2012-13
- Miscellaneous Group @ 15%

Any "saving" generate between the budget rate and the actual payment rate will be posted to this Internal Service Fund. This will achieve several District goals:

1. Stabilize the impact of fluctuation CalPER's rates on the General Fund.
2. Provide a resource when/if CalPER's rates exceed the levels set for budgeting.

For analysis and comparison purposes, the budget for PERS will continue to be included in the General Fund operating budget; category of Salaries and Benefits on a program level. The following table discloses by "group" the salary eligible for PERS, the applicable rate, and the budgeted funding requirement.

Public Employee Retirement Source & Use of Funds					
	2010-11	2011-12	2011-12	2012-13	2013-14
	Actual	Adopted	Yr End Est.	Adopted	Planned
Source of Funds:					
Fund Balance @ 7/1	-	1,856,200	4,370,200	6,659,000	7,422,200
Reclassification of Fund Balance	2,484,900		804,900		
General Fund Budget	4,651,200	4,607,900	4,607,900	4,072,100	4,329,000
Total Source of Funds	\$ 7,136,100	\$ 6,464,100	\$ 9,783,000	\$ 10,731,100	\$ 11,751,200
Use of Funds:					
Miscellaneous	249,000	295,900	274,000	236,000	256,000
Safety	2,516,900	3,347,200	2,850,000	3,072,900	3,255,000
Total Use of Funds	\$ 2,765,900	\$ 3,643,100	\$ 3,124,000	\$ 3,308,900	\$ 3,511,000
Fund Balance @ 6/30	\$ 4,370,200	\$ 2,821,000	\$ 6,659,000	\$ 7,422,200	\$ 8,240,200

Retirees' Supplemental Benefit Internal Service Fund

[Accountant, F. Ghahremani (#650-6050)]

Employees who retired from the District on or after January 1, 2002 and meet the following criteria receive a monthly supplemental retirees' medical benefit as follows:

- Represented Local 2400 Employees with at least 20 years of service, \$250.00/month
- Unrepresented and represented (AFSCME) Employees with at least 15 years of service, \$300.00/month

The supplemental benefit is used towards medical insurance until the employee qualifies for Medicare coverage. The District has contracted with TLC (The Lipman Co.) to provide administrative services including check disbursement and tax filing for the District's obligation for this benefit. The TLC fee to provide administrative services to process retirees' stipends is \$6 per month per retiree. During FY 2007-08, the funding level was increased by \$400,000 to fully fund the liability for retirees currently participating in the program. The budget for this benefit is managed in the Retirees' Supplemental Benefit Internal Service Fund, and funds are held with the Trustee or U.S. Bank/PARS.

For fiscal year 2008-09 the cash balance in the Retirees' Supplemental Benefit Internal Service Fund of \$695,800 was transferred to the PARS Trust upon initiation, see the Appendix attached to this document *Staff Report 5/18/2010*. Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust. During the fiscal year ended June 30, 2010, the District contributed \$838,000 to the plan, including \$142,200 for prefunding premiums. The balances at the 2009-10 and 2010-11 fiscal year-ends of \$405,000 and \$224,000 were transferred to the PARS Trust on July 2, 2010 and June 16, 2011 respectively. The difference between the Actuarially Required Contributions (ARC) and the amount the District has contributed, as of June 30, 2011 is \$911,000 (net OPEB asset). The contribution as of June 30, 2011 is \$1.4 million.

Section 22892 of the Public Employee's Medical and Hospital Care Act (PEMHCA) establishes the contracting agencies' minimum health premium contribution for their participating active membership. It states "Commencing January 1, 2009, the employer contribution shall be adjusted annually by the board to reflect any change in the medical care component of the Consumer Price Index and shall be rounded to the nearest dollar." The following table displays the annual increases to employer minimum contributions for active and retired members.

Calender Year	Employer Minimun Contribution (Active-Monthly)	Employer Minimun Contribution (Retiree-Monthly)	Number of Participants	Employer Annual Contribution for Retirees
Pre-2004	\$ 16.00	\$ 16.00		
2004	\$ 32.20	\$ 16.00		
2005	\$ 48.40	\$ 16.00	48	\$ 9,216.00
2006	\$ 64.60	\$ 17.86	49	\$ 10,501.68
2007	\$ 80.80	\$ 17.86	51	\$ 10,930.32
2008	\$ 97.00	\$ 21.90	48	\$ 12,614.40
2009	\$ 101.00	\$ 90.90	51	\$ 55,630.80
2010	\$ 105.00	\$ 99.75	51	\$ 61,047.00
2011	\$ 108.00	\$ 108.00	59	\$ 76,464.00
2012	\$ 112.00	\$ 112.00	56	\$ 75,264.00
2013	\$ 115.00	\$ 115.00	60	\$ 82,800.00
2014	\$ 119.00	\$ 119.00	60	\$ 85,680.00

Retirees' Supplemental Benefit Internal Service Fund

[Accountant, F. Ghahremani (#650-6050)]

The following table shows the application of funding targets and the necessary transfer from the General Fund to meet those targets. For audit presentation purposes, OPEB Trust and the Retirees' Supplemental Benefit Internal Service Fund will be reported separately. However for the budget presentation below, the OPEB fund and the Retirees Supplemental Benefit Internal Service Fund have been consolidated. At the May 2012 Board meeting a Resolution was passed that allocated \$2,100,000 of the ERAF Rebate revenues to this fund. The annual transfer has been reduced from \$384,000 to \$184,000.

Retirees Medical Benefit Source & Use of Funds					
	2010-11	2011-12	2011-12	2012-13	2013-14
	Actual	Adopted	Yr End Est.	Adopted	Planned
<u>Source of Funds:</u>					
Fund Balance & OPEB Cash @ 7/1	1,103,500	1,323,400	1,465,800	3,772,800	3,757,400
Interest Earnings	138,600		-		
Transfer in - GF	384,000	384,000	2,484,000	184,000	184,000
Total Source of Funds	\$ 1,626,100	\$ 1,707,400	\$ 3,949,800	\$ 3,956,800	\$ 3,941,400
<u>Use of Funds:</u>					
Medical Stipend	90,600	105,600	100,000	114,000	123,600
TLC Fees-Retirees	2,100	2,500	2,300	2,600	2,700
PEMCHA *	67,600	80,600	74,700	82,800	85,300
Total Use of Funds	\$ 160,300	\$ 188,700	\$ 177,000	\$ 199,400	\$ 211,600
Fund Balance @ 6/30	\$ 1,465,800	\$ 1,518,700	\$ 3,772,800	\$ 3,757,400	\$ 3,729,800
<u>* PEMCHA:</u>					
Monthly Fee	91	112	112	115	118
# of Retirees	51	60	56	60	60
Total	55,700	80,600	75,300	82,800	85,300

Starting FY 2012-13, the retirees' supplemental medical benefit and retirees' PEMHCA will be paid by the General Fund and the OPEB Trust Fund will reimburse the General Fund on a semi-annual basis.

Group	Participant by Group 6/30/2013			Cost by Group 6/30/2013	
	Actives	Retiree Stipend	Retirees & Survivors	Retiree Stipend	Retirees & Survivors PEMHCA
Represented Safety	87	26	47	\$ 78,000	\$ 64,860
Unrepresented Safety	7	8	11	\$ 28,800	15,180
Unrepresented Non-Safety	8.25	2	2	\$ 7,200	2,760
AFSCME	4.8				
Board Members	2				
Total	109.05	36	60	\$ 114,000	\$ 82,800

Rolling Stock Internal Service Fund

[Division Chief, M. Navarro (#660-6060)]

The purpose of this Internal Service Fund is to ensure that Menlo Park Fire Protection District will have adequate funding in place to allow for the purchase of rolling stock that is fully functional and maximizes the benefits of current technology. In 1999, the Board of Directors formed an Apparatus Team. The apparatus team was formed to study and make recommendations to the Fire Chief concerning the adequacy of District planning for replacement of items of fire apparatus and the vehicle fleet due to age, service experience, design characteristics, maintenance demands, and other relevant factors.

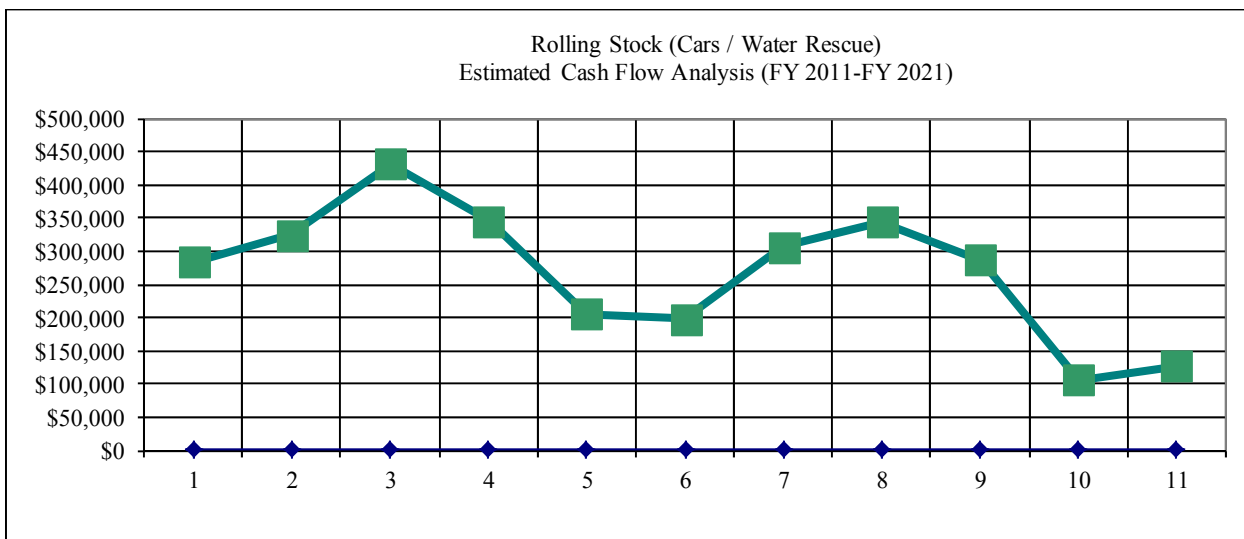
The following parameters for rolling stock set forth by Resolution (#945) to be incorporated in the replacement plan include:

- It is District owned.
- It is the intention of the District to replace it when:
 - It is no longer cost efficient to maintain.
 - Vehicles milestones are 10 years &/or 100,000 miles
 - It has become a safety issue.
 - It has been deemed obsolete due to technological advances.

This replacement plan divides the rolling stock into three categories:

1. Cars (C) - The automotive fleet consists of a wide variety of passenger vehicles to provide transportation for emergency responses, staff, administration, fire prevention, public education, training, and district support activities.
2. Miscellaneous (M) - Miscellaneous apparatus includes fork lifts, trailers, trucks, and utility vehicles.
3. Water Related (W) - The water rescue fleet includes one air boat, two personal water craft (PWC), and three inflatable rescue boats (IRB).

The beginning balance for FY 2012-13 is estimated at \$324,100. The following chart is a multi-year cash flow projection for this Fund. As shown the annual transfer from the General Fund meets the needs of this Internal Service Fund.



Rolling Stock Inventory Internal Service Fund

[[Division Chief, M. Navarro (#660-6060)]]

ID					Est.	Est. \$ to	FY to	Yearly
#	Type	Assigned	Aquired	Cost	Life	Replace	Replace	Charge
Administration								
3	Sedan	Fire Chief	2012	\$ 50,000	10	\$ 85,500	2021	\$ 9,000
Fleet								
20	Ford F350	Mechanic	2001	\$ 32,500	14	\$ 67,600	2014	\$ 5,000
27	Chevy Silverado	Fleet Supervisor	2008	\$ 42,750	12	\$ 80,600	2019	\$ 7,000
Fire Prevention								
8	Chevy Ext.Cab PU	Inspector	2011	\$ 29,100	10	\$ 49,800	2020	\$ 5,000
16	Chevy Ext.Cab PU	Inspector	2011	\$ 29,100	10	\$ 49,800	2020	\$ 5,000
11	Chevy Ext.Cab PU	Inspector	2011	\$ 29,100	10	\$ 49,800	2020	\$ 5,000
4	Toyota Prius	Fire Marshal	2005	\$ 24,540	12	\$ 46,300	2016	\$ 4,000
21	Chevrolet	Fire Prevention	1997	\$ 26,300	18	\$ 66,500	2014	\$ 4,000
12	Ford Ranger	Fire Prevention	1999	\$ 15,777	16	\$ 36,200	2014	\$ 2,000
26	Chevy Silverado	Fire Prevention	2008	\$ 42,750	12	\$ 80,600	2019	\$ 7,000
	Weekend Warrior Trailer	Pub Ed/Emer. Prep.	2002	\$ 10,000	15	\$ 17,500	2016	\$ 1,000
	Disaster Prep. Trailer	Pub Ed/Emer. Prep.	2007	\$ 2,557	10	\$ 3,836	2016	\$ 400
	Disaster Prep. Trailer	Pub Ed/Emer. Prep.	2007	\$ 2,557	10	\$ 3,836	2016	\$ 400
	Disaster Prep. Trailer	Pub Ed/Emer. Prep.	2007	\$ 2,557	10	\$ 3,836	2016	\$ 400
	Disaster Prep. Trailer	Pub Ed/Emer. Prep.	2007	\$ 2,557	10	\$ 3,836	2016	\$ 400
	Disaster Prep. Trailer	Pub Ed/Emer. Prep.	2007	\$ 2,557	10	\$ 3,836	2016	\$ 400
	Charmac SAH Trailer	Pub Ed/Emer. Prep.	2006	\$ 51,181	15	\$ 89,567	2020	\$ 6,000
Operations								
1	Ford Expedition	Training Chief	2006	\$ 30,638	10	\$ 52,400	2015	\$ 5,000
	Chevy Suburban	Bat Chief	2009	\$ 80,859	15	\$ 176,500	2023	\$ 12,000
	Wells-cargo Trailer	Honor Guard						
Pool								
9	Ford Taurus	Pool	2005	\$ 13,550	10	\$ 23,200	2014	\$ 2,000
7	Chevy Ext.Cab PU-FPB	Pool	2011	\$ 29,100	10	\$ 49,800	2020	\$ 5,000
Rescue								
23	Ford F350	Rescue Site	2005	\$ 95,000	11	\$ 170,600	2015	\$ 16,000
Water Rescue								
	Triton Elite - jet ski trailer	Station # 77	2001	\$ 2,300	15	\$ 3,450	2015	\$ 200
	14 ft. Zodiacs	Station # 77	2001	\$ 10,800	15	\$ 16,200	2015	\$ 1,000
	900 STX Jet Ski	Station # 77	2002	\$ 3,600	15	\$ 5,400	2016	\$ 400
	900 STX Jet Ski	Station # 77	2002	\$ 3,600	15	\$ 5,400	2016	\$ 400
	Compressor Trailer	Station # 77	2001	\$ 4,000	15	\$ 6,000	2015	\$ 400
	Compressor Trailer	Station # 77	2002	\$ 10,000	15	\$ 15,000	2016	\$ 1,000
	Air Boat	Station # 77	2004	\$ 43,285	15	\$ 69,256	2018	\$ 5,000
	Airboat Tilt Trailer	Station # 77	2005	\$ 2,995	15	\$ 4,642	2019	\$ 300
	Compressor Trailer	Station # 77	2007	\$ 3,556	10	\$ 5,334	2016	\$ 1,000
Grand Totals				\$ 729,166		\$ 1,342,127		\$ 111,700

Rolling Stock Internal Service Fund

[Division Chief, M. Navarro (#660-6060)]

This fund is primarily dependent on the General Fund for its source of funds, along with any resale value from existing stock at the time of disposal. The targeted fund balance is calculated at 15% of the total estimated cost to replace all rolling stock.

Rolling Stock Replacement Source & Use of Funds							
	2010-11	2011-12	2011-12	# of	2012-13	# of	2013-14
	Actual	Adopted	Yr End Est.	Units	Adopted	Units	Planned
<u>Source of Funds:</u>							
Fund Balance @ 7/1	281,800	260,500	284,100		324,100		431,800
Sale of Property	41,200						
Transfer In - GF	83,700	107,700	107,700		107,700		107,700
Other Financing Sources	13,600				-		-
Total Source of Funds	\$ 420,300	\$ 368,200	\$ 391,800		\$ 431,800		\$ 539,500
<u>Use of Funds:</u>							
Cars	19,800						
Administration			50,000				
Fleet						1	67,600
Fire Prevention	87,300		17,700			1	125,900
Pool Car	29,100						
Total Use of Funds	\$ 136,200	\$ -	\$ 67,700		\$ -		\$ 193,500
Fund Balance @ 6/30	\$ 284,100	\$ 368,200	\$ 324,100		\$ 431,800		\$ 346,000

Purchase Justification by Budget Administrator, Division Chief, M. Navarro:

New vehicles are being purchased to replace old and worn out vehicles, which will create savings in maintenance costs and dependability. For fiscal year 2013-14, Mechanic's truck and Fire Prevention vehicles are scheduled to be replaced.

All purchases from Internal Service Funds require pre-approval by the Board of Directors in the form of a Board report.

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Rolling Stock – Apparatus - Internal Service Fund

[Fleet Supervisor, S. Strom (#665-6065)]

The purpose of this Internal Service Fund is to ensure that Menlo Park Fire Protection District will have adequate funding in place to allow for the future purchase of apparatus that is fully functional and maximizes the benefits of current technology.

In 1999, the Board of Directors formed an Apparatus Team. The apparatus team was formed to study and make recommendations to the Fire Chief concerning the adequacy of District planning for replacement of items of fire apparatus and the vehicle fleet due to age, service experience, design characteristics, maintenance demands, and other relevant factors.

The following parameters for rolling stock set forth by Resolution (#945) to be incorporated in the replacement plan include:

- It is District owned.
- It is the intention of the District to replace it when:
 - It is no longer cost efficient to maintain. (Apparatus milestones are 15 years &/or 100,000 miles)
 - It has become a safety issue.
 - It has been deemed obsolete due to technological advances.
- Based upon current actual trends, apparatus staff recommends two revisions to the replacement milestones:
 - Target 12 to 15 years of service
 - Target 100,000 miles

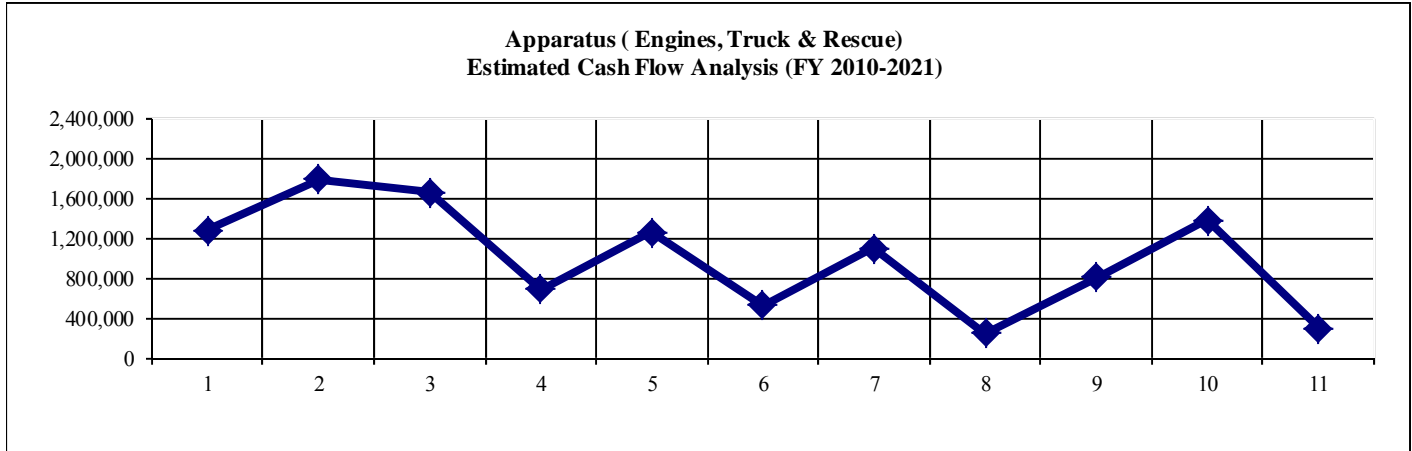
The following table provides a summary of the District's apparatus that is included in the schedule for replacement. The table provides the total original purchase price, the estimated replacement cost, and the yearly contribution from the General Fund. The estimated replacement cost is calculated by applying a compounding 5% increase to the most recent engine purchase, with a 50% increment for the truck.

APPARATUS TABLE: REPLACEMENT COST AND YRLY CHG TO GENERAL FUND							
Stat.				Est.	Est. \$ to	FY to	Yearly
#	Type	Aquired	Cost	Life	Replace	Replace	Charge
1	Engine - Velocity	2010	\$ 557,550	12	\$ 823,800	2021	\$ 72,000
77	Engine - Velocity	2010	\$ 557,550	12	\$ 823,800	2021	\$ 72,000
4	Engine - Velocity	2002	\$ 326,033	12	\$ 660,000	2013	\$ 57,000
2	Engine - Dash	2005	\$ 394,052	12	\$ 645,400	2016	\$ 56,000
6	Engine - Dash	2005	\$ 394,052	12	\$ 645,400	2016	\$ 56,000
3	Engine - Dash	2007	\$ 452,855	12	\$ 711,600	2018	\$ 62,000
5	Engine - Dash	2007	\$ 452,855	12	\$ 711,600	2018	\$ 62,000
1	Ladder Truck	2003	\$ 455,033	12	\$ 1,500,000	2014	\$ 130,000
Total					\$ 6,522,000		\$ 567,000

Rolling Stock – Apparatus - Internal Service Fund

[Fleet Supervisor, S. Strom (#665-6065)]

The beginning balance for FY 2012-13 is estimated at \$1,788,200. The following chart is a multi-year cash flow projection for this Fund. As shown the annual transfer from the General Fund meets the needs of this Internal Service Fund.



Apparatus Replacement Source & Use of Funds								
	# of	2010-11	2011-12	2011-12	# of	2012-13	# of	2013-14
	Units	Actual	Adopted	Yr End Est.	Units	Adopted	Units	Planned
<u>Source of Funds:</u>								
Fund Balance @ 7/1		684,900	1,280,900	1,274,200		1,788,200		1,657,200
Transfer In - IS Roll Stock								
Transfer In - GF		596,000	529,000	529,000		529,000		529,000
Other Financing Sources		26,700				-		-
Total Source of Funds		\$ 1,307,600	\$ 1,809,900	\$ 1,803,200		\$ 2,317,200		\$ 2,186,200
<u>Use of Funds:</u>								
Engine	7	33,400			1	660,000		
Truck	1			15,000			1	1,500,000
Total Use of Funds		\$ 33,400	\$ -	\$ 15,000		\$ 660,000		\$ 1,500,000
Fund Balance @ 6/30		\$ 1,274,200	\$ 1,809,900	\$ 1,788,200		\$ 1,657,200		\$ 686,200

Purchase Justification by Budget Administrator, Fleet Supervisor S. Strom:

Currently, the District is planning to replace Engine 4 for FY 2012-13

All purchases from Internal Service Funds require pre-approval by the Board of Directors in the form of a Board report.

Stations - Internal Service Fund

[Fire Chief Harold Schapelhouman (#670-6070)]

The purpose of this Internal Service Fund is to ensure that Menlo Park Fire Protection District will have clear disclosure on the future funding needs for the replacement of each of their facilities.

Administrative & Fire Prevention Services – The District purchased 170 Middlefield Road on December 21, 2007 for \$3,600,000. The notice of completion was approved by the Board of Directors on January 19, 2010. Capital improvements costs are estimated at \$2,425,900, for a total of \$6,025,900. In December 2009 the Fire Prevention Office and, in February 2010, the Administration staff were relocated from Station #1 to 170 Middlefield in early 2010.

Station #1 – Located at 300 Middlefield Road in Menlo Park. It was originally built in 1955. Since 1955, numerous remodels, additions and interior area use changes have occurred. The current training tower is occupied by communication equipments which restrict the use of the tower for training purposes. The construction of a new multi-story tower will allow the Fire District to properly train and prepare its personnel for the challenges and difficulties experienced in multi-story structures and other challenging environments.

Station #2 – Located at 2290 University Avenue, Eat Palo Alto. The Station houses an Engine Company and a reserve Engine. The District purchased 2293 Capitol Avenue on November 29, 2007 for \$685,000. This property along with an adjacent property purchased on June 27, 2006 at 2299 Capitol Avenue will join together with the existing Fire Station lot form a 100 feet wide by 200 feet deep area in which to construct a new, improved, modern and energy efficient three bay, drive through, 12,261 square foot fire station which will also include an new detached communication tower.

Station #3 - Located at 32 Almendral Lane, Atherton. This Station houses an Engine Company. The 3,600 square feet Station was newly built in 1997 and it is in excellent condition. The Station services Atherton and various unincorporated areas.

Station #4 - Located at 3322 Alameda De Las Pulgas, unincorporated Menlo Park. This Station houses an Engine Company. The primary service area is West Menlo Park and Sharon Heights areas. The Station was built in 1949 and seismically retrofitted in 1996. The square footage is estimated at 3,746. The station is currently in good condition and will need replacement in 13-15 years. The current square footage of the facility is approximately 6,000 square feet.

Station #5 - Located at 4101 Fair Oaks Lane, unincorporated Menlo Park. The 3,200 sq. ft. Station houses an Engine Company and was newly built in 1997. It is currently in excellent condition. The Station services the unincorporated areas of Redwood City.

Station #6 – Located at 700 Oak Grove Avenue, Menlo Park. This Station houses an Engine Company and a 1935 Seagrave Antique Fire Engine. Station 6 was built in 1953 and is need of replacement. On July 31, 2008 the District purchased property behind the station at 1231 Hoover Street for a cost of \$1,402,000 in order to establish enough functional area to be used to support a new, code compliant, Fire Station. Staff is recommending that the project be scoped by an architect in order for the District to efficiently move forward with future potential grant submittals. The rebuild will increase the square footage of the facility to approximately 6,000 square feet.

Stations - Internal Service Fund
 [Fire Chief Harold Schapelhouman (#670-6070)]

Station 77 - Located at 1467 Chilco Ave, Menlo Park. This Station houses an Engine Company, the District water rescue facility and related equipment including an airboat, jet skis, and rigid hull inflatable boats. The Mechanical Division is also housed at this facility which was newly built in 1996. The 4,000 sq. ft. station is in excellent condition and serves the Belle Haven area of Menlo Park. The land is owned by the City of Menlo Park and leased to the District.

Funds that accumulate in this Internal Service Fund are reviewed by the Board and maybe transferred by Resolution to specific capital improvement projects. For FY 2012-13, transferred funds are used for Phase III of the construction of Station #2.

Stations Replacement Source & Use of Funds					
	2010-11	2011-12	2011-12	2012-13	2013-14
	Actual	Adopted	Yr End Est.	Adopted	Planned
<u>Source of Funds:</u>					
Fund Balance @ 7/1	2,373,900	4,873,900	5,354,500	-	-
Transfer In - GF	2,980,600	2,573,600	2,573,600	2,522,200	2,522,200
Transfer In -CIP Admin Bldg					-
Total Source of Funds	\$ 5,354,500	\$ 7,447,500	\$ 7,928,100	\$ 2,522,200	\$ 2,522,200
<u>Use of Funds:</u>					
<i>Transfer Out - CIP</i>					
170 Middlefield					
Station # 2			7,928,100	2,522,200	
Station #6					
Total Use of Funds	\$ -	\$ -	\$ 7,928,100	\$ 2,522,200	\$ -
Fund Balance @ 6/30	\$ 5,354,500	\$ 7,447,500	\$ -	\$ -	\$ 2,522,200

Workers' Compensation Internal Service Fund

[Director of Admin. Services M. Braucht (#690-6090)]

The Worker's Compensation Internal Service Fund was established in the FY 2009-10 budget process. This Internal Service Fund provides fiscal planning for the purpose of paying current and future workers' compensation claims by both employees and volunteers of the District. The current provider is Innovative Claims Solutions http://www.ics-claims.com/about_ics.htm.

The expenditures incurred in this Internal Service Fund are:

- Claims Management – Innovative Claim Solutions, Inc. (ICS) is a third party administrator that provides claim management services consistent with legal and statutory requirements. They provide consultation to the District on strategies for controlling costs, including bill review, statistical data and reporting, and technical expertise for case resolution and cost containment measures. The District pays LC 4850 salary continuation directly and ICS pays all medical expenses and permanent disability benefits directly through a trust fund that is replenished by the District periodically as needed. Monthly and annual reports provide the District with financial program information and goals for claim management. The annual rate for ICS services is set by consideration of claim submissions and open indemnity inventory, and ICS direct salaries, overhead and corporate contributions. The District renewed its contract with ICS for three years and the fee will fall to \$46,600 from \$55,200 per year for three years. The decrease in fees for the new contract is due to a reduction in indemnity claims.
- Worker's Compensation Indemnity and Medical Costs – Legislative changes for 2010 for indemnity and medical costs are:
 - a) Reduction of the mileage rate for medical and medical-legal travel by employees on or after 1/1/10 from \$.55 to \$.5 per mile;
 - b) Maximum temporary total disability rate for dates of injury on or after 1/1/10 increases to \$986.69 per week;
 - c) Minimum temporary total disability rates for dates of injury on or after 1/1/10 increases to \$148.00 per week;
- Excess Worker's Compensation Insurance Policy – XL Specialty Insurance Company provides the District with an insurance policy to cover worker's compensation cases that exceed \$750,000. Cases are reported to the excess insurer when they approach the retention limit.

When an employee makes a claim, the District pays the employee's salary portion directly from the Internal Service Fund based upon the standard worker's compensation formula. The formulas for employees receiving Workers Compensation are as follows:

1. Safety – Compensation is at 100% of salary, non-taxable.
2. Non-Safety – Compensation is 2/3 of salary with a cap of \$986.69 per week, non-taxable.

For non-safety employees the District policy allows that accumulative hours for paid-time-off such as annual leave, comp-time off, and floating holidays may be used to supplement their Worker's Compensation salary.

Workers' Compensation Internal Service Fund

[Director of Admin. Services M. Braucht (#690-6090)]

The District, through ICS pays permanent disability at a minimum rate of \$130 per week to a maximum permanent disability rate of \$230 if the permanent disability rating is less than 70%, or \$270 if permanent disability is greater than 70%, once the permanent disability rating for the injury has been established. The legal and medical bills are paid for by the District through ICS. Paid leave accrues during worker's compensation as if the employee is at work.

This fund is dependent on the General Fund for its source of funds. The following table shows the application of the funding strategy and the necessary transfer from the General Fund to meet those goals. For audit presentation purposes the entire fund balance will be shown in the General Fund as a designation for workers' compensation.

Workers' Compensation Source & Use of Funds						
	2010-11	2011-12	2011-12	2012-13	2013-14	
	Actual	Adopted	Yr End Est.	Adopted	Planned	
Source of Funds:						
Fund Balance @ 7/1	888,400	1,009,000	1,607,800	1,828,500	1,992,900	
Transfer In - GF	1,288,100	725,000	725,000	725,000	725,000	
Total Source of Funds	\$ 2,176,500	\$ 1,734,000	\$ 2,332,800	\$ 2,553,500	\$ 2,717,900	
Use of Funds:						
Claims Management	54,000	46,600	58,800	60,600	61,000	
Excess Liability	164,300	165,000	177,000	180,000	189,000	
Self Insured - Safety	342,600	390,000	264,500	320,000	320,000	
1st Aid Claims	7,800		4,000		-	
Total Use of Funds	\$ 568,700	\$ 601,600	\$ 504,300	\$ 560,600	\$ 570,000	
Fund Balance @ 6/30	\$ 1,607,800	\$ 1,132,400	\$ 1,828,500	\$ 1,992,900	\$ 2,147,900	
Total Fund Balance:						
Designated - Claims	980,000	729,900	729,900	729,900	813,300	
Undesignated		402,500	1,098,600	1,263,000	1,334,600	
		1,132,400	1,828,500	1,992,900	2,147,900	
Coverage:						
Safety	100%	100%	100%	100%	100%	
Non-Safety	60%	60%	60%	60%	60%	
Rate:						
Safety		15.92%	12.38%	17.29%	17.70%	
Non-Safety		4.39%	6.19%	4.45%	4.37%	

Included in the calculation of the Workers' Compensation Rate is the "Use of Funds" for the current fiscal year, the estimated lost work hours to injury and the associated cost of overtime hours for backfill.

Fund Balance Committed for Cash Flow Management

[Director of Admin. Services M. Braucht (#100-1111-30020)]

In response to a Grand Jury Report issued June 3, 2005 related to the recommendation that the Board of Directors and District staff “expand financial reporting to include information about reserves”, the Board of Directors took the following action by Resolution No. 1103 on October 18, 2005:

“The District will maintain a minimum fund balance of at least 50% of the operating revenues in the General Fund at fiscal year-end.”

Beginning with the fiscal year end June 30th 2006 audit, District staff has calculated and recorded the accounting transactions designated by Resolution No. 1103 to the District’s financial records. The actual entry to increase or decrease the designation of the General Fund Designation for Cash Flow Management is recorded in conjunction with the annual audit. Starting with fiscal year 2011-12, under Resolution #1505-2012, the District, in order to comply with GASB Statement # 54, classified the Reserve for Cash Flow Management as a Committed fund balance. As such, the funds are to be used for non-routine fiscal emergencies and cannot be utilized without prior formal approval by the Board of Directors.

As shown in the following table, by definition transfers to reserves and designations for the General Fund are not included in the calculation of the 50% target. During the year end audit process, cash balances are reviewed and increases to the Reserve for Cash Flow Management are implemented.

	2010-11	2011-12	2011-12	2012-13	2013-14
	Actual	Adopted	Yr End Est.	Adopted	Planned
<u>Calculation of Target</u>					
General Fund Revenues	31,368,400	30,470,900	31,579,400	29,559,100	30,139,400
Less Adjustments:					
Charges for Services - Weed Abatement	(9,000)	(8,200)	(8,200)	(11,200)	(11,200)
Charges for Services - License & Permits	(719,200)	(654,100)	(704,000)	(711,000)	(718,100)
Transfer Out :					
Internal Service Funds		(1,296,800)	(3,396,800)	(1,103,200)	(1,103,200)
June 30th Net Operating Revenue	30,640,200	28,511,800	27,470,400	27,733,700	28,306,900
50% Calculation	15,320,100	14,255,900	13,735,200	13,866,900	14,153,500
Reserve Fund Balance @ 7/1	\$ 13,594,800	\$ 13,594,800	\$ 13,594,800	\$ 13,594,800	\$ 13,594,800
Transfer from General Fund			-	-	-
Safety Side Fund Payment					
Adjust for Year End Audit					
Fund Balance @ 6/30	\$ 13,594,800	\$ 13,594,800	\$ 13,594,800	\$ 13,594,800	\$ 13,594,800
Over/(Under) Target		\$ (661,100)	\$ (140,400)	\$ (272,100)	\$ (558,700)
Actual % of Calculation	88.74%	95.36%	98.98%	98.04%	96.05%
	-				
* Footnote: 50% calculation set at time of preparation of proposed budget document					

District Designation of Reserve for Economic Uncertainty
(Committed for Budgetary Deficit)
 [Board of Directors (#100-1111-30008)]

At the meeting of March of 2009, the Finance Committee provided staff with basic fiscal policies to apply to the Reserve for Economic Uncertainty. The reserve is intended to add a level of protection against significant one-time costs which may arise from major unpredictable emergency events. Summary of staff report presented at the public Board meeting of 3/17/09 is appended below:

- The Reserve for Economic Uncertainty is intended to add a level of protection against significant one-time costs which may arise from major unpredictable emergency events, and acts as a fiscal tool to mitigate the impact of dramatic changes in the economic climate.
- Additional sources of funds are identified through-out the fiscal year and subject to adjustments during the year end audit process. These sources include property tax related revenues net secured property taxes and the ERAF shift in excess of revenue estimates.
- Uses of Funds are proposed by Staff during the development of the operating budget, and subject to line item approval by the Board of Directors.
- Staff may recommend additional uses of funds to the Finance Committee during the fiscal year. With support of the Finance Committee these recommendation will be submitted to the full Board for review and are subject to line item approval by the Board of Directors.

Reserve for Economic Uncertainty					
	2010-11	2011-12	2011-12	2012-13	2013-14
	Actual	Adopted	Yr End Est.	Adopted	Planned
<u>Source of Funds:</u>					
Fund Balance @ 7/1	3,039,300	3,039,300	3,039,300	3,039,300	3,039,300
Transfer In - GF					
Total Source of Funds	\$ 3,039,300	\$ 3,039,300	\$ 3,039,300	\$ 3,039,300	\$ 3,039,300
<u>Use of Funds:</u>					
Total Use of Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance @ 6/30	\$ 3,039,300	\$ 3,039,300	\$ 3,039,300	\$ 3,039,300	\$ 3,039,300

Starting with fiscal year 2011-12, the District, under Resolution #1505-2012, combined the Reserve for Economic Uncertainty and the Reserve for Property Tax Fluctuation into a new Budgetary Deficit internal service fund. To comply with GASB Statement #54, this new fund was classified as a Committed fund which cannot be utilized without prior formal approval by the Board of Directors.

District Designation of Reserve for Property Tax Fluctuation
(Committed for Budgetary Deficit)

[#100-1111-3008]

At the March 2008 Finance Committee, the members discussed the District's dependency on property tax revenues, the condition of the real-estate trends, and the potential negative impact of those fluctuating property tax valuations on the District's operating budget resources. Based upon their discussion the Finance Committee made several recommendations for the preparation of the FY 2008-09 District budget, which they presented to the Board of Directors at the March 2008 meeting.

At a study session in November of 2009 the Board acknowledged that the economic climate continues to decline and limited the growth percentage on secured property tax to 2%. In January 2010, the Finance Committee recommended the use of a 1.5% increase in secured property tax revenue for the FY 2010-11 estimation. The Board amended the growth percentage from 3% to 1.5% for the FY 2010-11 and 2% for the FY 2011-12 based on the economic climate.

- Secured Property Tax growth for on-going operations will be limited to 1.5% over the prior year as reported to the District by the Office of the Controller, San Mateo County.
- Secured Property Tax growth in any given year that exceeds 1.5% of the prior year will be designated to a Reserve for Property Tax Fluctuation.
- In the event that the Secured Property Tax growth is less than 1.5% the funds available in the Reserve for Property Tax Fluctuation maybe directed towards the funding of on-going operations.

The targeted funding level has been set at the difference between the Calculated Gann Appropriation Limited, and the actual revenues subject to the limit that are received by the District. This target level has been set so that, in the event the voter's do not approve a limit in excess of the Calculated Gann Appropriate Limit the District will be in a fiscal position to scale down operations over the period of a fiscal year.

District Designation of Reserve for Property Tax Fluctuation
(Committed for Budgetary Deficit)
 [#100-1111-3008]

Beginning with the FY 2007-08 budget process District staff has applied a limited growth rate in secured property tax to the General Fund operating budget. Any secured property tax received in excess of that cap is allocated to the designation for property tax fluctuation. The actual entry to increase or decrease the designation of the General Fund Reserve for Property Tax Fluctuation is recorded in conjunction with the annual audit.

District Designation of Reserve for Property Tax Fluctuation						
	2010-11	2011-12	2011-12	2012-13	2013-14	
	Actual	Adopted	Yr End Est.	Adopted	Planned	
<i>Source of Funds:</i>						
Fund Balance @ 7/1	1,264,200	1,481,100	1,481,100	2,446,100	2,446,100	
General Fund-Year End	113,100					
Excess Property Tax	103,800		965,000			
Total Source of Funds	\$ 1,481,100	\$ 1,481,100	\$ 2,446,100	\$ 2,446,100	\$ 2,446,100	
<i>Use of Funds:</i>						
Operating Budget	-					
Total Use of Funds	\$ -	\$ -	\$ -	\$ -	\$ -	
Fund Balance @ 6/30	\$ 1,481,100	\$ 1,481,100	\$ 2,446,100	\$ 2,446,100	\$ 2,446,100	

Starting with fiscal year 2011-12, the District, under Resolution #1505-2012, combined the Reserve for Economic Uncertainty and the Reserve for Property Tax Fluctuation into a new Budgetary Deficit internal service fund. To comply with GASB Statement #54, this new fund was classified as a Committed fund which cannot be utilized without prior formal approval by the Board of Directors.

Fund Balance Committed for Budgetary Deficit			
	2011-12	2012-13	2013-14
	Actual	Adopted	Planned
<i>Source of Funds:</i>			
Fund Balance @ 7/1	5,485,400	5,485,400	5,485,400
General Fund-Year End	-		
Excess Property Tax	-		
Total Source of Funds	\$ 5,485,400	\$ 5,485,400	\$ 5,485,400
<i>Use of Funds:</i>			
Operating Budget	-	-	
Total Use of Funds	\$ -	\$ -	\$ -
Fund Balance @ 6/30	\$ 5,485,400	\$ 5,485,400	\$ 5,485,400

Fund Balance Committed for FEMA Deployments

[#100-1111-30027]

In July 2010, FEMA made a technical visit to the District and recommended that the District set aside a reserve fund balance for deployments. In response, and to comply with GASB Statement #54, the District, under Resolution #1505-2012, beginning with fiscal year 2011-12, established a Committed FEMA Deployment internal service fund.

Committed for FEMA Deployments			
	2011-12	2012-13	2013-14
	Yr End Est.	Adopted	Planned
<u>Source of Funds:</u>			
Fund Balance @ 7/1	3,000,000	3,000,000	3,000,000
Transfer In - GF			
Total Source of Funds	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
<u>Use of Funds:</u>			
Total Use of Funds	\$ -	\$ -	\$ -
Fund Balance @ 6/30	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000