

MENLO PARK FIRE PROTECTION DISTRICT

**SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2010**

MAZE & ASSOCIATES

ACCOUNTANCY CORPORATION
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March 24, 2011

Michele Braucht
Director of Administrative Services
Menlo Park Fire Protection District
300 Middlefield Road
Menlo Park, CA 94025

Dear Michele:

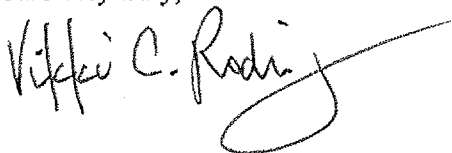
This letter is to provide clarification requested regarding the District's Single Audit compliance reporting, as well as the opinion and issuance date used on the District's Memorandum on Internal Control and Required Communications (MOIC).

In regards to the District's Single Audit Report, we are required under OMB Circular A-133 to use the exact format as presented. This includes presenting the Schedule of Findings and Questioned Costs which displays the summary of audit results from the audit of the financial statements as well as the audit results from the compliance audit of the Federal Awards. While we have no findings reportable on the Single Audit (audit of Federal Awards), there was a significant deficiency reported on the audit of the financial statements relating to permit receipts (please see #2010-01 on the MOIC).

In regards to the dating of the MOIC, please note that there is a difference between the "opinion date" and the "issuance date." The opinion date used on the MOIC is October 14, 2010, which is the same opinion date used on the District's financial statements. As required by Statements on Auditing Standards, our opinion date is the last date that we received any substantial information or adjustments impacting the District's audit and financial statements. The issuance date would be the date we actually release the report. It is often our practice to hold issuance of the MOIC until all audits are complete (in the District's case, this would include the Single Audit which is due nine months after year-end), in case these other audits have any impact on the MOIC. For fiscal year ended June 30, 2010, we did not have any material weaknesses, findings or questionable costs relating to the Single Audit, and therefore, there was no impact to the MOIC. As such, my opinion date of October 14, 2010 still holds true.

I hope this clears up any questions.

Yours very truly,



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MENLO PARK FIRE PROTECTION DISTRICT

**SINGLE AUDIT REPORT
For The Year Ended June 30, 2010**

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MENLO PARK FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2010

SECTION I—SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Type of auditor’s report issued on compliance for major programs: Unqualified

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None Reported

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes X No

Identification of major programs:

<u>CFDA#(s)</u>	<u>Name of Federal Program or Cluster</u>
97.025	U.S. Department of Homeland Security - National Urban Search and Rescue Response System

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

Our audit did disclose a significant deficiency, but no material weaknesses or instances of noncompliance material to the basic financial statements. We have communicated the significant deficiencies in a separate Memorandum on Internal Control dated October 14, 2010 which is an integral part of our audits and should be read in conjunction with this report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Our audit did not disclose any findings or questioned costs required to be reported in accordance with section 510(a) of OMB Circular A-133.

SECTION IV - STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS –

Prepared by Management

Financial Statement Prior Year Findings

There were no prior year Financial Statement Findings reported.

Federal Award Prior Year Findings and Questioned Costs

2009-01: RECONCILIATION OF FINANCIAL REPORT TO DISTRICT'S GENERAL LEDGER

CFDA number & CFDA Title CFDA 97.025 National Urban Search and Rescue (USAR) Response

Name of Federal Agency Federal Emergency Management Agency

Criteria or specific requirement

The District prepares quarterly financial reports in accordance with the reporting requirements stated on the cooperative agreement. The financial reports that the District submits to the Federal Agency have been prepared on a basis that is different than the basis used for financial and compliance reporting. The financial reports should be reconciled to the District's general ledger.

Condition

District's staff is unable to reconcile the report submitted to the Federal Agency with the District's general ledger.

Questioned costs

None noted.

Effect

Since the report cannot be easily reconciled to the District's general ledger, inaccurate information may not be found in a timely manner.

Cause

The report prepared by the District and submitted to the Federal Agency is on cash basis while the District uses modified accrual method to record grant's transactions.

2009-01: RECONCILIATION OF FINANCIAL REPORT TO DISTRICT'S GENERAL LEDGER
(Continued)

Recommendation

The District should simplify the reconciliation process by using consistent methods for Agency financial reports and financial statements. These reports should be reconciled each quarter prior to submission.

Current Status of PY Finding:

The District's management addressed the issue by assigning the Accountant financial reporting for US&R to comply with FEMA's requirement. In order to make this transition, the Accountant successfully completed Basic Fundamental of Grants Management course, ICS 100, 200, 700, and 800.

MENLO PARK FIRE PROTECTION DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Pass-Through Identifying Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Homeland Security, Federal Emergency Management Agency			
National Urban Search and Rescue (USAR) Response System - 2009-SR-24-K008		97.025	\$808,075
National Urban Search and Rescue (USAR) Response System - EMW-2008-CA-0509		97.025	281,200
National Urban Search and Rescue (USAR) Response System - EMW-2007-CA-0156		97.025	<u>(6,222)</u>
Program Subtotal			<u>1,083,053</u>
Passed-Through the County of San Mateo Homeland Security Grant Program	30546-PROJH-OS6PT	97.067	<u>11,469</u>
Total Expenditures of Federal Awards			<u><u>\$1,094,522</u></u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

MENLO PARK FIRE PROTECTION DISTRICT

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2010**

NOTE 1-REPORTING ENTITY

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the Menlo Park Fire Protection District, California and its component units as disclosed in the notes to the Basic Financial Statements.

NOTE 2-BASIS OF ACCOUNTING

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

NOTE 3-DIRECT AND INDIRECT (PASS-THROUGH) FEDERAL AWARDS

Federal awards may be granted directly to the District by a federal granting agency or may be granted to other government agencies which pass-through federal awards to the District. The Schedule includes both of these types of Federal award programs when they occur.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the Menlo Park Fire Protection District as of and for the year ended June 30, 2010, and have issued our report thereon dated October 14, 2010. We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies that we consider to be significant deficiencies in internal control over financial reporting. These are listed as items in our separately issued Memorandum on Internal Control dated October 14, 2010. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about the whether District financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We have also issued a separate Memorandum on Internal Control dated October 14, 2010, which is an integral part of our audits and should be read in conjunction with this report.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Maze & Associates

October 14, 2010

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

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

Compliance

We have audited Menlo Park Fire Protection District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

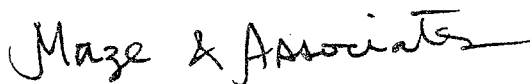
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the District as of and for the year ended June 30, 2010, and have issued our report thereon dated October 14, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of Board, management, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



December 13, 2010