



# Moraga-Orinda Fire District

Board of Directors

**CALL AND NOTICE OF A  
SPECIAL MEETING**  
December 14, 2016  
**5:30 P.M. OPEN SESSION**

**PLEASE NOTE NEW MEETING ADDRESS:**

Hacienda Mosaic Room  
2100 Donald Drive  
Moraga, CA 94556

1. OPENING CEREMONIES

- 1.1. Call the meeting to Order
- 1.2. Roll Call
- 1.3. Pledge of Allegiance
- 1.4. Core Values – *Service, Honor, Integrity*

2. PUBLIC COMMENT

The public is invited to speak on any matter not appearing on the agenda and within the subject matter jurisdiction of the District. Comments should be limited to three minutes. Please state your name and address for the record.

3. CONSENT AGENDA

- 3.1. **Meeting Minutes – December 7, 2016**  
Staff Recommendation: Receive and File
- 3.2. **Monthly Financial Report – November 2016**  
Staff Recommendation: Receive and File

4. REGULAR CALENDAR

- 4.1. **Annual Audit and Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016**  
Staff will present information to the Board regarding the Annual Audit and Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016.  
Staff Recommendation: 1) Discuss; 2) Deliberate; 3) Receive the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016, the Gann Appropriation Limit Schedule and the Communication With Those Charged With Governance and Communication of Internal Control Related Matters June 30, 2016.

5. ADJOURNMENT

This agenda is posted pursuant to the provisions of the Government Code commencing at Section 54956

The date of posting is December 9, 2016.

MORAGA-ORINDA FIRE DISTRICT

Grace Santos  
Clerk to the Board

The Moraga-Orinda Fire Protection District ("District"), in complying with the Americans with Disabilities Act ("ADA"), requests individuals who require special accommodations to access, attend and/or participate in District Board meetings due to a disability, to please contact the District Chief's office, (925) 258-4599, at least one business day prior to the scheduled District Board meeting to



# Moraga-Orinda Fire Protection District

## BOARD OF DIRECTORS REGULAR BOARD MEETING MINUTES

December 7, 2016

### 1. Opening Ceremonies

The Board of Directors convened in Open Session at 6:00 P.M. on December 7, 2016 at the Sarge Littlehale Community Room, 22 Orinda Way, Orinda, California. President Anderson called the meeting to order.

Present were the following Directors and Staff:

President Anderson	Stephen Healy, Fire Chief
Director Barber	Gloriann Sasser, Admin Services Director
Director Famulener	Grace Santos, District Clerk
Director Jorgens	

### 2. Public Comment

There were no comments from the public.

### 3. Closed Session

At 6:01 P.M., the Board adjourned into Closed Session.

### 4. Reconvene the Meeting

President Anderson reconvened the regular business meeting of the Moraga-Orinda Fire District Board of Directors at 7:00 P.M. Present were the following Directors and Staff:

President Anderson	Stephen Healy, Fire Chief
Director Barber	Gloriann Sasser, Admin Services Director
Director Famulener	Jerry Lee, Battalion Chief
Director Jorgens	Grace Santos, District Clerk

### 5. Report of Closed Session Action

There was no reportable action taken during Closed Session on items 3.1 Conference with Labor Negotiator, 3.2 Conference with Labor Negotiator, and 3.3 Conference with Labor Negotiator.

### 6. Public Comment

There were no comments from the public.

### 7. Consent Agenda

Motion by Director Barber and seconded by Director Famulener to receive and file items 7.1 Meeting Minutes and 7.2 Monthly Check/Voucher Register. Said motion carried a 3-0 roll-call vote (Ayes: Anderson, Barber, and Famulener; Abstain: Jorgens).

Chief Healy announced that the Actuary was running late. He decided to take items out of order and start with Item 10.3 – District Updates. MOFD Fire Captain Dan Dick gave a PowerPoint presentation of significant events for November, which included a brief report on two accidents, one car fire, the 3<sup>rd</sup> Annual MOFD/MOPFA Firefighter Awards Ceremony, and “Movember”, which is a fundraising event for prostate cancer awareness that the MOFD firefighters participate in. Captain Dick congratulated Director Jorgens on winning the Division 2 election. The Board thanked Captain Dick for his presentation.

### 8. Regular Calendar

#### 8.1 Actuarial Valuation June 30, 2016 and General Fund Budget Adjustment and Additional Contribution of \$138,000 into the OPEB trust account for FY2016/17

The District provides retiree health insurance benefits to employees. Government Accounting Standards Board Statement No. 45 requires the District to complete an actuarial valuation of the other post-employment benefits (OPEB) plan. As a result, the District contracted with Bartel

Associates, LLC for an actuarial report calculating the long-term cost associated with the District's OPEB.

The current Memorandums of Understanding provide the District's monthly retiree medical contribution at the PERS minimum contribution level and cap the maximum retiree medical contribution at a fixed amount for all labor groups for most employees. Retiree dental insurance benefits are also capped. In addition, employees hired after April 15, 2014 receive only the minimum retiree health insurance contribution at retirement (currently \$128 per month). The benefits caps have been included in the updated actuarial valuation.

The actuarial valuation is based on a number of significant assumptions: Amortization period – 22 years fixed (closed) period, General inflation – 3% annually, Discount rate – 6.5%, and Annually prefund recommended contribution.

In 2015 the District established an OPEB trust account. The purpose of the trust account is to accumulate funds for payment of future retiree health insurance obligations. The District made the annual required contribution in FY2014/15, FY2015/16 and FY 2016/17. As a result of the pre-funding and the cap on retiree medical benefits, the District's unfunded actuarial accrued liability (UAAL) has decreased. The balance in the OPEB trust account as of September 30, 2016 is \$303K.

The actuarial valuation measures the UAAL. The UAAL is the excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. In other words, the UAAL is the present value of benefits earned to date for both active employees and retirees that are not covered by current plan assets. The District's UAAL has significantly decreased, primarily due to the benefits caps that were implemented and the OPEB trust account contributions.

The prior actuarial valuation as of June 30, 2013 measured the UAAL at \$16.9M. As of June 30, 2016, the UAAL is \$15.5M, a decrease of \$1.4M or 8%.

The District's UAAL peaked in 2009 at \$24M. Since then, the District has implemented significant changes to the retiree health benefits program and the UAAL has steadily decreased to \$15.5M. The amounts are higher than the previous valuation. For FY2016/17, the District will need to contribute an additional \$138K for the pre-funding amount (\$256K v. previous \$118K).

One of the initiatives of the Strategic Plan is to analyze the UAAL and determine the level of threat that unfunded liabilities pose to the District and its ability to provide sustained service delivery. Two ways the District could accelerate the reduction of the retiree medical unfunded liability are:

- Use a shorter amortization period – Slides-23 and 24 show the results of a 20-year amortization period. The District would need to contribute an additional \$68K - \$78K per year over the next five years and into the future in order to pay off the UAAL two years earlier.
- One-time payments – The District could accelerate payments above the minimum annual contributions required without adopting an alternate amortization schedule. The District could make additional one-time payments to pay down the unfunded liability sooner.

The recent strategic planning process identified several initiatives including emergency services delivery, employee development, retention and community risk reduction. Accelerating the reduction of the UAAL could affect other initiatives. In addition, the District is considering establishment of a Pension Rate Stabilization Program. The current OPEB contribution is less than 1% of the total Salaries and Benefits budget.

For FY2016/17, the updated actuarial valuation requires total contribution of \$256K into the OPEB trust account. The previous contribution for the fiscal year was \$118K; this contribution was made in August 2016. Staff recommends the District continue with the existing amortization schedule of 22 years and that the Board authorize an additional contribution of \$138K into the OPEB trust

account to reflect the updated pre-funding amounts. The new contribution amounts will be included in the updated Long Range Financial Plan presented in early 2017.

Doug Prior, of Bartel Associates, went over the main points of the report and answered questions from the Board.

The Board asked staff to review two amounts in the report and confirm whether or not they are correct.

After a discussion by members of the Board and staff, motion by Director Famulener and seconded by Director Barber to receive report and authorize a General Fund Budget Adjustment expenditure appropriation increase of \$138,000 for the OPEB pre-funding contribution, and an additional contribution of \$138,000 into the OPEB trust account for FY2016/17 for the updated OPEB pre-funding contribution. Said motion carried a unanimous 4-0 roll-call vote (Ayes: Anderson, Barber, Famulener and Jorgens).

**9. Committee Reports**

**9.1 Finance Committee**

There was nothing to report.

**10. Announcements**

**10.1 Brief information only reports related to meetings attended by a Director at District expense**

(Government Code Section 53232.3(d))


There was nothing to report.

**10.2 Questions and informational comments from Board members and Staff**

Director Barber reported that he and Chief Healy met with staff from the East Bay Municipal Utility District (EBMUD) regarding the adequacy of the water supply in certain parts of the District, especially with the City of Orinda. EBMUD provided them with historical materials dating back to the times before the District was incorporated, which they will share with anyone who is interested. Director Barber and Chief Healy will continue to work with EBMUD on a plan for pipe repair, and will present more information as it is made available by EBMUD. Chief Healy will also provide the Board with a tiered framework for hydrant/water improvements.

**11. Adjournment**

At 8:38 P.M., President Anderson called for adjournment of the regular meeting.

  
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Grace Santos  
Secretary to the Board

**Moraga-Orinda Fire District**  
Statement of Revenues and Expenditures - Capital Projects Fund Actual to Budget-16/17  
From 7/1/2016 Through 11/30/2016

		Current Period Actual	YTD Budget - Original	YTD Budget Variance - Original	Percent Total Budget Remaining - Original
<b>Revenue</b>					
<b>Taxes</b>					
Fire Flow Tax	4066	1,076,738.44	1,070,214.00	6,524.44	0.61%
Total Taxes		1,076,738.44	1,070,214.00	6,524.44	0.61%
<b>Use of Money &amp; Property</b>					
Investment Earnings	4181	7,654.89	1,000.00	6,654.89	665.49%
Total Use of Money & Property		7,654.89	1,000.00	6,654.89	665.49%
<b>Charges for Service</b>					
Impact Mitigation Fees	4743	76,000.00	10,000.00	66,000.00	660.00%
Total Charges for Service		76,000.00	10,000.00	66,000.00	660.00%
Total Revenue		1,160,393.33	1,081,214.00	79,179.33	7.32%
<b>Expenditures</b>					
<b>Other Expense</b>					
Bank Fees	7510	73.00	100.00	27.00	27.00%
Fire Flow Tax Collection Fees	7531	750.00	11,500.00	10,750.00	93.48%
Capital Contingency-Facilities, ...	7700	5,413.68	150,000.00	144,586.32	96.39%
Fire Fighting Equip-Fixed Asset ...	7701	0.00	20,000.00	20,000.00	100.00%
Apparatus/Vehicles-Fixed Asset...	7703	97,711.11	144,700.00	46,988.89	32.47%
Buildings-Station #41-Fixed Ass...	7705	13,335.88	50,000.00	36,664.12	73.33%
Buildings-Station #43-Fixed Ass...	7706	355,469.92	4,477,000.00	4,121,530.08	92.06%
Misc. Equipment Expense	7709	19,172.42	179,770.00	160,597.58	89.34%
Transfers to Debt Service Fund	7999	130,476.80	362,165.00	231,688.20	63.97%
Total Other Expense		622,402.81	5,395,235.00	4,772,832.19	88.46%
Total Expenditures		622,402.81	5,395,235.00	4,772,832.19	88.46%
Excess of Revenues Over/ (Under) Expenditures		537,990.52	(4,314,021.00)	4,852,011.52	(112.47)%

**Moraga-Orinda Fire District**  
Statement of Revenues and Expenditures - General Fund Actual to Budget 16/17  
From 7/1/2016 Through 11/30/2016

		Current Period Actual	Total Budget \$ - Original	Total Budget \$ Variance - Original	Percent Total Budget Remaining - Original
<b>Revenue</b>					
<b>Taxes</b>					
Property Tax-Current Secured	4010	16,289,748.55	17,556,871.00	(1,267,122.45)	(7.22)%
Property Tax-Supplemental	4011	150,841.32	300,000.00	(149,158.68)	(49.72)%
Property Tax-Unitary	4013	212,125.50	203,699.00	8,426.50	4.14%
Property Tax-Curr Unsecured	4020	567,696.30	605,000.00	(37,303.70)	(6.17)%
Prop Tax- Prior Secured	4030	(45,371.74)	(61,010.00)	15,638.26	(25.63)%
Prop Tax-Prior Supplement	4031	(29,217.52)	(25,262.00)	(3,955.52)	15.66%
Prop Tax Prior Unsecured	4035	<u>13,793.05</u>	<u>(10,000.00)</u>	<u>23,793.05</u>	<u>(237.93)%</u>
<b>Total Taxes</b>		<u>17,159,615.46</u>	<u>18,569,298.00</u>	<u>(1,409,682.54)</u>	<u>(7.59)%</u>
<b>Use of Money &amp; Property</b>					
Investment Earnings	4181	<u>611.08</u>	<u>0.00</u>	<u>611.08</u>	<u>0.00%</u>
<b>Total Use of Money &amp; Property</b>		<u>611.08</u>	<u>0.00</u>	<u>611.08</u>	<u>0.00%</u>
<b>Intergovernmental Revenue</b>					
Homeowners Relief Tax	4385	0.00	158,000.00	(158,000.00)	(100.00)%
CA FF JAC Training Funds	4440	0.00	25,091.00	(25,091.00)	(100.00)%
Other/In Lieu of Taxes	4580	0.00	902.00	(902.00)	(100.00)%
Measure H-Emerg Med Ser Subsid	4896	0.00	86,592.00	(86,592.00)	(100.00)%
<b>Total Intergovernmental Revenue</b>		<u>0.00</u>	<u>270,585.00</u>	<u>(270,585.00)</u>	<u>(100.00)%</u>
<b>Charges for Service</b>					
Permits	4740	614.00	2,364.00	(1,750.00)	(74.03)%
Plan Review	4741	172,977.00	170,000.00	2,977.00	1.75%
Inspection Fees	4742	18,596.00	24,000.00	(5,404.00)	(22.52)%
Weed Abatement Charges	4744	4,908.76	6,774.00	(1,865.24)	(27.54)%
CPR/First Aid Classes	4745	1,263.00	2,000.00	(737.00)	(36.85)%
Reports/ Photocopies	4746	82.00	350.00	(268.00)	(76.57)%
Other Charges for Service	4747	<u>6,903.00</u>	<u>8,650.00</u>	<u>(1,747.00)</u>	<u>(20.20)%</u>
<b>Total Charges for Service</b>		<u>205,343.76</u>	<u>214,138.00</u>	<u>(8,794.24)</u>	<u>(4.11)%</u>
<b>Charges for Service - Ambulance</b>					
Ambulance Service Fees	4898	330,157.52	1,048,120.00	(717,962.48)	(68.50)%
Ambulance Service Fee Reimbursements	4899	(34,903.08)	(67,980.00)	33,076.92	(48.66)%
Ambulance Collection Recovery Payments	4900	964.70	3,000.00	(2,035.30)	(67.84)%
<b>Total Charges for Service - Ambulance</b>		<u>296,219.14</u>	<u>983,140.00</u>	<u>(686,920.86)</u>	<u>(69.87)%</u>
<b>Other Revenue</b>					
Other Revenue-Strike Team Recovery	4971	24,380.99	332,718.00	(308,337.01)	(92.67)%
Other Revenue & Financing Sources	4972	0.00	46,174.00	(46,174.00)	(100.00)%
Other Revenue-Misc.	4974	1,051.82	1,000.00	51.82	5.18%
Misc Rebates & Refunds	4975	713.19	1,000.00	(286.81)	(28.68)%
Sale of Surplus Property	4980	<u>6,918.18</u>	<u>1,000.00</u>	<u>5,918.18</u>	<u>591.82%</u>
<b>Total Other Revenue</b>		<u>33,064.18</u>	<u>381,892.00</u>	<u>(348,827.82)</u>	<u>(91.34)%</u>
<b>Total Revenue</b>		<u>17,694,853.62</u>	<u>20,419,053.00</u>	<u>(2,724,199.38)</u>	<u>(13.34)%</u>
<b>Expenditures</b>					
<b>Salaries &amp; Benefits</b>					
Permanent Salaries	5011	3,271,097.41	8,015,911.00	4,744,813.59	59.19%
Temporary Salaries	5013	67,446.51	174,950.00	107,503.49	61.45%
Overtime	5014	873,113.82	1,860,025.00	986,911.18	53.06%
Deferred Compensation	5015	49,433.38	105,887.00	56,453.62	53.31%

**Moraga-Orinda Fire District**  
Statement of Revenues and Expenditures - General Fund Actual to Budget 16/17  
From 7/1/2016 Through 11/30/2016

		Current Period Actual	Total Budget \$ - Original	Total Budget \$ Variance - Original	Percent Total Budget Remaining - Original
Overtime - Strike Team	5016	333,095.48	276,730.00	(56,365.48)	(20.37)%
Contract Services	5018	48,575.75	100,000.00	51,424.25	51.42%
Worker's Compensation Recovery	5019	(39,978.62)	(40,000.00)	(21.38)	0.05%
Payroll Taxes -FICA,SUI	5042	71,900.56	166,110.00	94,209.44	56.72%
Payroll Processing Fees	5043	5,979.42	20,000.00	14,020.58	70.10%
Retirement Contributions	5044	1,821,139.78	4,440,332.00	2,619,192.22	58.99%
Life/Health Insurance-Permanent Employees	5060	408,774.11	1,107,452.00	698,677.89	63.09%
Employee's-Health Insurance Contribution	5061	(85,679.71)	(262,140.00)	(176,460.29)	67.32%
Retiree Health Insurance	5062	498,311.61	1,300,000.00	801,688.39	61.67%
Retiree-Health Insurance Contribution	5063	(145,127.08)	(430,000.00)	(284,872.92)	66.25%
Unemployment Insurance	5064	6,960.37	10,000.00	3,039.63	30.40%
Retiree-Health OPEB Contribution	5065	118,000.00	118,000.00	0.00	0.00%
Vision Insurance	5066	7,254.32	13,000.00	5,745.68	44.20%
Workers' Compensation Insurance	5070	353,128.00	706,005.00	352,877.00	49.98%
<b>Total Salaries &amp; Benefits</b>		<b>7,663,425.11</b>	<b>17,682,262.00</b>	<b>10,018,836.89</b>	<b>56.66%</b>
<b>Operating Expense</b>					
Office Supplies	6100	7,045.15	18,150.00	11,104.85	61.18%
Postage	6101	2,595.09	8,500.00	5,904.91	69.47%
Books & Periodicals	6102	1,661.42	6,850.00	5,188.58	75.75%
Printer Ink Cartridges	6103	274.82	7,500.00	7,225.18	96.34%
Telephone/Communication	6110	17,020.87	45,000.00	27,979.13	62.18%
Dispatch/Comm Center Services w/ AVL MDT	6111	0.00	170,000.00	170,000.00	100.00%
Utilities- Sewer	6120	3,061.80	3,800.00	738.20	19.43%
Utilities-Garbage	6121	6,282.82	14,870.00	8,587.18	57.75%
Utilities-PG&E	6122	20,125.61	67,040.00	46,914.39	69.98%
Utilities-Water	6123	3,963.01	15,120.00	11,156.99	73.79%
Utilities-Medical Waste	6124	948.00	2,150.00	1,202.00	55.91%
Small Tools & Instruments	6130	1,077.92	21,250.00	20,172.08	94.93%
Minor Equipment/Furniture	6131	186.13	2,000.00	1,813.87	90.69%
Computer Equipment & Supplies	6132	1,013.74	10,000.00	8,986.26	89.86%
Gas Power Chain Saw/Other Equipmen	6133	0.00	12,000.00	12,000.00	100.00%
Fire Trail Grading	6135	13,320.00	20,500.00	7,180.00	35.02%
Fire Fighting Equipment & Supplies	6137	696.61	12,300.00	11,603.39	94.34%
Fire Fighting Equipment-Hoses & Nozzles	6138	4,250.13	16,500.00	12,249.87	74.24%
Fire Fighting Equipment-Class A Foam	6139	0.00	1,500.00	1,500.00	100.00%
Medical & Lab Supplies	6140	37,421.01	110,000.00	72,578.99	65.98%
Food Supplies	6150	1,848.31	8,500.00	6,651.69	78.26%
Safety Clothing & Personal Supplies	6160	11,495.05	65,000.00	53,504.95	82.32%

**Moraga-Orinda Fire District**  
Statement of Revenues and Expenditures - General Fund Actual to Budget 16/17  
From 7/1/2016 Through 11/30/2016

		Current Period Actual	Total Budget \$ - Original	Total Budget \$ Variance - Original	Percent Total Budget Remaining - Original
Non-Safety Clothing & Personal Supplies	6161	400.00	2,000.00	1,600.00	80.00%
Household Expense	6170	5,464.85	22,825.00	17,360.15	76.06%
Household Expense-Linen	6171	5,308.20	15,330.00	10,021.80	65.37%
Public & Legal Notices	6190	1,138.64	4,750.00	3,611.36	76.03%
Dues, Memberships & Professional Fees	6200	1,461.50	19,790.00	18,328.50	92.61%
EMT/Paramedic Licensure Fees	6201	1,200.00	5,500.00	4,300.00	78.18%
Rent & Leases (Equipment)	6250	20,897.01	42,950.00	22,052.99	51.35%
Computer Software & Maintenance	6251	33,081.22	78,875.00	45,793.78	58.06%
Website Development & Maintenance	6252	1,620.00	1,700.00	80.00	4.71%
EPA ID# Verification Fee	6264	0.00	200.00	200.00	100.00%
CCC HazMat Plan (CUPA)	6265	2,519.00	3,000.00	481.00	16.03%
BAAQMD & Environmental Health Fees	6266	617.00	750.00	133.00	17.73%
Air Monitor Maintenance & Replacement	6269	0.00	2,000.00	2,000.00	100.00%
Maintenance -- Equipment	6270	24,720.39	67,975.00	43,254.61	63.63%
Central Garage Repairs	6271	27,793.71	160,000.00	132,206.29	82.63%
Central Garage Gasoline & Oil	6272	19,804.89	80,000.00	60,195.11	75.24%
Central Garage Tires	6273	808.18	15,000.00	14,191.82	94.61%
Service/Repair Fuel System Dispensers	6274	0.00	4,500.00	4,500.00	100.00%
Aerial Ladder & Pump Testing	6275	0.00	800.00	800.00	100.00%
Smog Inspections	6276	300.00	500.00	200.00	40.00%
Air Compressor Quarterly Service	6278	1,922.29	1,500.00	(422.29)	(28.15)%
Hydro Test SCBA & Oxy Cylinder	6279	583.22	2,000.00	1,416.78	70.84%
Tank Testing	6280	0.00	3,000.00	3,000.00	100.00%
Maintenance -- Building	6281	31,283.36	64,660.00	33,376.64	51.62%
Maintenance -- Grounds	6282	2,250.08	12,650.00	10,399.92	82.21%
Meetings & Travel Expenses	6303	6,549.46	34,200.00	27,650.54	80.85%
Employee Assistance Program	6309	2,205.93	4,300.00	2,094.07	48.70%
Medical - Pre-Emp Processing and Annual Exams	6311	3,645.00	43,000.00	39,355.00	91.52%
Ambulance Billing Administration Fees	6312	17,154.27	60,000.00	42,845.73	71.41%
Outside Attorney Fees	6313	22,339.82	96,000.00	73,660.18	76.73%
Outside CPR Instructors	6314	800.00	3,500.00	2,700.00	77.14%
CCC County Tax Administration Fee	6316	0.00	175,000.00	175,000.00	100.00%
Professional Services	6317	6,454.82	41,773.00	35,318.18	84.55%
Professional Services - Labor Negotiator	6318	0.00	10,000.00	10,000.00	100.00%
Professional Services - Technology	6319	55,964.00	262,000.00	206,036.00	78.64%
Professional Services - Pre-Employment Investigations	6320	23,690.25	15,000.00	(8,690.25)	(57.94)%



**Moraga-Orinda Fire District**  
Statement of Revenues and Expenditures - General Fund Actual to Budget 16/17  
From 7/1/2016 Through 11/30/2016

		Current Period Actual	Total Budget \$ - Original	Total Budget \$ Variance - Original	Percent Total Budget Remaining - Original
Professional Services - Promotional Exams & Recruitment	6321	6,175.00	29,000.00	22,825.00	78.71%
Professional Services-OPEB Actuarial Valuation	6322	6,978.00	13,000.00	6,022.00	46.32%
Exterior Hazard Removal	6323	2,758.75	12,000.00	9,241.25	77.01%
Professional Services-Prop Tax Audit & Forecasting	6326	6,300.00	12,600.00	6,300.00	50.00%
Professional Services	6327	2.29	10,000.00	9,997.71	99.98%
Burn Trailer Grant Maintenance	6352	2,800.00	3,000.00	200.00	6.67%
Testing Materials & Training Props	6354	4,904.97	10,000.00	5,095.03	50.95%
Career Development Classes	6357	5,654.00	26,000.00	20,346.00	78.25%
Target Safety Online Training	6359	0.00	6,195.00	6,195.00	100.00%
Training & Education Classes-Paramedic & EMT CE	6360	590.00	10,000.00	9,410.00	94.10%
District Sponsored Training-Mandated	6361	14,685.20	60,000.00	45,314.80	75.52%
Educational Courses/Conferences Board	6377	0.00	2,200.00	2,200.00	100.00%
Election Expense	6465	0.00	18,000.00	18,000.00	100.00%
Recruiting Costs	6470	252.48	30,000.00	29,747.52	99.16%
Strike Team Supplies	6474	11,873.05	12,550.00	676.95	5.39%
Community Emergency Response Team	6475	4,938.51	11,000.00	6,061.49	55.10%
Exercise Supplies/Maint.	6476	4,306.11	9,100.00	4,793.89	52.68%
Recognition Supplies	6478	5,239.27	16,300.00	11,060.73	67.86%
Other Special Departmental Exp	6479	33,882.28	72,000.00	38,117.72	52.94%
Public Education Supplies	6480	2,446.87	9,500.00	7,053.13	74.24%
CPR Supplies	6481	758.75	3,000.00	2,241.25	74.71%
LAFCO	6482	9,743.86	10,500.00	756.14	7.20%
Emergency Preparedness Expense	6484	5,464.80	8,500.00	3,035.20	35.71%
Misc. Services & Supplies	6490	18,105.00	38,700.00	20,595.00	53.22%
Property & Liability Insurance	6540	46,620.92	53,000.00	6,379.08	12.04%
<b>Total Operating Expense</b>		<u>650,744.69</u>	<u>2,481,703.00</u>	<u>1,830,958.31</u>	<u>73.78%</u>
Other Expense					
Bank Fees	7510	2,235.68	5,000.00	2,764.32	55.29%
Interest on County Teeter Account	7520	0.00	100.00	100.00	100.00%
County Tax Collection Fees	7530	0.00	300.00	300.00	100.00%
<b>Total Other Expense</b>		<u>2,235.68</u>	<u>5,400.00</u>	<u>3,164.32</u>	<u>58.60%</u>
<b>Total Expenditures</b>		<u>8,316,405.48</u>	<u>20,169,365.00</u>	<u>11,852,959.52</u>	<u>58.77%</u>
<b>Excess of Revenues Over/ (Under) Expenditures</b>		<u>9,378,448.14</u>	<u>249,688.00</u>	<u>9,128,760.14</u>	<u>3,656.07%</u>

**Moraga-Orinda Fire District**  
Statement of Revenues and Expenditures - Debt Service Fund Actual to Budget-16/17  
From 7/1/2016 Through 11/30/2016

		Current Period Actual	Total Budget \$ - Original	Total Budget \$ Variance - Original	Percent Total Budget Remaining - Original
<b>Revenue</b>					
<b>Taxes</b>					
Property Tax-Current Secured	4010	3,219,473.00	3,219,473.00	0.00	0.00%
<b>Total Taxes</b>		<b>3,219,473.00</b>	<b>3,219,473.00</b>	<b>0.00</b>	<b>0.00%</b>
<b>Use of Money &amp; Property</b>					
Investment Earnings	4181	1.60	0.00	1.60	0.00%
<b>Total Use of Money &amp; Property</b>		<b>1.60</b>	<b>0.00</b>	<b>1.60</b>	<b>0.00%</b>
<b>Other Revenue</b>					
Transfers In	4999	130,476.80	362,165.00	(231,688.20)	(63.97)%
<b>Total Other Revenue</b>		<b>130,476.80</b>	<b>362,165.00</b>	<b>(231,688.20)</b>	<b>(63.97)%</b>
<b>Total Revenue</b>		<b>3,349,951.40</b>	<b>3,581,638.00</b>	<b>(231,686.60)</b>	<b>(6.47)%</b>
<b>Expenditures</b>					
<b>Other Expense</b>					
Pension Obligation Bond Principal Payment	7900	2,100,000.00	2,100,000.00	0.00	0.00%
Pension Obligation Bond Interest Payment	7901	484,546.50	914,283.00	429,736.50	47.00%
Apparatus Lease Principal Payment	7902	0.00	83,359.00	83,359.00	100.00%
Apparatus Lease Interest Payment	7903	0.00	5,860.00	5,860.00	100.00%
Lease Agreement Station 43 Principal	7906	100,000.00	200,000.00	100,000.00	50.00%
Lease Agreement Station 43 Interest	7907	30,476.80	72,946.00	42,469.20	58.22%
<b>Total Other Expense</b>		<b>2,715,023.30</b>	<b>3,376,448.00</b>	<b>661,424.70</b>	<b>19.59%</b>
<b>Total Expenditures</b>		<b>2,715,023.30</b>	<b>3,376,448.00</b>	<b>661,424.70</b>	<b>19.59%</b>
<b>Excess of Revenues Over/ (Under) Expenditures</b>		<b>634,928.10</b>	<b>205,190.00</b>	<b>429,738.10</b>	<b>209.43%</b>



# Moraga-Orinda Fire District

**TO:** Board of Directors

**FROM:** Gloriann Sasser, Administrative Services Director

**DATE:** December 14, 2016

**SUBJECT:** Item 4.1 – Annual Audit and Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016

---

## **BACKGROUND**

Each year the District engages a certified public accountant to audit the financial statements of the District. The District's Administrative Services Division prepared the financial statements for the fiscal year ending June 30, 2016. The financial statements have been audited by JJACPA, Inc. In addition to the financial statement audit, JJACPA was engaged to prepare a required report on the District's Gann appropriations spending limit calculation and a letter to the Board required by professional accounting standards discussing their audit engagement and the procedures they performed. This report includes no audit findings.

Based upon the audit procedures performed, JJACPA has rendered their opinion that the District's financial statements present fairly the District's financial position at June 30, 2016, and the results of the governmental activities and the budgetary comparison information for the year then ended, in accordance with generally accepted accounting principles. This is generally referred to as a "clean" or "unqualified" audit opinion.

In addition to the audited financial statements, the District prepared a Comprehensive Annual Financial Report (CAFR) that is designed to meet the requirements of the Government Finance Officers Association (GFOA). The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program) in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure. The GFOA then recognizes individual governments that succeed in achieving this goal. This is the third year the District has participated in the CAFR Program.

The District's CAFR for the fiscal year ended June 30, 2016 will be submitted to the GFOA for consideration of a Certificate of Achievement for Excellence in Financial Reporting. The CAFR will also be posted on the District's website.

The CAFR includes three sections: Introductory, Financial and Statistical. The Introductory Section includes a letter of transmittal to the Board. The Financial Section includes Management's Discussion and Analysis which provides an overview and analysis of the financial activities of the District. The Statistical Section provides operational, economic and historical data that provide a context for assessing the District's economic condition.

## **RECOMMENDATION**

1) Discuss; 2) Deliberate; 3) Receive the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016, the Gann Appropriation Limit Schedule and the Communication With Those Charged With Governance and Communication of Internal Control Related Matters June 30, 2016.

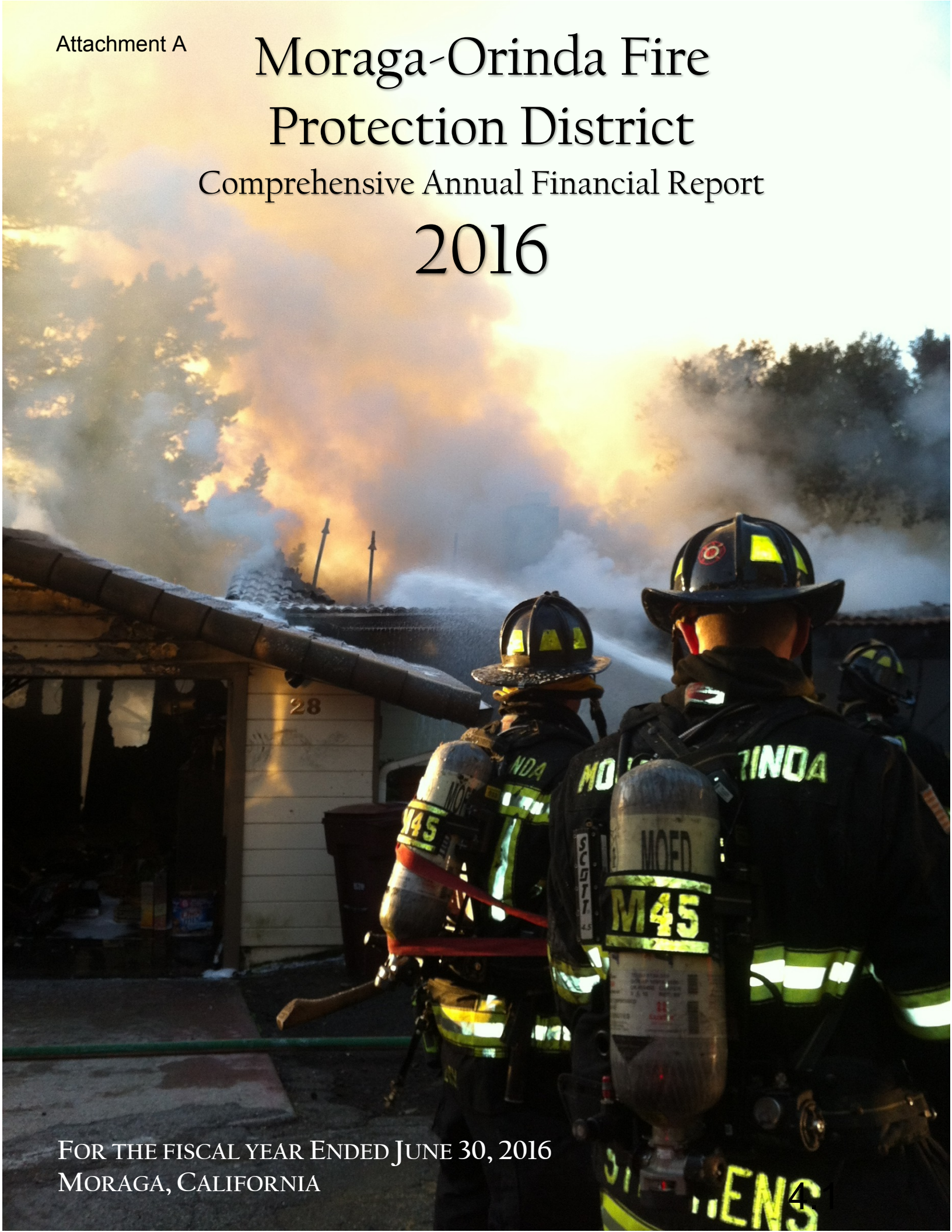
## **ATTACHMENTS**

- 1) Attachment A – Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016
- 2) Attachment B – Gann Appropriation Limit Schedule For the Year Ended June 30, 2016
- 3) Attachment C – Communication With Those Charged With Governance and Communication of Internal Control Related Matters June 30, 2016

# Moraga-Orinda Fire Protection District

## Comprehensive Annual Financial Report

# 2016



FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
MORAGA, CALIFORNIA

# MORAGA-ORINDA FIRE PROTECTION DISTRICT MORAGA, CALIFORNIA



## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2016 PREPARED BY THE ADMINISTRATIVE SERVICES DIVISION



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# MORAGA-ORINDA FIRE PROTECTION DISTRICT

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

### DIRECTORY OF OFFICIALS

#### **Board of Directors**

Stephen L. Anderson  
President

Fred Weil  
Vice President

Kathleen Famulener  
Secretary

Brad Barber  
Treasurer

Alex Evans  
Director

#### **Principal Staff**

Stephen Healy  
Fire Chief

Felipe Barreto  
Battalion Chief

Grace Santos  
District Secretary/District Clerk

Jerry Lee  
Battalion Chief

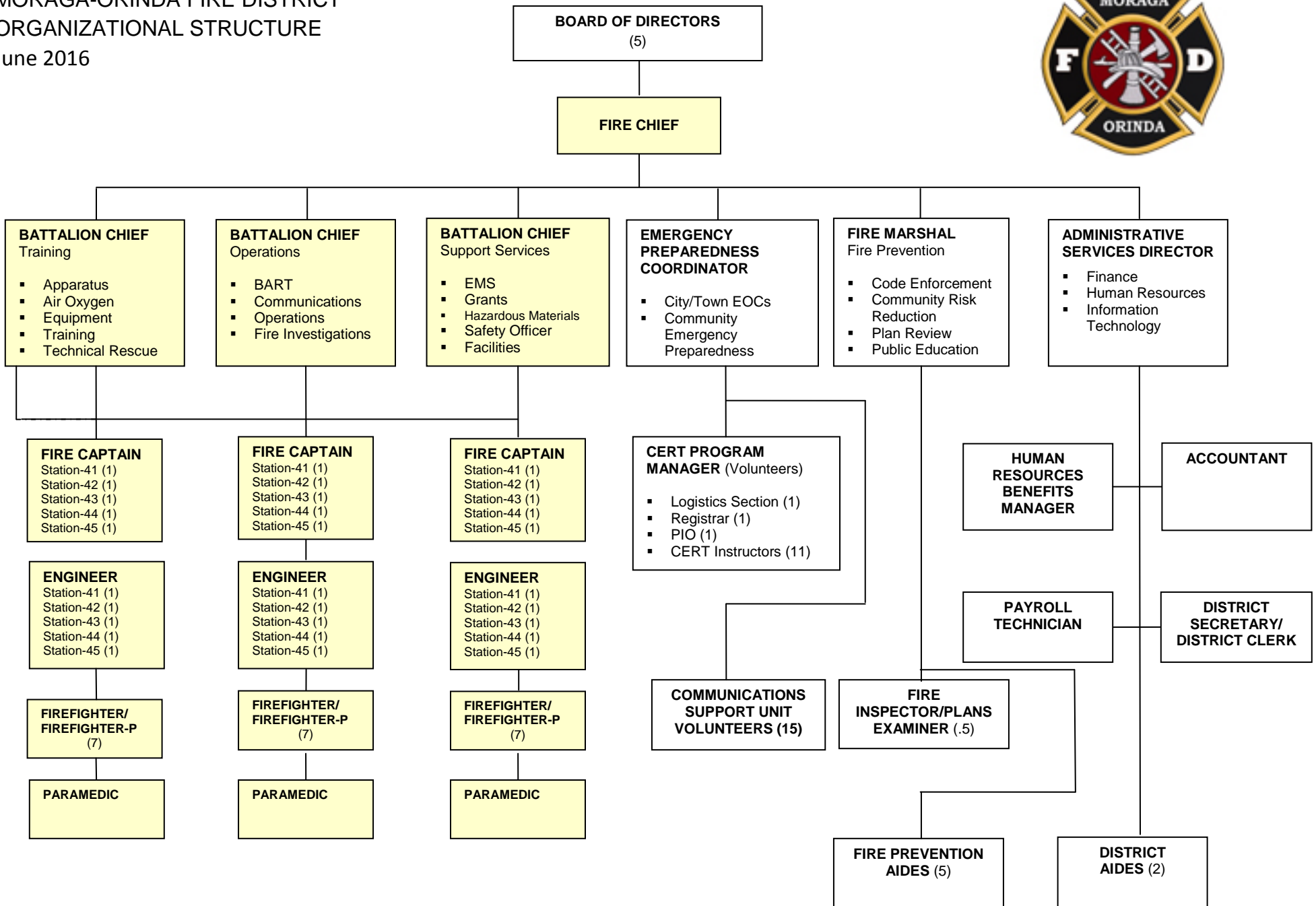
Kathy Leonard  
Fire Marshal

Sean Perkins  
Battalion Chief

Gloriann Sasser  
Administrative Services Director

Dennis Rein  
Emergency Preparedness Coordinator

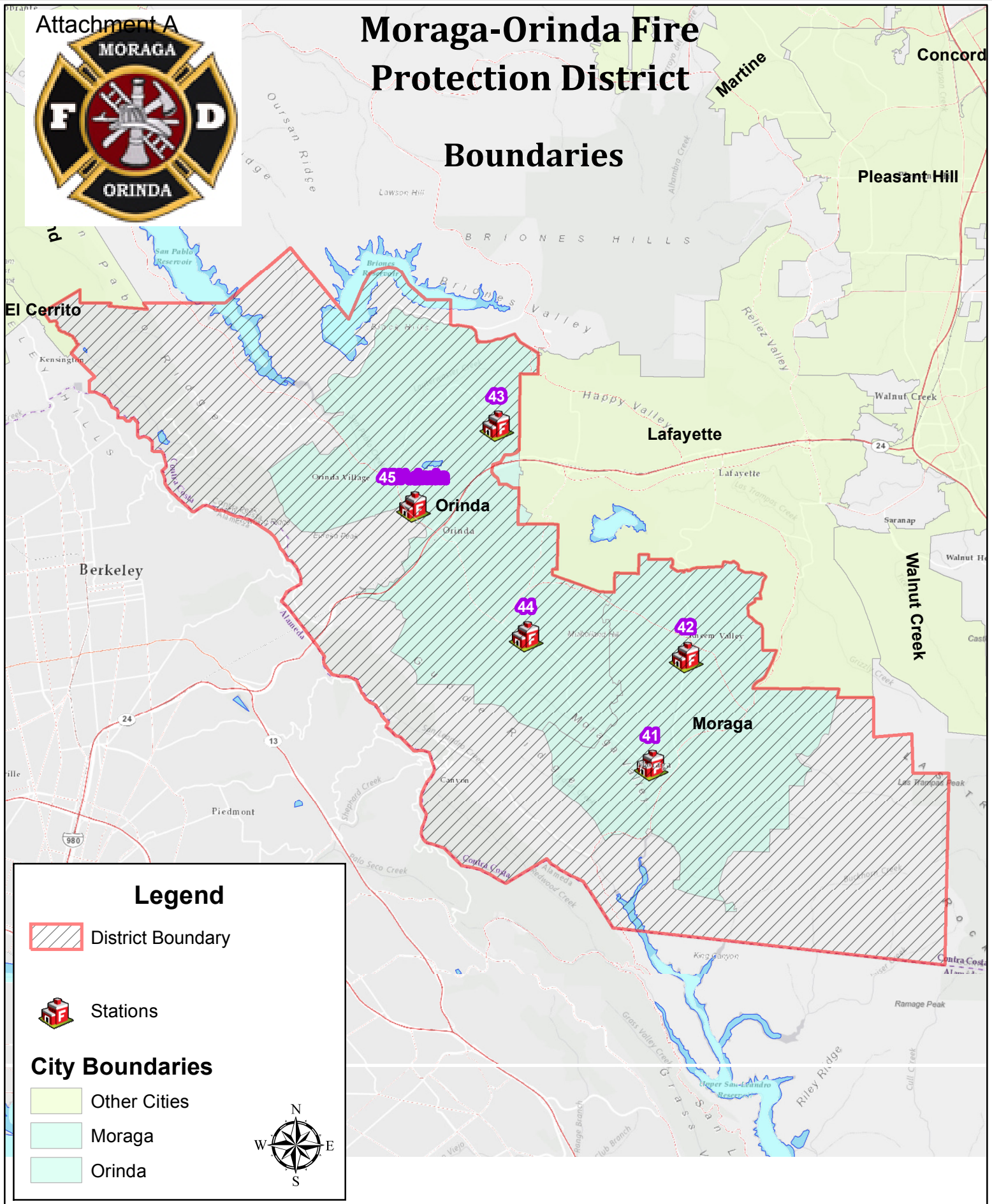
Attachment A  
 MORAGA-ORINDA FIRE DISTRICT  
 ORGANIZATIONAL STRUCTURE  
 June 2016





# Moraga-Orinda Fire Protection District

## Boundaries




### Legend


 District Boundary

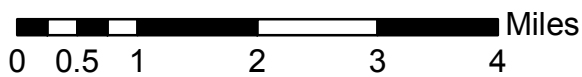
 Stations

### City Boundaries

 Other Cities

 Moraga

 Orinda



4.1



# STATIONS & FACILITIES



ADMINISTRATION  
1280 Moraga Way, Moraga



STATION 41  
1280 Moraga Way, Moraga



STATION 42  
555 Moraga Road, Moraga



STATION 43  
20 Via Las Cruces, Orinda



STATION 44  
295 Orchard Road, Orinda



Station 45  
33 Orinda Way, Orinda



# Moraga-Orinda Fire District

---

December 14, 2016

Board of Directors  
Moraga-Orinda Fire Protection District  
1280 Moraga Way  
Moraga, CA 94556

Members of the Board:

We are pleased to present the Moraga-Orinda Fire Protection District Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This is the third CAFR prepared by the District.

This report has been prepared by the Administrative Services Division following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA) and is in conformance with generally accepted accounting principles for state and local governmental entities established by the Governmental Accounting Standards Board (GASB). Responsibility for the accuracy, completeness and fairness of the presented data and the clarity of presentation, including all disclosures, rests with the management of the District.

## **The District**

The District is an autonomous Special District as defined under the Fire Protection District Law of 1987, Health and Safety Code, Section 13800, of the State of California. The District was formed in 1997, when over 80% of the voters affirmatively voted to form the District. The District is responsible for providing the highest level of emergency and non-emergency services to the community in an effort to protect life, the environment and property.

A five member Board of Directors, elected by their constituents and each serving a four-year term, governs the District. The Directors meet twice a month to determine overall policy for the District. The Board Finance Committee also provided oversight this year.

The Fire Chief is the administrative and operational Chief Executive Officer of the District under the direction and control of the District Board. At present, the Fire Chief is supported by his executive staff, consisting of three Battalion Chiefs, the Fire Marshal, the Emergency Preparedness Coordinator and the Administrative Services Director.

The District has six divisions: *Operations, Fire Prevention, Support Services, Training, Emergency Preparedness and Administrative Services*. These divisions provide a full-range of services, including emergency and non-emergency services, fire prevention, emergency preparedness and public education. The District employs 69 personnel, in addition to approximately 30 volunteers. The District maintains five Fire Stations and one Administration Office Building, all strategically located within the District. All five fire stations house paid firefighters. The District staffs seven companies, which includes four fire engines, one truck,

## Attachment A

two medic units, and one command unit. All other Administrative personnel work at the Administration Office.

The District covers a broad geographic and population base consisting primarily of urban/suburban/semi-rural and rural service areas. Within the District, there are a wide variety of target hazards including portions of the Berkeley-Oakland Hills, several East Bay Regional Parks, three reservoirs, BART, the Caldecott Tunnel, Saint Mary's College, the City of Orinda, Town of Moraga and unincorporated areas of Contra Costa County.

Internal Control In developing and evaluating the District's accounting system, priority is given to the accuracy of internal accounting control. Internal accounting controls are designed to provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, the accuracy and reliability of accounting data and the adherence to prescribed managerial policy. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the cost-benefit analysis requires estimates and judgments by management.

Accounting System and Budgeting Controls The District's accounting and budgeting records for the basic financial statements in this report conform to generally accepted accounting principles (GAAP) according to standards established by the GASB.

The District maintains extensive budgetary controls. The District's Annual Budget, adopted prior to July 1, provides overall control of revenue and expenditures, including appropriations (budgeted expenditures) on a line item basis and the means of financing them (budgeted revenue). The District's accounting system produces monthly reports on expenditure activity that assist Division Managers to monitor activities and programs. These reports are also reviewed by the Accountant, Administrative Services Director and Fire Chief to assure budgetary compliance.

As a recipient of federal, state and county financial assistance, the District is responsible for ensuring that an adequate control structure is in place to comply with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by District Finance staff.

Management's Discussion and Analysis (MD&A) GASB requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Financial Policies In 2013 the District adopted the provisions of GASB 54 and established a Fund Balance Policy. The District's Fund Balance Policy requires a minimum unrestricted fund balance in the General Fund of at least 10% of budgeted General Fund revenue at fiscal year-end. As of June 30, 2016, unrestricted fund balance in the General Fund was 19% of budgeted General Fund revenue. The District regularly monitors fund balance and the financial condition of the District.

Audit of Financial Statements The District contracts for an independent audit each year to provide reasonable assurance that its financial statements are free of material misstatements. This annual audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant

## Attachment A

estimates made by management and evaluating the overall financial statement presentation. The District engaged the accounting firm of JJACPA, Inc. to perform the audit of its financial statements. The auditor has issued an unqualified opinion on the District's financial statements indicating they are fairly presented in conformity with GAAP.

Single Audit The District engaged the accounting firm of JJACPA, Inc. to perform the audit of the expenses of federal awards required by the Single Audit Act of 1984 and Amendments of 1996, and the related Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). As part of the Single Audit, tests were made to determine the adequacy of internal controls related to the administration of federal financial assistance programs and to determine that the District had complied with applicable laws and regulations. A Single Audit report was not required for fiscal year 2015-16.

Major Initiatives There were several major initiatives during the fiscal year:

- **Balanced Budget** – The primary goal in 2015/16 was to produce a balanced financial plan that retains current service levels and addresses capital equipment needs to fully maintain firefighter safety and operational effectiveness. Considerable effort was made to reduce costs wherever possible. The General Fund surplus of \$1.7M was made possible through the cooperation of our employees. The District reached agreements with all three labor groups that resulted in substantial employee cost reductions, both short and long-term. The General Fund structural deficit has been eliminated through a combination of employee concessions, increased property tax revenue and use of Fire Flow Tax revenue. The General Fund is now sustainable.
- **Station 43** - The District began the rebuild of Station 43 in Orinda. The District entered into a direct placement lease in the amount of \$4M to finance the construction of the new Station 43, purchased a unit to be used as a temporary fire station during construction and secured a site to house the temporary station. Construction of the new station is expected to be complete in 2017.
- **OPEB Trust Account** – In March 2015 the District established an Other Post Employment Benefits (OPEB) trust account. The purpose of an OPEB trust is to accumulate funds for payment of the District's future retiree health insurance obligations. The District continued to make the annual contribution to the trust account in the amount of \$94,000. The establishment of the account significantly reduces the District's net OPEB liability and strengthens the District's financial position.
- **Lorinda Lane Properties** - The District sold the Lorinda Lane properties for \$1.6M. Proceeds were returned to the Capital Projects Fund.

### **Awards**

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the Moraga-Orinda Fire Protection District for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the second year that the District achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgements**

The preparation of this report reflects the combined and dedicated effort of District staff, particularly in the Administrative Services Division. Staff in each division has our appreciation for their contributions in the preparation of this report.

Staff would also like to take this opportunity to recognize the Board of Directors for their continued support to maintain the highest standards of professionalism in the management of the District's finances.

The District remains committed to providing the highest level of emergency and public service in response to the needs of our community.

Sincerely,



Stephen Healy  
Fire Chief



Gloriann Sasser, CPA  
Administrative Services Director





Government Finance Officers Association

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

Presented to

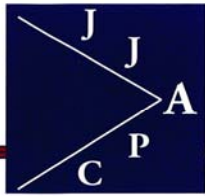
**Moraga-Orinda Fire Protection District  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

A handwritten signature in black ink, reading "Jeffrey R. Egan".

Executive Director/CEO



## INDEPENDENT AUDITOR'S REPORT

To the Honorable Chairman and District Board  
of the Moraga-Orinda Fire Protection District  
Moraga, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the Moraga-Orinda Fire Protection District (District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the Moraga-Orinda Fire Protection District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

# Attachment A

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-10, the District's Schedule of Contributions on page 54, and the Schedule of the District's Proportionate Share of the Net Pension Liability on page 55, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, the budgetary comparison for the Debt Service fund and Capital Projects fund, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison for the Debt Service fund and Capital Projects fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison for the Debt Service fund and Capital Projects fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

November 29, 2016

*JJACPA, Inc.*

**JJACPA, Inc.  
Dublin, California**



This section of the Moraga-Orinda Fire Protection District's (District) basic financial statements presents management's overview and analysis of the financial activities of the organization for the fiscal year ended June 30, 2016. The Management's Discussion and Analysis (MD&A) describes the significant changes from the prior year that occurred in general operations and discusses the activities during the year for capital assets and long-term debt. The discussion concludes with a description of currently known facts, decisions and conditions that are expected to impact the financial position of the District's operations. We encourage the reader to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal.

## **Annual Report Overview**

This annual report consists of a series of financial statements. The District's basic financial statements are comprised of three components: Government-wide financial statements, Fund financial statements and Notes to the basic financial statements. This report also contains supplementary information and statistical data in addition to the basic financial statements.

## **Government-wide Financial Statements**

The *government-wide financial statements* provide the reader with a longer-term view of the District's activities as a whole and comprise the Statement of Net Position and Statement of Activities. The manner of presentation is similar to a private-sector business.

The *Statement of Net Position* presents information about the financial position of the District as a whole, including all its capital assets and long-term liabilities on the full accrual basis. Over time, increases or decreases in net position is one indicator in monitoring the financial health of the District.

The *Statement of Activities* provides information about all the District's revenue and expenses on the full accrual basis, with the emphasis on measuring net revenues or expenses of each specific program. This statement explains in detail the change in Net Position for the year.

All of the District's activities in the government-wide financial statements are principally supported by general District revenues such as taxes and user-fee related charges such as ambulance services and inspection fees. The government-wide financial statements also include general government and interest on long-term debt.

The government-wide financial statements use the full accrual basis of accounting method which records revenues when earned and expenses at the time the liability is incurred, regardless of when the related cash flows take place.

The government-wide financial statements can be found on pages 11 and 12 of this report.

## **Fund Financial Statements**

The *fund financial statements* report the District's operations in more detail than the government-wide financial statements and focus primarily on the short-term activities of the

## Attachment A



District. The fund financial statements measure only current revenues and expenditures and fund balances; excluding capital assets, long-term debt and other long-term obligations.

The fund financial statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the fund financial statements. These financial statements help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship or differences between the government-wide and fund financial statements in a reconciliation following the fund financial statements.

The fund financial statements provide detailed information about each of the District's most significant funds, called Major Funds. The District's Major Funds are the General Fund, the Capital Projects Fund and the Debt Service Fund. The District currently has no non-major funds.

Comparisons of Budget and Actual financial information are presented for all Major Funds.

### **Notes to the Basic Financial Statements**

The *notes* provide additional information that is essential to the reader for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 23 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents a Statistical Section, providing financial tables conforming to standard requirements and historical trend data on the District.

### **Government-wide Overall Financial Analysis**

This analysis focuses on the net position and change in net position of the District's Governmental Activities. Over time, net position may serve as a useful indicator of a government's financial position. The District's net position is reported as follows:

# Attachment A



	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Cash and investments	\$9,632,435	\$5,649,645
Restricted cash and investments	6,591,054	2,812,760
Other assets	21,017,031	22,531,167
Capital assets, net	8,327,292	9,466,042
Total assets	<u>45,567,812</u>	<u>40,459,614</u>
Deferred outflows – pension plan	<u>12,186,885</u>	<u>377,767</u>
Other liabilities	4,107,188	3,331,251
Long-term liabilities	<u>67,068,752</u>	<u>54,383,134</u>
Total liabilities	<u>71,175,940</u>	<u>57,714,385</u>
Deferred inflows – pension plan	<u>6,529,982</u>	<u>6,003,070</u>
Net Position:		
Net investment in capital assets	8,327,292	9,466,042
Restricted	12,655,893	2,812,780
Unrestricted (deficit)	<u>(40,934,410)</u>	<u>(35,158,896)</u>
Total net position	<u>(\$19,951,225)</u>	<u>(\$22,880,074)</u>

The District's total liabilities exceeded total assets by \$25,608,128 as of June 30, 2016. A portion of the net position (-42%) reflects its investment in capital assets (land, buildings, improvements, equipment and vehicles.)

An additional portion of the District's net position (-63%) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of net position of (\$40,934,410) is unrestricted and is intended to meet the District's ongoing obligations to its citizens and creditors. The District has an unrestricted net position deficit as of June 30, 2016 and 2015.

The following points explain the major changes impacting net position as shown above:

- Cash and investments increased \$3,982,790 from the prior year. This was primarily due to receipts that exceeded disbursements and proceeds from the sale of surplus property.
- Restricted cash and investments increased \$3,778,294 due to the issuance of a lease/purchase agreement to construct fire station 43 and increased transfers to the fiscal agent prior to the payment of debt service requirements.
- Other assets decreased \$1,514,136 primarily due to annual amortization of the District's prepaid pension contribution from funding outstanding pension obligations.

# Attachment A



- Capital assets decreased \$1,138,750 primarily due to the sale of surplus property
- Deferred outflows of resources related to the pension plan increased \$11,809,118 due to excess of projected over actual earnings on pension plan investments and changes of actuarial assumptions.
- Long-term liabilities increased \$12,685,618 primarily due to an increase in the net pension obligation and issuance of a lease/purchase agreement.
- Deferred inflows of resources related to the pension plan increased \$526,912 due to a difference between expected and actual experience in the total pension liability.
- Net investment in capital assets decreased \$1,138,750 primarily due to the sale of surplus property.
- Restricted net position includes property tax revenue held in a bond fund account for the payment of Taxable Pension Obligation Bonds, Series 2005 in the amount of \$2,587,350 and money held in a restricted account due to the issuance of a lease/purchase agreement to construct fire station 43 in the amount of \$4,003,704. Funds for the Taxable Pension Obligation Bonds are held with the Trustee at Wells Fargo Bank. Funds for the fire station 43 construction are held at Citibank.
- Unrestricted net position is the part of net position that can be used to finance day-to day operations without constraints established by debt covenants or other legal requirements or restrictions. The District has (\$40,934,410) of unrestricted net deficit as of June 30, 2016.

The Statement of Activities presents program revenues and expenses and general revenues in detail. All of these are elements in the Changes in Governmental Net Position. The narrative that follows describes the individual program expenses, program revenues and general revenues in more detail.

	2016	2015
<u>Expenses</u>		
Fire protection - operations	\$20,386,873	\$19,888,172
Interest	1,079,259	1,041,717
Total expenses	21,466,132	20,929,889
<u>Revenues</u>		
Program revenues:		
Charges for services	1,303,760	1,180,935
Operating grants & contributions	436,499	1,814,670
Total program revenues	1,740,259	2,995,605
General revenues:		
Property taxes	20,693,314	19,235,847
Fire flow taxes	1,070,214	1,068,288
Investment earnings	10,948	1,996
State and federal grants	158,460	160,407
Other revenues	406,279	-

## Attachment A



Gain on sale of capital assets	315,507	-
Total general revenues	22,654,722	20,466,538
Change in net position	2,928,849	2,532,254
Net position - beginning	(22,880,074)	9,799,099
Prior period adjustment	-	(35,211,427)
Net position - ending	(\$19,951,225)	(\$22,880,074)

### Expenses

Fire protection – operations expenses totaled \$20,386,873 for fiscal year 2015-2016. This was an increase over the prior year of \$498,701 primarily due to an increase in the prepaid pension amortization.

### Program Revenues

Program revenues classified as “Charges for Services” in the amount of \$1,303,760 include revenue for ambulance service fees, plan review fees, inspection fees, and public education class fees. Program revenues classified as “Operating Grants and Contributions” in the amount of \$436,499 include revenue from federal grants and strike team recovery fees.

### General Revenues

The primary source of revenue for the operations of the District is generated through the collection of secured, unsecured and supplemental property taxes. During the fiscal year, property tax revenue increased \$1,457,467 or 7.6%. In addition, the District collects a fire flow tax, which amounted to \$1,070,214 in 2015-2016.

### Government Activities – Governmental Funds

At June 30, 2016, the District’s governmental funds reported combined fund balances of \$16,344,968. This is an increase of \$7,681,596 compared to the prior year. Unassigned fund balance of \$3,689,075 is available for spending at the District’s discretion. The rest of the District’s fund balance is either restricted or committed to indicate that it is 1) legally required to be maintained intact \$6,591,527 or 2) committed for particular purposes \$6,064,366.

### Analysis – General Fund

The General Fund is the chief operating fund of the District. During the current fiscal year, fund balance increased \$1,728,494. Unassigned fund balance at June 30, 2016, which is available for spending at the District’s discretion, was \$3,689,075.

General Fund revenues increased \$31,127 or 0.2% over the prior fiscal year. Property tax revenue increased \$1,309,298 which resulted in no need to use fire flow tax revenue in the General Fund. General Fund expenditures decreased \$303,740 from the prior fiscal year. Salaries increased \$266,993 or 3.7% primarily due to a 3.5% salary restoration during the fiscal



## Attachment A



year. However, overtime decreased \$216,147 or 10.6% due to less risk-based staffing needs than the prior year. Retirement contribution costs decreased \$454,255 or 10.1% due to decreased retirement contribution rates. Also, services and supplies expenditures increased \$189,638 or 10.6% primarily due to increased fleet maintenance costs, increased technology services costs and increased recruitment costs.

### **Debt Service Fund**

The Debt Service Fund, a major governmental fund, had an increase in fund balance during the current year of \$199,597 to bring the year end fund balance to \$2,587,823. The increase is due to the requirements of the District's Taxable Pension Obligation Bonds (bonds). The trust agreement for the bonds requires Contra Costa County to transfer property tax to the District's trustee in an amount sufficient to pay the District's bond obligations in the next calendar year. The District's bond obligations increased, resulting in an increase in fund balance during the current fiscal year.

The Debt Service Fund ending fund balance of \$2,587,823 is legally restricted and may only be used to meet the District's bond obligations.

### **Capital Projects Fund**

The Capital Projects Fund accounts for the Fire Flow Tax proceeds and related expenditures. The Fire Flow Tax Ordinance stipulates that the revenues raised by this tax are to be used solely for the purpose of obtaining, furnishing, operating, and maintaining fire protection, prevention and suppression and emergency medical equipment, apparatus or facilities, including water distribution facilities for fire suppression purposes, for paying the salaries and benefits of firefighting and emergency medical personnel, and for such other fire protection, prevention and suppression and emergency medical expenses as are deemed necessary by the District. This fund accounts for District capital asset purchases as well as miscellaneous tax collection fees.

The Capital Projects Fund had an increase in fund balance during the current fiscal year in the amount of \$5,753,505. This was primarily due to lease/purchase proceeds, sales of surplus property, fire flow tax and impact mitigation fees received from developers that exceeded expenditures. The fund reports restricted fund balance of \$4,003,704 and committed fund balance of \$6,064,366 at fiscal year end.

### **General Fund Budgetary Highlights**

During the year General Fund appropriations between the original and final amended budget increased due to revised projections during the mid-year budget review process. There were no significant variances between actual revenue or expenditures and the amended budget.

### **Debt Administration**

In 2005, the District issued Taxable Pension Obligation Bonds in the original principal amount of \$28,435,000. The bonds were issued to finance payment of the unfunded actuarial accrued

## Attachment A



pension liability. At the end of the fiscal year, total bonds outstanding were \$18,565,000. The District's bonds payable decreased \$1,855,000 during the fiscal year. The bonds are scheduled to be paid off on July 1, 2022. The average coupon rate is 5.22%, which is less than the amount the District would have been charged by Contra Costa County Employees' Retirement Association. The bonds are discussed in Note 7.

### Capital Assets

As of June 30, 2016, the District's net investment in capital assets totaled \$8,327,292 which is a decrease of \$1,138,750 over the net investment in capital asset balance at June 30, 2015. Capital assets include the District's entire major infrastructure incorporating land, fire stations and buildings, apparatus, vehicles, firefighting equipment and furniture.

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

Significant capital asset activity during the current fiscal year included the following:

- The District stopped the development process for Station 46 and sold the property previously purchased to build the new Station 46. The sale proceeds were \$1,579,330 and the carrying value of the property was \$1,263,823 resulting in a gain of \$315,507.
- The District began the Station 43 rebuild project with construction in progress of \$210,407. This project is funded through a lease/purchase agreement issued in May 2016 in the amount of \$4,069,000.
- The District purchased two new ambulances at a cost of \$461,638

Additional information on the District's capital assets can be found in Note 5.

### Economic Outlook

The District continued to improve its financial condition during 2015/16. Faced with unprecedented fiscal challenges three years ago, the District began to strengthen the financial health of the District. The District adopted a balanced budget for fiscal year 2015/16. Unassigned fund balance in the General Fund was \$3,689,075 at June 30, 2016, or 19% of budgeted General Fund revenue. This exceeded the District's minimum fund balance policy of 10%.

In order to continue to control expenditures, the District continued to reduce daily minimum staffing during the winter and spring. In response to the severe drought conditions, the District increased daily staffing during the summer and fall. In addition, the District reduced other spending in the General Fund to match revenue. This was accomplished by continuing to leave one chief officer position unfilled. The District also increased General Fund revenue through increased charges for services.

## Attachment A



The District continued to address its unfunded liability for retiree health insurance. The District maintains an Other Post Employment Benefits (OPEB) trust account. The purpose of an OPEB trust is to accumulate funds for payment of the District's future retiree health insurance costs. During 2015/16 the District made the annual contribution to the trust account in the amount of \$94,000. The establishment of the account reduces the District's net OPEB liability and strengthens the District's financial position. In addition, in order to control the OPEB unfunded liability, employee and retiree health insurance is capped at a fixed dollar amount with no future increases in existing labor agreements. For all new hires, retiree medical insurance is reduced to a required minimum amount.

The severe drought facing the State of California is another significant issue for the District. The District monitors and adjusts daily staffing levels in response to risks within the District.

The District regularly reviews financial projections and makes adjustments based on recent trends in revenue and expenditures. District spending choices are prioritized and reflect public values, with service levels balanced against adequate funding to maintain facilities, vehicles and equipment while providing sustainable employee compensation and benefits. The District continues to monitor revenues, expenditures and overall financial condition while striving to maintain a high level of service to the community.

The District maintains a Long Range Financial Plan to project anticipated revenues and expenditures for a 15 year period. The Plan helps the District identify and anticipate future financial challenges.

The United States has historically experienced a recession every 7 to 9 years. The economy is currently 7 years into the recovery since the last recession, which ended in 2009. As a result of the last recession, the District experienced decreased property tax revenue and increased retirement costs. Prudent levels of fund balance reserves are necessary to help the District adjust when the next economic downturn occurs.

In summary, the District remains committed to providing the highest level of emergency and public service in response to the needs of our community within its financial constraints.

### **Financial Contact**

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances. Questions about this Report should be directed to the Administrative Services Division, at 1280 Moraga Way, Moraga, CA 94556.



## Moraga-Orinda Fire Protection District

### Statement of Net Position

June 30, 2016

	<b>Governmental Activities</b>
	<b>2016</b>
<b>ASSETS</b>	
<b>Current assets:</b>	
Cash and investments	\$ 9,632,435
Restricted cash and investments	6,591,054
Receivables, net	1,161,045
Other assets	22,525
<b>Total current assets</b>	<u>17,407,059</u>
<b>Noncurrent assets:</b>	
Prepaid items	19,833,461
Capital assets, net	8,327,292
<b>Total noncurrent assets</b>	<u>28,160,753</u>
<b>Total assets</b>	<u>45,567,812</u>
<b>Deferred outflows - Pension plan</b>	<u>12,186,885</u>
<b>Total assets and deferred outflows</b>	<u>\$ 57,754,697</u>
<b>LIABILITIES</b>	
<b>Current liabilities:</b>	
Accounts payable and accrued liabilities	\$ 171,094
Salaries and benefits payable	890,997
Interest payable	496,738
Compensated absences - current portion	165,000
Current portion of long-term liabilities	2,383,359
<b>Total current liabilities</b>	<u>4,107,188</u>
<b>Noncurrent liabilities:</b>	
Net pension obligation	39,299,357
Compensated absences	359,429
Net OPEB obligation	6,816,633
Due after one year	20,593,333
<b>Total noncurrent liabilities</b>	<u>67,068,752</u>
<b>Total liabilities</b>	<u>71,175,940</u>
<b>Deferred inflows - Pension plan</b>	<u>6,529,982</u>
<b>NET POSITION</b>	
Net investment in capital assets	8,327,292
Restricted for:	
Debt service	2,587,823
Capital projects	10,068,070
Unrestricted (deficit)	(40,934,410)
<b>Total net position</b>	<u>(19,951,225)</u>
<b>Total liabilities, deferred inflows, and net position</b>	<u>\$ 57,754,697</u>

The accompanying notes are an integral part of these basic financial statements.



**Moraga-Orinda Fire Protection District**  
**Statement of Activities**

For the year ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				2016
<b>Governmental activities:</b>				
Fire protection - operations	\$ 20,386,873	\$ 1,303,760	\$ 436,499	\$ (18,646,614)
Interest on long-term debt	1,079,259	-	-	(1,079,259)
<b>Total governmental activities</b>	<b>\$ 21,466,132</b>	<b>\$ 1,303,760</b>	<b>\$ 436,499</b>	<b>\$ (19,725,873)</b>
General revenues:				
Taxes:				
Property taxes				20,693,314
Fire flow taxes				1,070,214
Investment earnings				10,948
State and federal grants				158,460
Other Revenues				406,279
Gain on sale of capital assets				315,507
Total general revenues				<u>22,654,722</u>
Change in net position				2,928,849
Net position:				
Net position - beginning				(22,880,074)
Net position - ending				<u>\$ (19,951,225)</u>

The accompanying notes are an integral part of these basic financial statements.



## Moraga-Orinda Fire Protection District

### Balance Sheet

Governmental Funds

June 30, 2016

	<b>Major Funds</b>			<b>Total Governmental Fund</b>
	<b>General Fund</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
<b>ASSETS</b>				
Cash and investments	\$3,555,273	\$ -	\$ 6,077,162	\$ 9,632,435
Restricted cash and investments	-	2,587,350	4,003,704	6,591,054
Receivables:				
Taxes	621,134	-	-	621,134
Interest	3,224	473	4,427	8,124
Intergovernmental	-	-	-	-
Ambulance billing	420,933	-	-	420,933
Other receivable	110,854	-	-	110,854
Other assets	22,525	-	-	22,525
<b>Total assets</b>	<b>\$4,733,943</b>	<b>\$2,587,823</b>	<b>\$10,085,293</b>	<b>\$17,407,059</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 153,871	\$ -	\$ 17,223	\$ 171,094
Salaries and benefits payable	890,997	-	-	890,997
<b>Total liabilities</b>	<b>1,044,868</b>	<b>-</b>	<b>17,223</b>	<b>1,062,091</b>
<b>Fund balances:</b>				
Restricted for debt service	-	2,587,823	-	2,587,823
Restricted for capital projects	-	-	4,003,704	4,003,704
Committed for capital projects	-	-	6,064,366	6,064,366
Unassigned	3,689,075	-	-	3,689,075
<b>Total fund balances</b>	<b>3,689,075</b>	<b>2,587,823</b>	<b>10,068,070</b>	<b>16,344,968</b>
<b>Total liabilities and fund balances</b>	<b>\$4,733,943</b>	<b>\$2,587,823</b>	<b>\$10,085,293</b>	<b>\$17,407,059</b>

The accompanying notes are an integral part of these basic financial statements.



**Moraga-Orinda Fire Protection District**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
 June 30, 2016

**Total fund balances reported on the governmental funds balance sheet**      \$ 16,344,968

Amounts reported for governmental activities in the Statement of Net Position are different from those reported in the Governmental Funds due to the following:

**CAPITAL ASSETS**

Capital assets amount reported in governmental activities are not current assets or financial resources and therefore are not reported in the Governmental Funds balance sheet. 8,327,292

**LONG-TERM ASSETS AND LIABILITIES**

Prepaid pension, net of accumulated amortization, is not a current asset and therefore is not reported in the Governmental Funds balance sheet. 19,833,461

Pension obligations result in deferred outflows and inflows of resources associated with the actuarial value of contributions, assets, and liabilities

Deferred outflows	12,186,885	
Deferred inflows	(6,529,982)	5,656,903

Long-term liabilities is not due and payable in the current period and therefore is not reported in the Governmental Funds balance sheet.

Interest payable	(496,738)	
Net pension obligation	(39,299,357)	
Compensated absences	(524,429)	
Net OPEB obligation	(6,816,633)	
Long term debt	(22,976,692)	(70,113,849)

**Net position of governmental activities** \$ (19,951,225)

The accompanying notes are an integral part of these basic financial statements.



**Moraga-Orinda Fire Protection District**  
**Reconciliation of Fund Basis Balance Sheet to Government-wide**  
**Statement of Net Position**

Governmental Activities

June 30, 2016

ASSETS	Governmental			Statement of Net Position
	Funds Balance Sheet	Reclass	Changes in GAAP	
<b>Current assets:</b>				
Cash and investments	\$ 9,632,435	\$ -	\$ -	\$ 9,632,435
Restricted cash and investments	6,591,054	-	-	6,591,054
Receivables (net)	1,161,045	-	-	1,161,045
Other assets	22,525	-	-	22,525
<b>Total current assets</b>	<b>17,407,059</b>	<b>-</b>	<b>-</b>	<b>17,407,059</b>
<b>Noncurrent assets:</b>				
Prepaid items	-	-	19,833,461	19,833,461
Capital assets, net	-	-	8,327,292	8,327,292
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>28,160,753</b>	<b>28,160,753</b>
<b>Total assets</b>	<b>17,407,059</b>	<b>-</b>	<b>28,160,753</b>	<b>45,567,812</b>
<b>Deferred outflows</b>	<b>-</b>	<b>-</b>	<b>12,186,885</b>	<b>12,186,885</b>
<b>Total assets and deferred outflows</b>	<b>\$ 17,407,059</b>	<b>\$ -</b>	<b>\$ 40,347,638</b>	<b>\$ 57,754,697</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable & accrued liabilities	\$ 171,094	\$ -	\$ -	\$ 171,094
Salaries and benefits payable	890,997	-	-	890,997
Interest payable	-	-	496,738	496,738
Compensated absences	-	-	165,000	165,000
Current portion of long-term liabilities	-	-	2,383,359	2,383,359
<b>Total current liabilities</b>	<b>1,062,091</b>	<b>-</b>	<b>3,045,097</b>	<b>4,107,188</b>
<b>Noncurrent liabilities:</b>				
Net pension obligation	-	-	39,299,357	39,299,357
Compensated absences	-	-	359,429	359,429
Net OPEB obligation	-	-	6,816,633	6,816,633
Due after one year	-	-	20,593,333	20,593,333
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>67,068,752</b>	<b>67,068,752</b>
<b>Total liabilities</b>	<b>1,062,091</b>	<b>-</b>	<b>70,113,849</b>	<b>71,175,940</b>
<b>Deferred inflows</b>	<b>-</b>	<b>-</b>	<b>6,529,982</b>	<b>6,529,982</b>
<b>FUND BALANCES/NET POSITION</b>				
<b>Fund balances:</b>				
Restricted	6,591,527	(6,591,527)	-	-
Committed	6,064,366	(6,064,366)	-	-
Unassigned	3,689,075	(3,689,075)	-	-
<b>Net position:</b>				
Invested in capital assets, net of related debt	-	-	8,327,292	8,327,292
Restricted	-	6,591,527	6,064,366	12,655,893
Unrestricted	-	9,753,441	(50,687,851)	(40,934,410)
<b>Total fund balances/net position</b>	<b>16,344,968</b>	<b>-</b>	<b>(36,296,193)</b>	<b>(19,951,225)</b>
<b>Total liabilities, deferred inflows, and net position</b>	<b>\$ 17,407,059</b>	<b>\$ -</b>	<b>\$ 40,347,638</b>	<b>\$ 57,754,697</b>

The accompanying notes are an integral part of these basic financial statements.





**Moraga-Orinda Fire Protection District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
 For the year ended June 30, 2016

	Major Funds			Totals
	General Fund	Debt Service	Capital Projects	
<b>REVENUES:</b>				
Property taxes	\$ 17,624,221	\$ 3,069,093	\$ -	\$ 20,693,314
Fire flow taxes	-	-	1,070,214	1,070,214
Use of money and property	2,938	3,013	4,997	10,948
Intergovernmental	594,959	-	-	594,959
Charges for services	228,372	-	78,000	306,372
Charges for services - Ambulance	997,388	-	-	997,388
Other revenues	395,735	-	10,544	406,279
<b>Total revenues</b>	<b>19,843,613</b>	<b>3,072,106</b>	<b>1,163,755</b>	<b>24,079,474</b>
<b>EXPENDITURES:</b>				
Fire protection:				
Salaries	7,517,701	-	-	7,517,701
Overtime	1,832,377	-	-	1,832,377
Benefits	5,830,823	-	-	5,830,823
OPEB Contribution	94,000	-	-	94,000
Retiree health insurance	859,224	-	-	859,224
Service and supplies	1,981,364	-	110,157	2,091,521
Capital outlay	-	-	792,794	792,794
Debt service:				
Principal	-	1,855,000	81,862	1,936,862
Interest and fiscal charges	-	1,017,509	73,767	1,091,276
<b>Total expenditures</b>	<b>18,115,489</b>	<b>2,872,509</b>	<b>1,058,580</b>	<b>22,046,578</b>
<b>REVENUES OVER EXPENDITURES</b>	<b>1,728,124</b>	<b>199,597</b>	<b>105,175</b>	<b>2,032,896</b>
<b>OTHER FINANCING SOURCES:</b>				
Lease proceeds	-	-	4,069,000	4,069,000
Proceeds from sales of assets	370	-	1,579,330	1,579,700
<b>Total other financing sources</b>	<b>370</b>	<b>-</b>	<b>5,648,330</b>	<b>5,648,700</b>
<b>Net change in fund balances</b>	<b>1,728,494</b>	<b>199,597</b>	<b>5,753,505</b>	<b>7,681,596</b>
<b>FUND BALANCES:</b>				
Beginning of year	1,960,581	2,388,226	4,314,565	8,663,372
End of year	\$ 3,689,075	\$ 2,587,823	\$ 10,068,070	\$ 16,344,968

The accompanying notes are an integral part of these basic financial statements.



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**Moraga-Orinda Fire Protection District**  
**Reconciliation of Fund Based Statements to**  
**Government-wide Statement of Activities**

For the year ended June 30, 2016

<u>Functions/Programs</u>	<u>Fund Based Totals</u>	<u>Debt Service/ Compensated Absences</u>	<u>Depreciation</u>
<b>Governmental activities:</b>			
Fire protection - operations	\$ 18,225,646	\$ 52,691	\$ 642,285
Capital outlay	792,794	-	-
Debt service	3,028,138	(1,948,879)	-
<b>Total governmental activities</b>	<b>\$ 22,046,578</b>	<b>\$ (1,896,188)</b>	<b>\$ 642,285</b>

The accompanying notes are an integral part of these basic financial statements.

<u>Prepaid item Amortization</u>	<u>Capital Asset (Additions)/ Retirements</u>	<u>OPEB</u>	<u>Pension</u>	<u>Government- wide Totals</u>
\$ 1,926,872	\$ (125,701)	\$ 260,776	\$ (595,696)	\$ 20,386,873
-	(792,794)	-	-	-
-	-	-	-	\$ 1,079,259
<u>\$ 1,926,872</u>	<u>\$ (918,495)</u>	<u>\$ 260,776</u>	<u>\$ (595,696)</u>	<u>\$ 21,466,132</u>



**Moraga-Orinda Fire Protection District**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the**  
**Statement of Activities**

For the year ended June 30, 2016

**Net change in fund balances - total governmental funds** \$ 7,681,596

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

**CAPITAL ASSETS TRANSACTIONS**

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense:

Capital asset purchases capitalized	792,794	
Depreciation expense	(642,285)	
Capital asset retirements	125,701	
Gain from sale of capital assets	315,507	
Proceeds from the sale of capital assets	<u>(1,579,700)</u>	(987,983)

**LONG TERM DEBT PAYMENTS**

Issuance of long term debt is an other financing source in the governmental funds, but in the Statement of Net Position the issuance increases long term liabilities:

Capital leases		(4,069,000)
----------------	--	-------------

Repayment of debt principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long term liabilities:

Repayment of Pension obligation bond principal	1,855,000	
Repayment of capital lease obligations	81,862	
Amortization of prepaid pension	<u>(1,926,872)</u>	9,990

**ACCRUAL OF NON-CURRENT LIABILITIES**

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in net pension obligation	(10,686,510)	
Change in deferred outflows of resources	11,809,118	
Change in deferred inflows of resources	(526,912)	
Change in long-term compensated absences	(52,691)	
Change in interest payable	12,017	
Change in Net OPEB obligation	<u>(260,776)</u>	294,246

**Change in net position of governmental activities** \$ 2,928,849

The accompanying notes are an integral part of these basic financial statements.



**Moraga-Orinda Fire Protection District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget to Actual - General Fund**  
 For the year ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance With Amended Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 17,214,715	\$ 17,374,193	\$ 17,624,221	\$ 250,028
Use of money and property	-	-	2,938	2,938
Intergovernmental	413,363	593,735	594,959	1,224
Charges for services	209,099	203,767	228,372	24,605
Charges for services - Ambulance	914,000	992,000	997,388	5,388
Other revenues	611,500	296,592	395,735	99,143
<b>Total revenues</b>	<b>19,362,677</b>	<b>19,460,287</b>	<b>19,843,613</b>	<b>383,326</b>
<b>EXPENDITURES:</b>				
Fire protection:				
Salaries	7,690,078	7,862,149	7,517,701	344,448
Overtime	2,258,000	2,108,422	1,832,377	276,045
Benefits	5,961,668	5,966,175	5,830,823	135,352
OPEB contribution	94,000	94,000	94,000	-
Retiree health insurance	898,000	871,000	859,224	11,776
Service and supplies	2,173,080	2,241,607	1,981,364	260,243
<b>Total expenditures</b>	<b>19,074,826</b>	<b>19,143,353</b>	<b>18,115,489</b>	<b>1,027,864</b>
<b>REVENUES OVER EXPENDITURES</b>	<b>287,851</b>	<b>316,934</b>	<b>1,728,124</b>	<b>1,411,190</b>
<b>OTHER FINANCING SOURCES:</b>				
Proceeds from sales of assets	1,000	2,000	370	(1,630)
<b>Total other financing sources</b>	<b>1,000</b>	<b>2,000</b>	<b>370</b>	<b>(1,630)</b>
<b>Net change in fund balances</b>	<b>288,851</b>	<b>318,934</b>	<b>1,728,494</b>	<b>1,409,560</b>
<b>FUND BALANCES:</b>				
Beginning of year	1,960,581	1,960,581	1,960,581	-
End of year	<u>\$ 2,249,432</u>	<u>\$ 2,279,515</u>	<u>\$ 3,689,075</u>	<u>\$ 1,409,560</u>

The accompanying notes are an integral part of these basic financial statements.



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## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting principles. On June 15, 1987, GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The District applies all GASB pronouncements to its activities.

### **A. Description of the Reporting Entity**

The Moraga-Orinda Fire Protection District (District) was incorporated on July 1, 1997 as an independent special district, under the laws and regulations of the State of California (State). The District was formed through the consolidation of the Moraga Fire Protection District and the Orinda Fire Protection District, to provide more efficient fire protection and emergency medical services. The principal act that governs the District is the Fire Protection District Law of 1987.

The District provides fire protection, rescue, and emergency medical services to an area approximately 63 square miles, including the City of Orinda, the Town of Moraga, some unincorporated county areas adjacent to the municipalities, and the community of Canyon. The District also provides automatic aid into Lafayette and State Responsibility Areas that lie within the District's boundaries. A five member board of directors, elected by voters, governs the District.

As required by GAAP, these financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. This component unit is reported on a blended basis. A blended component unit, although a legally separate entity, is, in substance, part of the government's operations and so data from this unit is combined with data of the primary government. The financial statement of the individual component unit, if applicable as indicated below, may be obtained by writing to the Moraga-Orinda Fire Protection District, Finance Department, 1280 Moraga Way, Moraga, CA 94556.

The District's reporting entity includes the following blended component unit:

The Moraga-Orinda Fire Protection District Public Facilities Financing Corporation (Corporation) was established to provide for financing of public capital improvements for the District, the Corporation and other local agencies. The Board of Directors serve as the Governing Board of the Corporation and all accounting and administrative functions are performed by the District, which records all activity of the Corporation as a blended component unit. Financial information for the Corporation may be obtained from the District's finance department.





## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

### B. Basis of Presentation

#### *Government-Wide Financial Statements*

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Amounts reported as *program revenues* include 1) charges to residents for fire protection services, or privileges provided by a given function or segment 2) grants and contributions for fire protection services. All taxes and internally dedicated resources are reported as *general revenues* rather than program revenues.

#### *Fund Financial Statements*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized by governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type; and,
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

The District reports the following major funds:

- General Fund
- Debt Service Fund
- Capital Projects Fund

The funds of the financial reporting entity are described below.

### **Governmental Funds**

#### *General Fund*

The General Fund is the general operating fund of the District. It is used to account for the District's resources which are not required legally or by sound financial management to be accounted for in another fund. The major revenue sources for this fund are property taxes and



## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

ambulance service fees. Expenditures are made for the District's general operating expenditures, the fixed charges, and the capital costs that are not paid through other funds.

### *Debt Service Fund*

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Resources are provided by property tax revenue.

### *Capital Projects Fund*

The Capital Projects Fund is used to account for financial resources used for the replacement of fire-fighting equipment, software and equipment, apparatus, building upgrades, acquisition and construction of major capital projects. Resources are provided by the fire flow tax.

## **C. Measurement Focus**

Measurement focus is a term used to describe which transactions are recorded within the various financial statements.

On the government-wide Statement of Net Position and the Statement of Activities, governmental and business-type activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with activities are reported. Fund equity is classified as Net Position, which serves as an indicator of financial position.

In the fund financial statements, the "current financial resources" measurement focus is used for governmental funds. Only current financial assets and liabilities are generally included on the balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

## **D. Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means the amount is collectible within the current period or



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

soon enough thereafter to pay current liabilities. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year end, with the exception of grant revenues. Grant revenues are considered to be available if collected within 180 days of the end of the current fiscal period.

Property taxes, fire flow taxes, permits, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

### E. Cash Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The District pools cash and investments from all funds for the purpose of increasing income through investment activities. Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Market value is used as fair value for those securities for which market quotations are readily available.

### F. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. The District currently reports no interfund transactions, including receivables and payables at year-end.

### G. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes, fire flow taxes, intergovernmental subventions, interest earnings, and expense reimbursements.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, fire flow tax, and intergovernmental subventions since they are usually both measurable and available. Non-exchange transactions collectible but not available, such as property tax, are deferred in the fund financial statements in accordance with the



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis.

Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. The District estimates and records an allowance for doubtful accounts based on prior experience.

**H. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In the governmental fund financial statements, prepaid items are offset with nonspendable fund balance to indicate they do not constitute current resources available for appropriation.

**I. Capital Assets**

The District's capital assets are valued at historical cost or estimated historical cost, if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Policy has set the capitalization threshold for reporting at \$5,000 and with a useful life greater than one year.

*Government-Wide Statements*

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over assets estimated useful life using the straight-line method of depreciation. No depreciation is recorded in the year of disposition.

The range of estimated useful lives by type of asset is as follows:

Buildings	30 years
Vehicles	10-25 years
Equipment	5-15 years

*Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**J. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

will not be recognized as an outflow of resources (expense/ expenditure) until then. The District reports deferred outflows of resources for its pension plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources for its pension plan.

### K. Compensated Absences

Employees accrue vacation, sick, holiday, administrative leave and compensatory time off benefits. District employees have vested interests in the amount of accrued time off, with the exception of sick leave and administrative leave, and are paid on termination. Also, annually some employees may elect to be compensated for up to 80 hours of unused vacation leave. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements and is currently payable. The District had no employee resignations or retirements for which compensated absences should be accrued in governmental funds at year-end. The general fund is used to liquidate compensated absences.

### L. Pensions

The District recognizes a net pension liability, which represents the District's proportionate share of the excess of the total pension liability over the fiduciary net position of the Plan reflected in an actuarial report provided by the Contra Costa County Employees' Retirement Association (CCCERA). The net pension liability is measured as of the District's prior Plan year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change in the liability. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources relating to pensions and pension expense, information about the fiduciary net position of the District's pension plan with CCCERA and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CCCERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

### M. Equity Classification

#### *Government-Wide Statements*

Equity is classified as net position and is displayed in three components:

- a. *Net investment in capital assets* – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* – consists of net position with constraints placed on the use by external groups such as creditors, grantors, contributors, or by laws or regulations of other governments or law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

#### *Fund Financial Statements*

Governmental fund equity is classified as fund balance. Fund balance is classified as nonspendable, restricted, committed, assigned, or unassigned. The classifications for governmental funds are defined as follows by the District’s Fund Balance Policy:

#### ***Nonspendable Fund Balance***

- Assets that will never convert to cash (prepaid items, inventory)
- Assets that will not convert to cash soon enough to affect the current period (long-term notes or loans receivable).
- Resources that must be maintained intact pursuant to legal or contractual requirements (the principal of an endowment).

#### ***Restricted Fund Balance***

- Resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government (creditors, grantors, contributors and other governments).
- Resources that are subject to limitations imposed by law through constitutional provisions or enabling legislation.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

### ***Committed Fund Balance***

- Self-imposed limitations set in place prior to the end of the period (encumbrances, economic contingencies and uncertainties).
- Limitation at the highest level of decision-making (Board) that requires formal action at the same level to remove.
- Board Resolution is required to be taken to establish, modify, or rescind a fund balance commitment.
- Fund balance derived from the Fire Flow Tax is committed to pay for District capital improvement projects as approved by the Board of Directors. The amount is equal to the fund balance of the Capital Projects fund.

### ***Assigned Fund Balance***

- Amounts in excess of nonspendable, restricted, and committed fund balance in funds other than the general fund automatically are reported as assigned fund balance.
- Fund Balance committed to pay for the subsequent year's budget deficit. The amount is equal to the projected excess of budgeted expenditures over budgeted revenues by fund.
- Assigned amounts for a specific purpose are as authorized by the District's Fire Chief or Administrative Services Director through its fund balance policy.

### ***Unassigned Fund Balance***

- Residual net resources.
- Total fund balance in the general fund in excess of nonspendable, restricted, committed and assigned fund balance (surplus).
- Excess of nonspendable, restricted, and committed fund balance over total fund balance (deficit).

### ***Fund Balance Policy***

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain unrestricted fund balance in its District funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed and unassigned fund balances are considered unrestricted.

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The District has adopted a policy to achieve and maintain unrestricted fund balance in the General Fund of 10% of budgeted General Fund revenue at fiscal year-end.

### N. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

### O. Property Tax

The County of Contra Costa is responsible for assessing, collecting and apportioning property taxes for the District. Under California law, property taxes are assessed and collected by the County up to 1% of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas. The District recognizes property taxes when the individual installments are due, provided they are collected within 60 days after year-end.

Secured property taxes are levied on or before the first day of September of each year. They become a lien on real property on March 1 preceding the fiscal year for which taxes are levied. These taxes are paid in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Secured property taxes, which are delinquent and unpaid as of June 30, are declared to be tax defaulted and are subject to redemption penalties, cost, and interest when paid. If the delinquent taxes are not paid at the end of five years, the property is sold at public auction and the proceeds are used to pay the delinquent amounts due. Any excess is remitted, if claimed, to the taxpayer. Additional tax liens are created when there is a change in ownership of property or upon completion of new construction. Tax bills for these new tax liens are issued throughout the fiscal year and contain various payments and delinquent dates, but are generally due within one year. If the new tax liens are lower, the taxpayer receives a tax refund rather than a tax bill. Unsecured personal property taxes are not a lien against real property. These taxes are due on March 1, and become delinquent, if unpaid on August 31.

The District participates in an alternative method of distribution of property tax levies and assessments known as the "Teeter Plan." The State Revenue and Taxation Code allow counties to distribute secured real property, assessment, and supplemental property taxes on an accrual basis resulting in full payment to taxing agencies each fiscal year. Any subsequent delinquent payments and penalties and interest during a fiscal year will revert to the County. The Teeter Plan payment, which includes 95% of the outstanding accumulated delinquency, is included in property tax revenue retained by the County under the revenue neutrality agreement. Under the Teeter Plan Code, 5% of the delinquency must remain with the County as a reserve for Teeter plan funding.





## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

### **P. Fire Flow Taxes**

Fire flow taxes represent a special tax on property on the secured tax roll, collected by the District since its inception in 1997. The fire flow taxes are collected in each of the District's two service zones for the purpose of obtaining, furnishing, operating, and maintaining fire protection, prevention and suppression and emergency medical equipment, apparatus or facilities, including water distribution facilities for fire suppression purposes, for paying the salaries and benefits of firefighting and emergency medical personnel, and for such other fire protection, prevention and suppression and emergency medical expenses as are deemed necessary by the District. For fiscal year 2015-2016, the fire flow tax rate was established at six cents (\$0.06) in Moraga, and six cents (\$0.06) in Orinda.

### **Q. Budgetary Accounting**

The District Board of Directors establishes budgets for the General Fund, Debt Service Fund and Capital Projects Fund. Budgetary control is legally maintained at the fund level for these funds. The budget includes appropriations (budgeted expenditures) on a line-item basis and the means of financing them (budgeted revenues.) The coordinators of the Budget are the Fire Chief, Administrative Services Director or designee(s), with direct support from each division in the District.

Budget development begins with a mid-year Budget review in January or during a month selected by the Fire Chief. The mid-year review is a detailed analysis of District revenue and expenditure line items for the current fiscal year. The District fiscal year is from July 1 through June 30 of the next calendar year. The mid-year review is published and distributed to the Board, staff and general public for consideration during the month of January or during a month selected by the Fire Chief. The mid-year financial analysis provides the starting point for next fiscal year's Budget.

Administrators receive a written Budget Packet and a written Budget Timeline in February that provides detailed instructions and deadlines for the Budget process. Administrators meet with the Fire Chief or designated representative and submit the following for the next fiscal year: 1) goals and objectives, 2) preliminary Budget requests, 3) personnel requests and 4) capital equipment requests. During this time, revenue sources are projected by Administrative Services Division staff.

A draft Budget is compiled for review by the Fire Chief, Administrative Services Director or designated representative(s). Individual meetings with each division are held with the Fire Chief or designated representative as deemed necessary by the Fire Chief. Programs, projects and staffing are reviewed in these sessions and approval is dependent on available funding and Fire Chief's recommendation.

Recommendations and revisions from division review sessions are incorporated into the Proposed Budget. The Proposed Budget is submitted to the Board in May for detailed review, public comment and Board direction in a public meeting. Public requests and concerns are considered during this time.



## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

### **Q. Budgetary Accounting, Continued**

After deliberation and final changes, the Budget is adopted by the Board of Directors. Preferably the Budget is adopted in June, prior to the beginning of the next fiscal year. In the event of unusual circumstances, the Budget may be adopted after the beginning of the fiscal year. Regardless, in accordance with Health and Safety Code Section 13895, the final Budget is adopted by October 1 of each fiscal year.

Formal budgetary integration is employed as a management control device during the year for all funds. Budgeted and actual revenues and expenditures are reviewed monthly by the Board and budget amendments and transfers are made as needed. The Accountant monitors appropriations on a division basis and conveys this information to the Fire Chief who can approve appropriation transfers so long as appropriations in total by fund do not change. This approach allows the Fire Chief to hold division heads accountable. The District reports expenditures and appropriations on a line-item basis to the Board.

Only the Board may approve amendments to appropriations in total by fund. This approach allows the Board to hold the Fire Chief accountable for the overall District operations.

Budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. Budgeted amounts presented in the financial statements are as originally adopted and as amended by the Board. Supplemental amendments to the budget were adopted by the Board and have been included in the budget to actual statements.

### **R. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.



## 2. CASH AND INVESTMENTS

At June 30, 2016, the District's pooled cash and investments, classified by maturity, consisted of the following stated at fair market value:

	Balance June 30, 2016
Cash in bank	\$ 455,616
Cash with Contra Costa County	771,523
Money Market	4,003,704
Petty cash	200
State of California Local Agency Investment Fund (LAIF)	8,405,096
Total cash equivalents and investments pooled	13,636,139
Restricted cash with fiscal agent	2,587,350
Total cash and investments	<u>\$ 16,223,489</u>

California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. During the year ended June 30, 2016, the District's permissible investments included the following instruments:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>
U.S. Treasury Obligations	5 Years
U.S. Agency Securities	5 Years
Insured or Collateralized Certificates of Deposit	5 Years
State of California Local Agency Investment Fund	N/A
Local Government Investment Pools	N/A
Money Market Funds	N/A
Passbook Savings and Money Market Accounts	N/A

*Interest rate risk* – In accordance with its investment policy, the District manages its exposures to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than 5 years.

*Credit risk* – The State of California Local Agency Investment Fund is not rated. As of June 30, 2016 the District's investments in money market funds were not rated.

*Concentration of credit risk* – The investments made by the District are limited to those allowable under State statutes as incorporated into the District's Investment Policy, which is accepted annually by the District Board. There were no concentrations in any one issuer for the year.

The District participates in an investment pool managed by Contra Costa County which has invested 0.21% of the pool funds in Structured Notes and Asset-Backed Securities. The County's investments are subject to credit risk with the full faith and credit of Contra Costa County collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.



## 2. CASH AND INVESTMENTS, Continued

The District participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested 2.81% of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

*Custodial credit risk – deposits.* For deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's Investment Policy addresses custodial credit risk, which follows the Government Code. Any uninsured bank balance is collateralized by the pledging financial institutions at 110% of the deposits, in accordance with the State of California Government Code.

At June 30, 2016, the carrying amount of the District's deposits was \$455,616 and the balances in financial institutions were \$817,406. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$567,406 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the District and other governmental agencies, but not in the name of the District.

*Custodial credit risk – investments.* For investments, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside counterparty. For the investments maintained by the District, no security was uninsured or unregistered or held by a brokerage firm which is also the counterparty for the security.

**Investment in LAIF:** LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$22,712,084,628 of which the District had a balance of \$8,405,096, which approximated market value and was managed by the State Treasurer. Of the total invested, 97.19% was invested in non-derivative financial products and 2.81% in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.



### 3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2016:

	Balance June 30, 2016
Taxes	\$621,134
Interest	8,124
Ambulance billing	420,933
Other receivable	110,854
Total accounts receivable	<u>\$1,161,045</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	53.5%
Financial Institutions	0.7%
Businesses	36.3%
Other	9.5%

Amounts do not indicate a significant concentration (greater than 26%) with any single individual, business, or agency.

### 4. PREPAID ITEMS

In October 2005, the District issued bonds to retire unfunded actuarial accrued pension liability (UAAL) with the Contra Costa County Employees' Retirement Association (CCCERA).

The UAAL was estimated to be \$28,217,911 in October 2005. As a result, the District contributed \$28,217,911 in October 2005 to CCCERA. The prepayment of the UAAL is amortized over an 18 year period starting the fiscal year 2005-2006 as determined by the CCCERA actuaries. The amortization schedule as determined by CCCERA actuaries is as follows:

Year Ending June 30	Amortized Amount
2017	\$ 2,062,508
2018	2,377,072
2019	2,722,677
2020	3,101,400
2021	3,515,582
2022	3,967,083
2023	<u>2,087,139</u>
Total	<u>\$19,833,461</u>



## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<b>Governmental activities:</b>				
<b>Nondepreciable assets:</b>				
Land	\$ 1,273,750	\$ -	\$ (771,750)	\$ 502,000
Construction in Progress	685,465	231,552	(94,476)	822,541
<b>Total nondepreciable assets</b>	<b>1,959,215</b>	<b>231,552</b>	<b>(866,226)</b>	<b>1,324,541</b>
<b>Depreciable assets:</b>				
Buildings	6,824,013	-	(453,250)	6,370,763
Improvements	812,460	6,477	-	818,937
Equipment	1,601,867	93,127	-	1,694,994
Vehicles	5,926,800	461,638	-	6,388,438
<b>Total depreciable assets</b>	<b>15,165,140</b>	<b>561,242</b>	<b>(453,250)</b>	<b>15,273,132</b>
<b>Total</b>	<b>17,124,355</b>	<b>792,794</b>	<b>(1,319,476)</b>	<b>16,597,673</b>
<b>Accumulated depreciation:</b>				
Buildings	\$ 3,447,742	\$ 156,423	\$ (30,217)	\$ 3,573,948
Improvements	258,705	51,845	-	310,550
Equipment	380,452	137,853	-	518,305
Vehicles	3,571,414	296,164	-	3,867,578
<b>Total accumulated depreciation</b>	<b>7,658,313</b>	<b>642,285</b>	<b>(30,217)</b>	<b>8,270,381</b>
<b>Total net capital assets</b>	<b>\$ 9,466,042</b>	<b>\$ 150,509</b>	<b>\$ (1,289,259)</b>	<b>\$ 8,327,292</b>

Depreciation expense for capital assets was charged to functions as follows:

	Fiscal Year Ended June 30, 2016
Fire protection - operations	\$ 642,285
<b>Total</b>	<b>\$ 642,285</b>

## 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2016:

	Balance June 30, 2016
Accounts payable and accrued liabilities	\$171,094
Salaries and benefits payable	890,997
<b>Total</b>	<b>\$1,062,091</b>



## 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES, Continued

These amounts resulted in the following concentrations in payables:

Vendors 16%                      Employees 84%

Amounts do not indicate a significant concentration (greater than 25%) with any single vendor or employee.

## 7. LONG-TERM LIABILITIES

The District's long-term liabilities consist of taxable pension obligation bonds, lease obligations and compensated absences. The following is a summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
Pension obligation bonds	\$ 20,420,000	\$ -	\$ (1,855,000)	\$ 18,565,000	\$ 2,100,000
Capital lease obligations	424,554	-	(81,862)	342,692	83,359
Lease/purchase	-	4,069,000	-	4,069,000	200,000
Total debt	<u>20,844,554</u>	<u>4,069,000</u>	<u>(1,936,862)</u>	<u>22,976,692</u>	<u>2,383,359</u>
Compensated absences	<u>471,738</u>	<u>217,691</u>	<u>(165,000)</u>	<u>524,429</u>	<u>165,000</u>
Total long-term liabilities	<u>\$ 21,316,292</u>	<u>\$ 4,286,691</u>	<u>\$ (2,101,862)</u>	<u>\$ 23,501,121</u>	<u>\$ 2,548,359</u>

### Pension Obligation Bonds

On October 6, 2005, the District issued taxable Pension Obligation Bonds in the amount of \$28,435,000. The bonds bear a fixed annual interest rate of 5.22%. Principal amounts are paid in annual installments on July 1 and interest payments are due semi-annually on July 1 and January 1. The bonds will mature on July 1, 2022.

### Capital Lease Obligations

On June 17, 2015, the District entered into a five year lease agreement at a rate of 1.82% with JP Morgan Chase Bank for the purchase of two fully equipped ambulances. Payments are to be made semi-annually beginning December 2015 and ending June 24, 2020. Each installment is \$44,609.

### 2016 Lease/Purchase Agreement

On May 1, 2016 the District entered into a lease/purchase agreement in the amount of \$4,069,000 for the construction, renovation and equipping of Station 43 in Orinda, California. The agreement bears a fixed annual interest rate of 2.14%. Principal and interest amounts are paid in semi-annual installments on October 1 and April 1. The agreement matures on April 1, 2031.



## 7. LONG-TERM LIABILITIES, Continued

The following is the debt service obligations of the District:

Year Ending June 30	Pension Obligation Bond		2016 Lease/Purchase Agreement	
	Principal	Interest	Principal	Interest
2017	\$ 2,100,000	\$ 914,284	\$ 200,000	\$ 72,945
2018	2,360,000	797,878	240,000	81,513
2019	2,640,000	667,378	245,000	76,345
2020	2,945,000	521,609	250,000	71,080
2021	3,265,000	359,528	256,000	65,698
2022-2026	5,255,000	223,026	1,362,000	243,586
2027-2031	-	-	1,516,000	90,608
Total	<u>\$ 18,565,000</u>	<u>\$ 3,483,703</u>	<u>\$ 4,069,000</u>	<u>\$ 701,775</u>
Due within one year	\$ 2,100,000	\$ 914,284	\$ 200,000	\$ 72,945
Due after one year	16,465,000	2,569,419	3,869,000	628,830
Total	<u>\$ 18,565,000</u>	<u>\$ 3,483,703</u>	<u>\$ 4,069,000</u>	<u>\$ 701,775</u>

Year Ending June 30	Capital Lease		Total	
	Principal	Interest	Principal	Interest
2017	\$ 83,359	\$ 5,859	\$ 2,383,359	\$ 993,088
2018	84,883	4,335	2,684,883	883,726
2019	86,435	2,783	2,971,435	746,506
2020	88,015	1,203	3,283,015	593,892
2021	-	-	3,521,000	425,226
2022-2026	-	-	6,617,000	466,612
2027-2031	-	-	1,516,000	90,608
Total	<u>\$ 342,692</u>	<u>\$ 14,180</u>	<u>\$ 22,976,692</u>	<u>\$ 4,199,658</u>
Due within one year	\$ 83,359	\$ 5,859	\$ 2,383,359	\$ 993,088
Due after one year	259,333	8,321	20,593,333	3,206,570
Total	<u>\$ 342,692</u>	<u>\$ 14,180</u>	<u>\$ 22,976,692</u>	<u>\$ 4,199,658</u>





## 7. LONG-TERM LIABILITIES, Continued

### Compensated Absences

The District records employee absences, such as vacations, illness, deferred overtime, and holidays, for which it is expected that employees will be paid compensated absences. As of June 30, 2016, the District had a compensated absences balance of \$524,429.

## 8. NET POSITION/FUND BALANCES

### Net Position

As of June 30, 2016, net position is as follows:

<u>Net Position</u>	<u>June 30, 2016</u>
Net investment in capital assets	\$8,327,292
Restricted for:	
Debt Service	2,587,823
Capital Projects	10,068,070
Unrestricted (deficit)	(40,934,410)
Total	<u>\$(19,951,225)</u>

Restricted balances are for the same purposes as fund balance restrictions because external restriction requirements are the same. See descriptions of the restrictions below.

### Fund Balance

As of June 30, 2016, the District's Restricted and Committed fund balances are as follows:

<u>Fund Balances</u>	<u>June 30, 2016</u>
Restricted for debt service	\$ 2,587,823
Restricted for for capital projects	4,003,704
Committed for capital projects	6,064,366
Unassigned	3,689,075
Total	<u>\$ 16,344,968</u>

The following describes the purpose of each restriction and commitment account used by the District:

### Restricted

- **Debt Service** – represents amounts restricted for repayment of principal and payment of interest in the next calendar year of the District's Taxable Pension Obligation Bonds.
- **Capital Projects** – represents amounts restricted for District capital projects.



## 8. NET POSITION/FUND BALANCES, Continued

### Committed

- **Capital projects** – used to represent that portion of fund balance committed for capital construction and purchases. All balances reported in the Capital Projects Fund are committed for this purpose. This amount can only be changed by Board Resolution.

The District considers restricted amounts to have been spent prior to unrestricted amounts when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Committed, assigned, and unassigned amounts, in this order, are considered to have been spent when an expenditure is incurred for which amounts in any of those unrestricted fund balance classifications could be used.

## 9. RISK MANAGEMENT

The District is a member of the Fire Agencies Insurance Risk Authority (FAIRA), a public agency joint powers authority (JPA) providing insurance risk management services tailored to meet only specific needs of fire and emergency service agencies in the states of California and Nevada.

The FAIRA Joint Powers Authority is owned entirely by participating fire protection districts and agencies, and functions solely for their benefit. The District participates in the following FAIRA coverage:

### Property

Coverage for direct physical loss or damage to real and personal properties. In addition, the carrier will pay for actual loss of income and necessary expenses incurred during the period of restoration for up to one year if the insured operation is interrupted as a result of direct physical loss or damage to real or personal properties. The District has a deductible of up to \$5,000 per occurrence and a coverage limit of the replacement or declared value, whichever is lower of the real and personal properties.

### Crime

Coverage is provided for dishonest acts committed by an employee, forgery or alteration of checks, drafts, losses arising out of the failure of an individual to perform duties, loss or damage resulting from computer fraud. The District is self-insured for the first \$1,000 of each loss and insured for the next \$1,000 to \$500,000, except for computer fraud where the coverage is up to \$100,000.

### Portable Equipment

Coverage is provided for direct physical loss or damage to portable equipment. Portable equipment includes portable firefighting, ambulance or rescue related equipment and portable communications equipment commonly used in emergency, fire and rescue operations away from the insured's premises. Also includes equipment specific to fire fighting and rescue related activities, such as training videos, manuals, and mannequins. The District pays the first \$1,000 for deductible and the remaining replacement cost is covered by the insurance.



## 9. RISK MANAGEMENT, Continued

### General Liability

General liability covers bodily injury and property damage, personal injury and advertising injury, professional healthcare liability or medical expense. The District has no deductible and a coverage limit of up to \$1,000,000 for each occurrence (\$10,000 for medical expense) and annual limit of \$2,000,000.

### Management Liability

Covers monetary damages as a result of wrongful act arising out of employment related practices, administration of employee benefit plans and other wrongful acts. Coverage includes wrongful termination, sexual harassment, public officials' errors and omissions. For each wrongful act, the District pays the first \$5,000 and the insurance covers the remaining up to \$1,000,000 for each wrongful act and \$2,000,000 annual limit.

### Automobile Coverage

Covers bodily injury, property damage and automobile physical damage resulting from an accident involving vehicles such as fire engines, pumpers, ambulances, paramedic vans, rescue vans, private passenger and other vehicles. The insurance covers up to \$1,000,000 for bodily injury and property damage and uninsured/underinsured motorists and medical expenses of up to \$10,000. There is no deductible for the District.

A summary of the District's insurance coverage under FAIRA is as follows:

Coverage	Insurance Company/ Pool	Limit of Liability	Deductible/Self Insured Retention
Property	FAIRA	Replacement value  Up to 12 months loss of income/addtl exp \$100,000 money and securities	\$5,000 \$1,000 flood loss \$0 \$5,000
Crime	FAIRA	\$1,000,000	\$5,000
Portable Equipment	FAIRA	Replacement cost	\$1,000
General Liability	FAIRA	\$1,000,000 each occurrence \$10,000 medical expenses each accident	\$0 \$0
Management	FAIRA	\$1,000,000 each wrongful act	\$5,000
Automobile	FAIRA	\$1,000,000 \$10,000 medical payment	\$0 \$0



## 10. PENSION PLAN

### A. General Information about the Pension Plan

**Plan Descriptions** - Substantially, all qualified permanent and probationary District employees are eligible to participate in pension plans, either Safety (law enforcement, fire suppression, and certain others) or General (all other), offered by Contra Costa County Employees' Retirement Association (CCCERA), a cost sharing multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and County resolution. CCCERA provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries.

**B. Benefits Provided** - CCCERA provides service retirement and disability benefits, annual cost of living adjustments and death benefits to eligible employees. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for the Plan are determined annually on an actuarial basis by CCCERA; the District must contribute these amounts.

The Plan's provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Safety	Non-Safety
Benefit vesting schedule	5 years	5 years
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 or 57	55 or 67
Required employee contribution rates	15.51% – 21.81%	8.36% - 14.34%
Required employer contribution rates	71.03% 61.94% new hires	27.24% 23.79% new hires
Monthly benefits as percentage of annual salary	3% 2.7% new hires	2% 2.5% new hires

**C. Contributions** - The District is required to contribute at an actuarially determined rate which is established and may be amended by the CCCERA Board. The District's required contribution rate for the year ended June 30, 2016 was 71.03 percent and 27.24 percent of annual payroll as shown above. This amount is actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District's contributions for the years ended June 30, 2016 and 2015 were \$4,063,149, and \$4,517,403, respectively, which were equal to the required contributions for each year.

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2016	\$ 4,063,149	100%	\$ 39,299,357
2015	4,517,403	100%	28,612,847
2014	3,107,945	100%	35,211,427



## 10. PENSION PLAN, Continued

These contributions approximated 1.3%, 1.6% and 1.4%, respectively, of total plan contributions from all members participating in CCCERA. Retirement age varies and is based on different criteria, as described in the plan.

**D. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions** - At June 30, 2016, the District reported a liability of \$39,299,357 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2015, the District's proportion was 2.608%, which was an increase from its proportion measured as of December 31, 2014 of 2.393%

**E.** For the year ended June 30, 2016, the District recognized pension expense of \$4,063,149.

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions paid to CCCERA subsequent to measurement date	\$ 2,023,368	\$ -
Difference between expected and actual experience in the Total Pension Liability	-	3,967,457
Changes in assumptions or other inputs	1,465,867	1,114
Changes in proportion and differences between employer's contributions and proportionate share of contributions	-	2,561,411
Net excess of projected over actual earnings on pension plan investments	8,697,650	-
Total	<u>\$ 12,186,885</u>	<u>\$ 6,529,982</u>

\$2,023,368 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2016	\$ (1,660,416)
2017	(1,381,746)
2018	(1,381,746)
2019	(70,286)
2020	2,124,658
Thereafter	-



## 10. PENSION PLAN, Continued

**F. Actuarial Assumptions** - The Total Pension Liabilities as of December 31, 2015 and December 31, 2014 were determined by actuarial valuations as of December 31, 2014 and December 31, 2013, respectively. The actuarial assumptions used were based on the results of an experience study for the period January 1, 2012 through December 31, 2014. They are generally the same as the assumptions used in the December 31, 2014 and the December 31, 2015 funding actuarial valuations, except that, for GASB 68 purposes, the investment return assumption used is net of investment expenses only and is not net of administrative expenses. In particular, the following actuarial assumptions were applied to all periods included in the measurement of the December 31, 2014 actuarial valuation:

Inflation	2.75%
Salary Increases	General 4.00% to 13.25% and Safety 4.00% to 13.75%, varying by service, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

A complete copy of the Actuarial Valuation Summary is available in separately issued financial statements of the plan which can be obtained from CCCERA located at 1355 Willow Way, Suite 221, Concord, CA 94520.

The long-term expected rate of return on pension plan investments was determined in 2013 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. This return is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Large Cap U.S. Equity	6.00%	5.75%
Developed International Equity	10.00%	6.99%
Emerging Markets Equity	14.00%	8.95%
Short-Term Govt/Credit	24.00%	0.20%
U.S. Treasury	2.00%	0.30%
Real Estate	7.00%	4.45%
Cash & Equivalents	1.00%	-0.46%
Risk Diversifying Strategies	2.00%	4.30%
Private Credit	17.00%	6.30%
Private Equity	17.00%	8.10%
<b>Total</b>	<b>100.00%</b>	



## 10. PENSION PLAN, Continued

**G. Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of December 31, 2015 and 7.25% as of December 31, 2014. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the Total Pension Liability as of December 31, 2015.

**H. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability as of December 31, 2015, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability as of December 31, 2015	\$64,834,884	\$39,299,357	\$18,505,458

**Pension Plan Fiduciary Net Position** - Detailed information about each pension plan's fiduciary net position is available in the separately issued CCCERA financial reports.

**Payable to the Pension Plan** - At June 30, 2016, the District reported a payable of \$486,834 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.



**11. OTHER POST EMPLOYMENT BENEFITS**

**Plan Description.** The District Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan administered by the District. The Plan provides access to lifetime healthcare benefits to eligible retirees and their dependents. The District provides retiree medical benefits through the California Public Employees’ Retirement System healthcare program (PEMHCA). For eligible retirees, the District contributes up to a cap. The District also provides dental insurance up to a cap.

**Eligibility.** Employees are eligible to participate in the District’s Plan if they retire directly from the District under CCCERA with ten years of CCCERA service (there is a five year service requirement if retirement is due to a service-connected disability.) Since PEMHCA is a community rated plan for most employers, an implied subsidy is reflected under Actuarial Standards of Practice No. 6 (ASOP 6). The District does not provide vision, life, or Medicare Part B reimbursement to retirees. The Plan does not issue a financial report.

Membership of the Plan consisted of the following at June 30, 2016:

Retirees and beneficiaries receiving benefits	93
Other participants not yet fully eligible for benefits	60
Total	153

**Funding Policy.** The contribution requirements of the Plan participants and the District are established by and may be amended by the District.

The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement No.45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

For fiscal year 2016, the District contributed \$953,224 to the Plan, including \$859,224 for current benefit payments and \$94,000 to prefund Plan benefits.

**Annual OPEB Cost and Net OPEB Obligation.** The District’s annual other postemployment benefit cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.





## 11. OTHER POST EMPLOYMENT BENEFITS, Continued

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's Net OPEB obligation:

	<u>2015-2016</u>
Annual required contribution	\$1,292,000
Interest on net OPEB obligation	243,000
Adjustment to net OPEB obligation	<u>(321,000)</u>
Annual OPEB cost	1,214,000
Contributions made:	
Payment to irrevocable trust	(94,000)
Benefit payment made outside of trust	<u>(859,224)</u>
Increase in net OPEB obligation	260,776
Net OPEB obligation – beginning of year	<u>6,555,857</u>
Net OPEB obligation – end of year	<u>\$6,816,633</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2016 and the two preceding fiscal years were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Annual Employer Contribution</b>	<b>Percentage Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2014	\$1,137,000	\$ 896,659	78.90%	\$ 6,351,627
6/30/2015	1,174,000	969,770	82.60%	6,555,857
6/30/2016	1,214,000	953,224	78.50%	6,816,633

**Funded Status and Funding Progress.** The funded status of the Plan as of June 30, 2016, the Plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 15,518,000
Actuarial value of plan assets	188,000
Unfunded actuarial accrued liability (UAAL)	<u>\$ 15,330,000</u>
Funded ratio (actuarial value of plan assets/AAL)	1.2%
Covered payroll (active plan participants)	\$ 7,288,000
UAAL as a percentage of covered payroll	210.3%

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



## 11. OTHER POST EMPLOYMENT BENEFITS, Continued

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

For the June 30, 2016 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 6.5% investment rate of return (net of administrative expenses) in the 2016 valuation, and a 3% general inflation assumption. Medical costs were actual rates for 2016, and assumed to increase 5.0% to 6.7% per year. The total UAAL calculated in the June 30, 2016 valuation was amortized as a level percentage of projected payroll over a fixed 25-year period beginning June 30, 2013 (22 years remaining on June 30, 2016). Assumption changes and gains/losses developed in the June 30, 2016 valuation were amortized over 15 years as of June 30, 2016.

## 12. COMMITMENTS AND CONTINGENCIES

The District is a party to claims and lawsuits arising in the ordinary course of business. The District's management and legal counsel are of the opinion that the ultimate liability, if any, arising from these claims will not have material adverse impact on the financial position of the District. The District participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

## 13. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 72, "*Fair Value Measurement and Application*". The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, "*Measurement of Elements of Financial Statements*", and other relevant literature. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. The District implemented this statement for year ended June 30, 2016. The implementation of this statement did not have an effect on the financial statements.

The GASB has issued Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.



### 13. NEW ACCOUNTING PRONOUNCEMENTS, Continued

This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *“Accounting and Financial Reporting for Pensions”*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *“Financial Reporting for Pension Plans”*, and Statement 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. The District will evaluate the applicability of the provisions of this Statement and implement it in the applicable year, accordingly.

The GASB has issued Statement No. 74, *“Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces Statements No. 43, *“Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”*, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. The District will implement this Statement in fiscal year ending June 30, 2017.

The GASB has issued Statement No. 75, *“Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB).



### 13. NEW ACCOUNTING PRONOUNCEMENTS, Continued

It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", as amended, and No. 57, "*OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*", for OPEB. Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", establishes new accounting and financial reporting requirements for OPEB plans. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The District will implement this statement, as applicable, to its financial statements for the year ending June 30, 2018.

The GASB has issued Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. The District implemented this statement for year ended June 30, 2016. The implementation of this statement did not have an effect on the financial statements.

The GASB has issued Statement No. 77, "*Tax Abatement Disclosures*". This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The District will implement this statement, as applicable, to its financial statements for the year ending June 30, 2017.



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**Required Supplementary Information**



**Moraga-Orinda Fire Protection District**  
**Required Supplementary Information - Schedule of Contributions**  
**Contra Costa County Employees' Retirement Association (CCCERA)**  
 Last 10 Fiscal Years\*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution (actuarially determined)	\$ 4,063,149	\$ 4,517,403	\$ 3,107,945
Contributions in relation to the actuarially determined contributions	<u>4,063,149</u>	<u>4,517,403</u>	<u>3,107,945</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 6,858,003	\$ 6,966,539	\$ 7,871,587
Contributions as a percentage of covered-employee payroll	59.2%	64.8%	39.5%

**Notes to Schedule**

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

\* Fiscal year 2015 was the first year of implementation, therefore only the first three years were available.



**Moraga-Orinda Fire Protection District**  
**Required Supplementary Information - Schedule of the District's**  
**Proportionate Share of the Net Pension Liability**  
**Contra Costa County Employees' Retirement Association (CCCERA)**  
 Last 10 Fiscal Years\*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	2.608%	2.393%	2.393%
Proportionate share of the net pension liability	\$ 39,299,357	\$ 28,612,847	\$ 35,211,427
Covered - employee payroll	\$ 6,858,003	\$ 7,350,163	\$ 7,353,174
Proportionate Share of the net pension liability as percentage of covered employee payroll	573.04%	389.28%	478.86%
Plan fiduciary net position as a percentage of the total pension liability	78.77%	83.79%	80.06%

**Notes to Schedule:**

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

\* Fiscal year 2015 was the first year of implementation, therefore only the first three years were available.





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**Supplementary Information**



**Moraga-Orinda Fire Protection District**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget to Actual - Debt Service Fund**  
 For the year ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance With Amended Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 3,069,093	\$ 3,069,093	\$ 3,069,093	\$ -
Use of money and property	-	-	3,013	3,013
<b>Total revenues</b>	<b>3,069,093</b>	<b>3,069,093</b>	<b>3,072,106</b>	<b>3,013</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	1,855,000	1,855,000	1,855,000	-
Interest	1,017,509	1,017,509	1,017,509	-
<b>Total expenditures</b>	<b>2,872,509</b>	<b>2,872,509</b>	<b>2,872,509</b>	<b>-</b>
<b>REVENUES OVER EXPENDITURES</b>	<b>196,584</b>	<b>196,584</b>	<b>199,597</b>	<b>3,013</b>
<b>Net change in fund balances</b>	<b>196,584</b>	<b>196,584</b>	<b>199,597</b>	<b>3,013</b>
<b>FUND BALANCES:</b>				
Beginning of year	2,388,226	2,388,226	2,388,226	-
End of year	<u>\$ 2,584,810</u>	<u>\$ 2,584,810</u>	<u>\$ 2,587,823</u>	<u>\$ 3,013</u>



**Moraga-Orinda Fire Protection District**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget to Actual - Capital Projects Fund**  
 For the year ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance With Amended Positive (Negative)
<b>REVENUES:</b>				
Fire flow taxes	\$ 1,068,288	\$ 1,070,214	\$ 1,070,214	\$ -
Use of money and property	-	-	4,997	4,997
Charges for services	-	12,000	78,000	66,000
Other revenues	-	544	10,544	10,000
<b>Total revenues</b>	<b>1,068,288</b>	<b>1,082,758</b>	<b>1,163,755</b>	<b>80,997</b>
<b>EXPENDITURES:</b>				
Service and supplies	105,787	114,287	110,157	4,130
Capital outlay	746,042	757,992	792,794	(34,802)
Debt service:				
Principal	85,000	81,862	81,862	-
Interest and fiscal charges	15,000	77,055	73,767	3,288
<b>Total expenditures</b>	<b>951,829</b>	<b>1,031,196</b>	<b>1,058,580</b>	<b>(27,384)</b>
<b>REVENUES OVER EXPENDITURES</b>	<b>116,459</b>	<b>51,562</b>	<b>105,175</b>	<b>53,613</b>
<b>OTHER FINANCING SOURCES:</b>				
Lease proceeds	424,554	4,070,000	4,069,000	(1,000)
Proceeds from sale of assets	-	-	1,579,330	1,579,330
<b>Total other financing sources</b>	<b>424,554</b>	<b>4,070,000</b>	<b>5,648,330</b>	<b>1,578,330</b>
<b>Net change in fund balances</b>	<b>541,013</b>	<b>4,121,562</b>	<b>5,753,505</b>	<b>1,631,943</b>
<b>FUND BALANCES:</b>				
Beginning of year	4,314,565	4,314,565	4,314,565	-
End of year	\$ 4,855,578	\$ 8,436,127	\$ 10,068,070	\$ 711,861



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**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report For  
the year ended June 30, 2016**

**Statistical Section**

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This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and footnotes says about the District's overall financial health.

**Financial Trends – Pages 62 - 69**

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

**Revenue Capacity – Pages 70 – 76**

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

**Debt Capacity – Pages 77 – 81**

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

**Demographic and Economic Information – Pages 82**

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

**Operating Information – Pages 83 - 84**

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

*Sources*

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



## Moraga-Orinda Fire Protection District

### Net Position by Component

Last Ten Fiscal Years

(Fiscal year ended June 30)

	2007	2008	2009	2010
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 6,819,265	\$ 6,975,172	\$ 7,828,328	\$ 7,712,538
Restricted	-	834,819	435,971	41,979
Unrestricted (deficit)	5,481,301	4,458,004	2,952,567	3,290,391
<b>Total governmental activities net position</b>	<u>\$12,300,566</u>	<u>\$12,267,995</u>	<u>\$11,216,866</u>	<u>\$11,044,908</u>
<b>Primary government:</b>				
Net investment in capital assets	\$ 6,819,265	\$ 6,975,172	\$ 7,828,328	\$ 7,712,538
Restricted	-	834,819	435,971	41,979
Unrestricted (deficit)	5,481,301	4,458,004	2,952,567	3,290,391
<b>Total primary government net position</b>	<u>\$12,300,566</u>	<u>\$12,267,995</u>	<u>\$11,216,866</u>	<u>\$11,044,908</u>

**Source:** Administrative Services Division

\* Implemented GASB 68

Attachment A

2011	2012	2013	2014	2015*	2016
\$ 8,348,722	\$ 9,081,906	\$ 9,314,274	\$ 9,930,092	\$ 9,466,042	\$ 8,327,292
-	-	2,037,710	2,206,339	2,812,780	12,655,893
2,575,866	1,330,209	(2,697,070)	(2,337,332)	(35,185,666)	(40,934,410)
<u>\$10,924,588</u>	<u>\$10,412,115</u>	<u>\$ 8,654,914</u>	<u>\$ 9,799,099</u>	<u>\$(22,906,844)</u>	<u>\$(19,951,225)</u>
\$ 8,348,722	\$ 9,081,906	\$ 9,314,274	\$ 9,930,092	\$ 9,466,042	\$ 8,327,292
-	-	2,037,710	2,206,339	2,812,780	12,655,893
2,575,866	1,330,209	(2,697,070)	(2,337,332)	(35,185,666)	(40,934,410)
<u>\$10,924,588</u>	<u>\$10,412,115</u>	<u>\$ 8,654,914</u>	<u>\$ 9,799,099</u>	<u>\$(22,906,844)</u>	<u>\$(19,951,225)</u>





## Moraga-Orinda Fire Protection District

### Changes in Net Position

Last Ten Fiscal Years

(Fiscal year ended June 30)

(Accrual basis of accounting)

	2007	2008	2009	2010
<b>Expenses:</b>				
Governmental activities:				
Fire protection - operations	\$ 14,442,869	\$ 17,116,824	\$ 17,668,240	\$ 16,952,041
OPEB	-	-	1,192,047	1,112,953
Interest and fiscal charges	1,484,307	1,497,988	1,486,551	1,423,521
Total governmental activities expenses	15,927,176	18,614,812	20,346,838	19,488,515
Total primary government expenses	<u>\$ 15,927,176</u>	<u>\$ 18,614,812</u>	<u>\$ 20,346,838</u>	<u>\$ 19,488,515</u>
<b>Program revenues:</b>				
Governmental activities:				
Charges for services:				
Fire protection - operations	\$ 887,441	\$ 1,607,108	\$ 1,750,233	\$ 1,420,196
Operating grants & contributions	-	-	-	-
Total governmental activities program revenues	887,441	1,607,108	1,750,233	1,420,196
Total primary government program revenues	<u>\$ 887,441</u>	<u>\$ 1,607,108</u>	<u>\$ 1,750,233</u>	<u>\$ 1,420,196</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	<u>\$(15,039,735)</u>	<u>\$(17,007,704)</u>	<u>\$(18,596,605)</u>	<u>\$(18,068,319)</u>
Total primary government net expense	<u>\$(15,039,735)</u>	<u>\$(17,007,704)</u>	<u>\$(18,596,605)</u>	<u>\$(18,068,319)</u>
<b>General Revenues and Other Changes in Net Position:</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 15,941,297	\$ 15,805,123	\$ 16,407,887	\$ 16,827,597
Fire flow taxes	960,183	884,763	1,066,761	1,064,888
Investment earnings	29,639	89,247	54,431	3,776
State and federal grants	-	-	-	-
Other general revenues	-	196,000	16,397	100
Gain (loss) on sale of assets	-	-	-	-
Total governmental activities	16,931,119	16,975,133	17,545,476	17,896,361
Total primary government	<u>\$ 16,931,119</u>	<u>\$ 16,975,133</u>	<u>\$ 17,545,476</u>	<u>\$ 17,896,361</u>
<b>Changes in Net Position</b>				
Governmental activities	<u>\$ 1,891,384</u>	<u>\$ (32,571)</u>	<u>\$ (1,051,129)</u>	<u>\$ (171,958)</u>
Total primary government	<u>\$ 1,891,384</u>	<u>\$ (32,571)</u>	<u>\$ (1,051,129)</u>	<u>\$ (171,958)</u>

Source: Administrative Services Division

2011	2012	2013	2014	2015	2016
\$ 17,199,159	\$ 17,298,393	\$ 18,285,971	\$ 19,149,488	\$ 19,914,942	\$ 20,386,873
1,188,000	1,262,063	1,356,223	273,867	-	
1,351,267	1,289,602	1,225,394	1,151,010	1,041,717	1,079,259
19,738,426	19,850,058	20,867,588	20,574,365	20,956,659	21,466,132
<u>\$ 19,738,426</u>	<u>\$ 19,850,058</u>	<u>\$ 20,867,588</u>	<u>\$ 20,574,365</u>	<u>\$ 20,956,659</u>	<u>\$ 21,466,132</u>
\$ 1,395,534	\$ 1,242,317	\$ 1,455,540	\$ 1,037,735	\$ 1,180,935	\$ 1,303,760
-	-	-	1,773,086	1,814,670	436,499
1,395,534	1,242,317	1,455,540	2,810,821	2,995,605	1,740,259
<u>\$ 1,395,534</u>	<u>\$ 1,242,317</u>	<u>\$ 1,455,540</u>	<u>\$ 2,810,821</u>	<u>\$ 2,995,605</u>	<u>\$ 1,740,259</u>
<u>\$(18,342,892)</u>	<u>\$(18,607,741)</u>	<u>\$(19,412,048)</u>	<u>\$(17,763,544)</u>	<u>\$(17,961,054)</u>	<u>\$(19,725,873)</u>
<u>\$(18,342,892)</u>	<u>\$(18,607,741)</u>	<u>\$(19,412,048)</u>	<u>\$(17,763,544)</u>	<u>\$(17,961,054)</u>	<u>\$(19,725,873)</u>
\$ 16,882,276	\$ 16,524,808	\$ 16,471,345	\$ 17,670,263	\$ 19,235,847	\$ 20,693,314
1,067,969	1,067,763	1,069,288	1,071,747	1,068,288	1,070,214
4,463	3,252	784	209	1,996	10,948
149,845	280,069	1,239	165,510	160,407	158,460
118,019	219,379	112,191	-	-	406,279
-	-	-	-	-	315,507
18,222,572	18,095,271	17,654,847	18,907,729	20,466,538	22,654,722
<u>\$ 18,222,572</u>	<u>\$ 18,095,271</u>	<u>\$ 17,654,847</u>	<u>\$ 18,907,729</u>	<u>\$ 20,466,538</u>	<u>\$ 22,654,722</u>
<u>\$ (120,320)</u>	<u>\$ (512,470)</u>	<u>\$ (1,757,201)</u>	<u>\$ 1,144,185</u>	<u>\$ 2,505,484</u>	<u>\$ 2,928,849</u>
<u>\$ (120,320)</u>	<u>\$ (512,470)</u>	<u>\$ (1,757,201)</u>	<u>\$ 1,144,185</u>	<u>\$ 2,505,484</u>	<u>\$ 2,928,849</u>



## Moraga-Orinda Fire Protection District

### Fund Balances, Governmental Funds

Last Ten Fiscal Years

(Fiscal year ended June 30)

	2007	2008	2009	2010
<b>General Fund</b>				
Nonspendable	\$ 254,885	\$ 77,929	\$ 163,937	\$ 115,990
Restricted	-	-	-	-
Unassigned (deficit)	4,279,671	3,912,099	3,333,605	3,571,416
<b>Total General Fund</b>	<u>4,534,556</u>	<u>3,990,028</u>	<u>3,497,542</u>	<u>3,687,406</u>
<b>All Other Governmental Funds</b>				
Nonspendable	\$ -	\$ 810,604	\$ -	\$ -
Restricted	-	834,819	435,971	41,979
Committed	-	-	-	-
Assigned	2,238,868	2,332,163	2,568,942	3,076,361
<b>Total Other Governmental Funds</b>	<u>2,238,868</u>	<u>3,977,586</u>	<u>3,004,913</u>	<u>3,118,340</u>
<b>Total All Governmental Funds</b>	<u>\$6,773,424</u>	<u>\$7,967,614</u>	<u>\$6,502,455</u>	<u>\$6,805,746</u>

Source: Administrative Services Division

Attachment A

2011	2012	2013	2014	2015	2016
\$ 97,436	\$ 101,742	\$ 179,419	\$ 314,360	\$ 150,767	\$ -
2,230,328	-	-	700	-	-
<u>1,389,986</u>	<u>981,806</u>	<u>(103,719)</u>	<u>250,906</u>	<u>1,809,814</u>	<u>3,689,075</u>
<u>3,717,750</u>	<u>1,083,548</u>	<u>75,700</u>	<u>565,966</u>	<u>1,960,581</u>	<u>3,689,075</u>
\$ 30,184	\$ -	\$ -	\$ -	\$ -	\$ -
-	2,377,847	2,037,710	2,205,639	2,812,780	6,591,527
-	-	3,607,437	3,445,991	3,890,011	6,064,366
<u>2,959,234</u>	<u>3,041,382</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,989,418</u>	<u>5,419,229</u>	<u>5,645,147</u>	<u>5,651,630</u>	<u>6,702,791</u>	<u>12,655,893</u>
<u>\$6,707,168</u>	<u>\$6,502,777</u>	<u>\$5,720,847</u>	<u>\$6,217,596</u>	<u>\$8,663,372</u>	<u>\$ 16,344,968</u>



## Moraga-Orinda Fire Protection District

### Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(Fiscal year ended June 30)

(Modified accrual basis of accounting)

	2007	2008	2009	2010
<b>Revenues:</b>				
Property taxes	\$ 15,941,297	\$ 15,805,123	\$ 16,407,887	\$ 16,827,597
Fire flow taxes	960,183	884,763	1,066,761	1,064,888
Use of money and property	29,639	89,247	54,431	3,776
State and federal grants	-	-	-	-
Charges for services	887,441	1,607,108	1,750,233	1,420,196
Charges for services - ambulance	-	-	-	-
Other revenues	-	196,000	16,397	100
Impact mitigation fees	-	-	-	-
<b>Total revenues</b>	<b>\$ 17,818,560</b>	<b>\$ 18,582,241</b>	<b>\$ 19,295,709</b>	<b>\$ 19,316,557</b>
<b>Expenditures:</b>				
Fire protection - operations:	\$ 14,084,933	\$ 16,483,324	\$ 16,852,131	\$ 15,925,826
Salaries				
Overtime				
Benefits				
Retiree health insurance				
Services and supplies				
Capital outlay	189,350	548,156	1,275,745	349,161
Debt service:				
Principal		714,049	1,130,912	1,295,574
Interest and fiscal charges	1,834,768	1,509,865	1,502,080	1,442,705
<b>Total expenditures</b>	<b>\$ 16,109,051</b>	<b>\$ 19,255,394</b>	<b>\$ 20,760,868</b>	<b>\$ 19,013,266</b>
<b>Reconciliation of Governmental Revenues</b>				
<b>Less Expenditures to Fund Equity:</b>				
Revenue over (under) expenditures	\$ 1,709,509	\$ (673,153)	\$ (1,465,159)	\$ 303,291
Other financing sources:				
Proceeds of debt issued	-	1,645,423	-	-
Proceeds from sales of assets	-	-	-	-
Total other financing sources	-	1,645,423	-	-
<b>Net change in fund balances</b>	<b>\$ 1,709,509</b>	<b>\$ 972,270</b>	<b>\$ (1,465,159)</b>	<b>\$ 303,291</b>
Debt service as a percentage of noncapital expenditures	11.53%	11.89%	13.51%	14.67%

Source: Administrative Services Division

Attachment A

2011	2012	2013	2014	2015	2016
\$ 16,882,276	\$ 16,524,808	\$ 16,471,345	\$ 17,670,263	\$ 19,235,847	\$ 20,693,314
1,067,969	1,067,763	1,069,288	1,071,747	1,068,288	1,070,214
4,463	3,252	784	209	1,996	10,948
149,845	280,069	1,239	853,927	950,669	594,959
1,395,534	1,242,317	1,455,540	226,745	273,205	228,372
-	-	-	810,990	907,730	997,388
118,019	219,379	112,191	1,026,669	798,753	406,279
-	-	-	58,000	225,655	78,000
<u>\$ 19,618,106</u>	<u>\$ 19,337,588</u>	<u>\$ 19,110,387</u>	<u>\$ 21,718,550</u>	<u>\$ 23,462,143</u>	<u>\$ 24,079,474</u>
\$ 16,013,010	\$ 15,928,710	\$ 7,725,838	\$ 8,181,676	\$ 7,250,708	\$ 7,517,701
		2,421,630	1,541,123	2,048,524	1,832,377
		4,001,208	4,649,384	6,442,501	5,924,823
		937,777	896,659	885,770	859,224
		1,824,534	2,059,857	1,810,195	2,091,521
1,149,290	1,241,129	493,832	1,279,899	266,114	792,794
1,179,888	1,055,000	1,230,000	1,425,000	1,630,000	1,936,862
1,374,496	1,317,137	1,257,498	1,188,203	1,108,467	1,091,276
<u>\$ 19,716,684</u>	<u>\$ 19,541,976</u>	<u>\$ 19,892,317</u>	<u>\$ 21,221,801</u>	<u>\$ 21,442,279</u>	<u>\$ 22,046,578</u>
<u>\$ (98,578)</u>	<u>\$ (204,388)</u>	<u>\$ (781,930)</u>	<u>\$ 496,749</u>	<u>\$ 2,019,864</u>	<u>\$ 2,032,896</u>
-	-	-	-	424,554	4,069,000
-	-	-	-	1,358	1,579,700
-	-	-	-	425,912	5,648,700
<u>\$ (98,578)</u>	<u>\$ (204,388)</u>	<u>\$ (781,930)</u>	<u>\$ 496,749</u>	<u>\$ 2,445,776</u>	<u>\$ 7,681,596</u>
<u>13.76%</u>	<u>12.96%</u>	<u>12.82%</u>	<u>13.10%</u>	<u>12.93%</u>	<u>14.25%</u>



**Moraga-Orinda Fire Protection District**  
**Assessed Value and Actual Value of Taxable Property**  
 Last Ten Fiscal Years

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	Secured	Public Utility	Unsecured	Total
2007	\$ 6,822,628,432	\$ 56,814	\$ 58,035,603	\$ 6,880,720,849
2008	7,243,958,240	56,814	68,385,461	7,312,400,515
2009	7,555,324,246	-	66,510,754	7,621,835,000
2010	7,857,318,244	-	72,485,758	7,929,804,002
2011	7,789,473,983	-	70,448,664	7,859,922,647
2012	7,651,638,646	202,420	66,910,960	7,718,752,026
2013	7,717,894,690	116,479	70,187,146	7,788,198,315
2014	8,185,959,045	116,479	61,878,545	8,247,954,069
2015	8,856,613,012	-	54,622,692	8,911,235,704
2016	9,513,818,540	-	51,023,341	9,564,841,881

Source: HdL, Coren & Cone



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**Moraga-Orinda Fire Protection District**  
**Direct and Overlapping Property Tax Rates**  
 Last Ten Fiscal Years

	Basic Direct Rate	Overlapping Rates				
		Acalanes Union High School District	BART Bond	Contra Costa Comm College District	EBMUD District 1 Bond	East Bay Regional Park District Bond
2007	1.00000	0.02920	0.00500	0.00430	0.00680	0.00850
2008	1.00000	0.02590	0.00760	0.01080	0.00650	0.00800
2009	1.00000	0.02890	0.00900	0.00660	0.00640	0.01000
2010	1.00000	0.02980	0.00570	0.01260	0.00650	0.01080
2011	1.00000	0.03110	0.00310	0.01330	0.00670	0.00840
2012	1.00000	0.03330	0.00410	0.01440	0.00670	0.00710
2013	1.00000	0.03330	0.00430	0.00870	0.00680	0.00510
2014	1.00000	0.03610	0.00750	0.01330	0.00660	0.00780
2015	1.00000	0.03500	0.00450	0.02520	0.00470	0.00850
2016	1.00000	0.03320	0.00260	0.02200	0.00340	0.00670

Source: HdL, Coren & Cone

**Notes:**

Rate per \$100 of assessed value

In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

Overlapping rates are those of local and county governments that apply to property owners within the District. Not all overlapping rates apply to all District property owners.

Attachment A

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Lafayette School District Bond 1995	Moraga School District Bond 1995	Orinda Union School District Bond	Orinda Roads Bond	West Contra Costa Unified School District	Total Tax Rate
0.03770	0.03280	0.02590	0.00000	0.11430	1.26450
0.03400	0.03130	0.02370	0.00000	0.10350	1.25130
0.03300	0.03090	0.02470	0.00000	0.12300	1.27250
0.03260	0.03020	0.02360	0.00000	0.18280	1.33460
0.03260	0.03110	0.02440	0.00000	0.18690	1.33760
0.02790	0.03120	0.02740	0.00000	0.23220	1.38430
0.02840	0.02790	0.02730	0.00000	0.21570	1.35750
0.02670	0.02640	0.02550	0.00000	0.28180	1.43170
0.02410	0.02430	0.02320	0.01300	0.28030	1.44280
0.02090	0.02290	0.01900	0.01850	0.27810	1.42730



**Moraga-Orinda Fire Protection District**  
**Principal Property Taxpayers**  
 Current Year and Ten Years Ago

Property Owner	Primary Land Use	2015-16	
		Assessed Valuation	Rank
OG Property Owner LLC	Vacant Orinda	\$ 71,872,174	1
Taylor Morrison of California LLC	Vacant Orinda	40,983,201	2
PWRP-Moraga LP	Commercial Orinda	35,198,963	3
Orinda Dunhill LLC	Commercial Orinda	27,700,000	4
Davidon Homes	Vacant Orinda	27,358,851	5
Pine Grove LLC	Commercial Moraga	24,103,500	6
Russell J Bruzzone Inc	Commercial Moraga	21,844,443	7
Pulte Home Corporation	Residential Orinda	12,520,144	8
ASC Moraga LLC	Commercial Moraga	12,295,328	9
Moraga Country Club HOA	Recreational Moraga	11,465,054	10
R Jacobs Family LP	Commercial Orinda		
PK I Rheem Valley LP	Commercial Moraga		
GLL BVK Properties LP	Commercial Orinda		
Orinda Country Club	Commercial Orinda		
Oakmont of Moraga LLC	Institutional Moraga		
AXA Rosenberg Group LLC	Unsecured Orinda		
Michael J Novogradac Trust	Residential Orinda		
Scott C and Lisa A Kovalik Trust	Residential Orinda		
		<u>\$ 285,341,658</u>	

Source: HdL, Coren & Cone

Attachment A

<u>2006-07</u>			
<u>% of</u> <u>Net AV</u>	<u>Assessed</u> <u>Valuation</u>	<u>Rank</u>	<u>% of</u> <u>Total</u>
0.75%	22,611,150	2	0.33%
0.43			
0.37			
0.29			
0.29			
0.25			
0.23	19,211,342	4	0.28
0.13			
0.13			
0.12			
	27,924,991	1	0.41
	22,071,000	3	0.32
	18,340,594	5	0.27
	10,286,523	6	0.15
	9,802,408	7	0.14
	8,817,917	8	0.13
	7,859,814	9	0.11
	7,526,104	10	0.11
<u>2.98%</u>	<u>\$ 154,451,843</u>		<u>2.24%</u>



**Moraga-Orinda Fire Protection District**  
**Property Tax Levies and Collections**  
 Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Collected within the Fiscal Year of the Levy</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>
2007	\$15,941,297	\$15,941,297	100%
2008	15,805,123	15,805,123	100%
2009	16,407,887	16,407,887	100%
2010	16,827,597	16,827,597	100%
2011	16,882,276	16,882,276	100%
2012	16,524,808	16,524,808	100%
2013	16,471,345	16,471,345	100%
2014	17,670,263	17,670,263	100%
2015	19,235,848	19,235,848	100%
2016	20,693,314	20,693,314	100%

Source: Administrative Services Division

Note: Taxes reported and collected under the Teeter Plan are distributed to the District in the year of the levy. Contra Costa County retains any interest or penalties on uncollected balances.



## Moraga-Orinda Fire Protection District

### Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>Pension Obligation Bonds</b>	<b>Equipment Capital Lease</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
2007	\$28,435,000	-	\$28,435,000	1.12%	\$844
2008	27,980,000	\$1,386,374	29,366,374	1.16%	872
2009	27,385,000	850,461	28,235,461	1.12%	834
2010	26,650,000	289,888	26,939,888	0.96%	788
2011	25,760,000	-	25,760,000	1.00%	762
2012	24,705,000	-	24,705,000	0.96%	726
2013	23,475,000	-	23,475,000	0.90%	687
2014	22,050,000	-	22,050,000	0.83%	640
2015	20,420,000	424,554	20,844,554	0.73%	594
2016	18,565,000	4,411,692	22,976,692	0.77%	652

Source: Administrative Services Division, State of California, Department of Finance,  
Employment Development Department



**Moraga-Orinda Fire Protection District**  
**Direct and Overlapping Debt**  
 June 30, 2016

2015-16 Assessed Valuation	\$ 9,564,841,881		
	Total Debt	Percent Applicable <sup>(1)</sup>	Net Bonded Debt
<b>Direct Debt</b>			
Pension Obligation Bonds	\$ 18,565,000	100.000%	\$ 18,565,000
Capital Lease Ambulances	342,692	100.000%	342,692
Capital Lease Fire Station 43 Recon	4,069,000	100.000%	4,069,000
<b>Total Direct Debt</b>			<b>22,976,692</b>
<b>Overlapping Tax and Assessment Debt</b>			
Pension Obligation Bond	212,765,000	5.545	11,797,059
CCC PFA 1998A Lease Revenue Bonds	12,670,000	5.545	702,506
CCC PFA 1999A Lease Revenue Bonds	9,660,000	5.545	535,612
CCC PFA 2002A Lease Revenue Bonds	6,800,000	5.545	377,036
CCC PFA 2002B Lease Revenue Bonds	4,125,000	5.545	228,717
CCC PFA 2003A Lease Revenue Bonds	5,860,000	5.545	324,916
CCC PFA 2007A Lease Revenue Bonds	121,185,000	5.545	6,719,275
CCC PFA 2007B Lease Revenue Bonds	17,730,000	5.545	983,065
CCC PFA 2009A Lease Revenue Bonds	15,379,790	5.545	852,754
CCC PFA 2010A-1 Lease Revenue Bonds	4,080,000	5.545	226,221
CCC PFA 2010A-2 Lease Revenue Bonds	13,130,000	5.545	728,012
CCC PFA 2010A-3 Lease Revenue Bonds	20,700,000	5.545	1,147,741
CCC PFA 2010B Lease Revenue Bonds	12,320,000	5.545	683,100
CCC PFA 2012 Lease Revenue Bonds	10,687,930	5.545	592,608
CCC PFA 2015A Lease Revenue Bonds	18,500,000	5.545	1,025,759
CCC PFA 2015B Lease Revenue Bonds	47,610,000	5.545	2,639,804
BART	172,046,226	5.545	9,539,349
East Bay Regional Park Bond	65,804,219	5.545	3,648,609
East Bay MUD Dist 1 Bond	438,195	0.026	116
COPS	7,945,000	100.000	7,945,000
General Obligation Bonds	10,000,000	100.000	10,000,000
Acalanes Union 1997 Bond	74,287,647	32.340	24,024,330
Acalanes Union 2002 & 2008 Bonds	246,442,772	32.340	79,698,612
Lafayette Elementary Bond 1995	23,855,000	0.183	43,669
Moraga Elementary Bond 1995	9,845,000	100.000	9,845,000
Orinda Elementary Bond	14,904,051	99.798	14,874,017
Contra Costa Community College 2002 Bond	180,970,000	5.566	10,072,520
Contra Costa Community College 2006 Bond	296,270,000	5.566	16,489,947
Contra Costa Community College 2014 Bond	101,535,000	5.566	5,651,287
<b>Total Overlapping Tax and Assessment Debt</b>			<b>\$ 221,396,641</b>
<b>Total Direct and Overlapping Debt</b>			<b>\$ 244,373,333</b> <sup>(2)</sup>
<b>Ratios to Assessed Valuation</b>			
Combined Direct Debt		0.24%	
Total Overlapping Tax and Assessment Debt		2.31%	
Combined Total Debt		2.55%	

<sup>(1)</sup> Percentage of overlapping agency's assessed valuation located within the boundaries of the District.

<sup>(2)</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and tax allocation bonds and non-bonded capital lease obligations.

Source: HdL, Coren & Cone



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**Moraga-Orinda Fire Protection District**  
**Legal Bonded Debt Margin**  
 Last Ten Fiscal Years  
 (Thousands)

	2007	2008	2009	2010
Debt limit	\$ 255,848,566	\$271,648,434	\$283,324,659	\$294,649,434
Total debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 255,848,566</u>	<u>\$271,648,434</u>	<u>\$283,324,659</u>	<u>\$294,649,434</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%

**Legal Debt Margin Calculation for Fiscal Year 2016**

Assessed value - secured	\$ 9,513,818,540
Debt limit (3.75% of assessed value) (a)	356,768,195
Debt applicable to limit: None	<u>-</u>
Legal debt margin	<u>\$ 356,768,195</u>

(a) California Health and Safety Code, Section 13937 sets the debt limit at 10%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

Source: HdL, Coren & Cone

# Attachment A

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<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$292,105,274	\$286,936,449	\$289,421,051	\$306,973,464	\$332,122,988	\$356,768,195
-	-	-	-	-	-
<u>\$292,105,274</u>	<u>\$286,936,449</u>	<u>\$289,421,051</u>	<u>\$306,973,464</u>	<u>\$332,122,988</u>	<u>\$356,768,195</u>
0%	0%	0%	0%	0%	0%



**Moraga-Orinda Fire Protection District**  
**Demographic and Economic Statistics**  
 Last Ten Calendar Years

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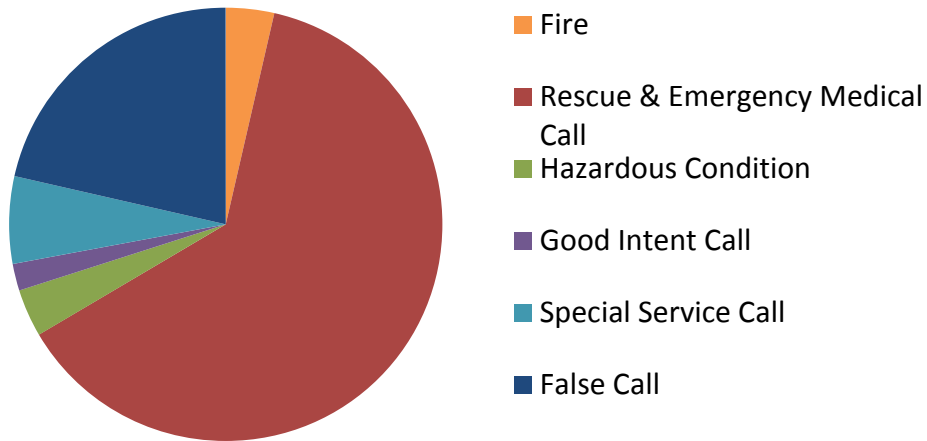
Calendar Year	Town of Moraga Population	City of Orinda Population	Total Population	Per Capita Personal Income	Personal Income (Thousands)	Unemployment Rate
2007	16,165	17,517	33,682	75,061	2,528,205	1.7%
2008	16,138	17,542	33,680	75,441	2,540,853	2.3%
2009	16,204	17,669	33,873	74,250	2,515,070	4.0%
2010	16,332	17,866	34,198	82,339	2,815,829	4.3%
2011	16,076	17,712	33,788	76,163	2,573,395	4.0%
2012	16,168	17,839	34,007	75,432	2,565,216	2.6%
2013	16,238	17,925	34,163	76,023	2,597,174	2.5%
2014	16,348	18,089	34,437	77,509	2,669,177	2.4%
2015	16,466	18,612	35,078	81,141	2,846,264	2.5%
2016	16,513	18,749	35,262	84,985	2,996,741	2.9%

Source: State of California Department of Finance, Employment Development Department



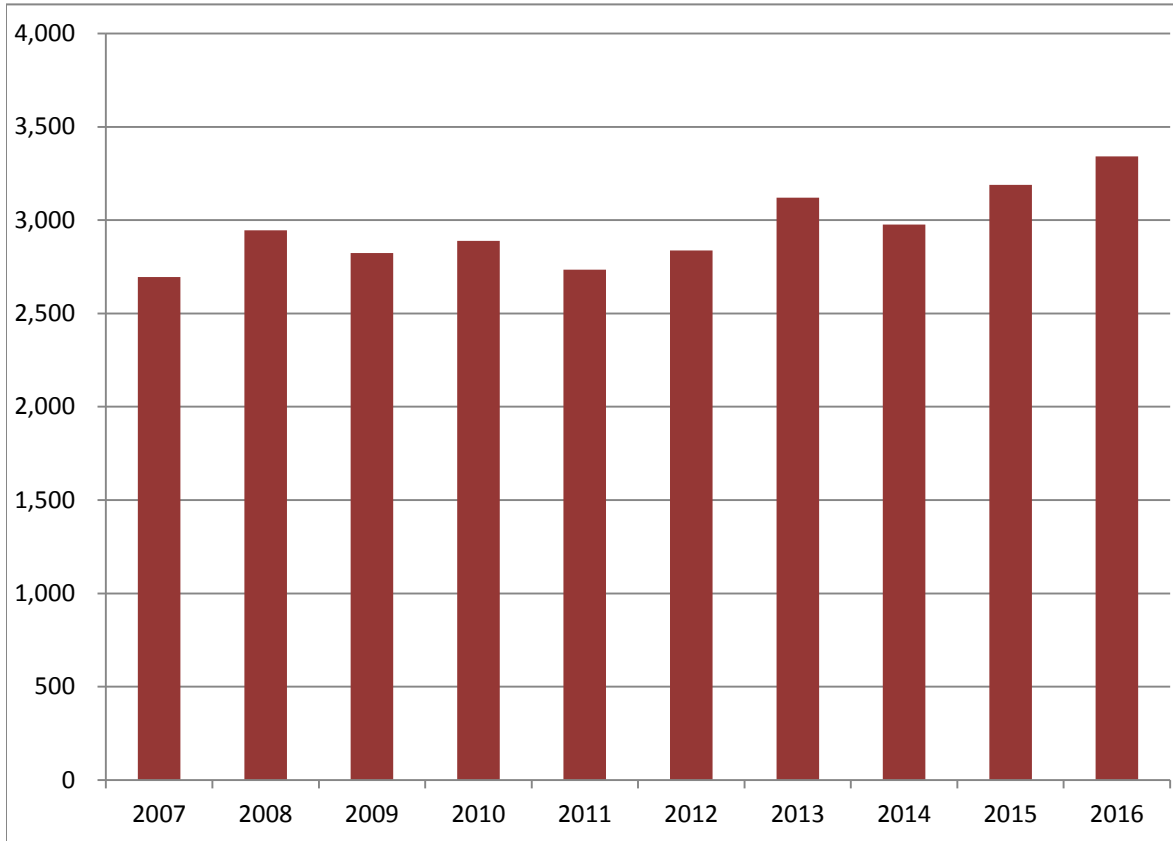
**Moraga-Orinda Fire Protection District**  
**Emergency Response Detail Analysis**  
 Fiscal Year 2015-2016

<u>Category</u>	<u>Number of Incidents</u>	<u>Percent of Total Responses</u>
Fire	120	3.6%
Rescue & Emergency Medical Call	2,102	62.9%
Hazardous Condition	119	3.6%
Good Intent Call	67	2.0%
Special Service Call	217	6.5%
False Call	716	21.4%
<b>Total</b>	<b>3,341</b>	<b>100.0%</b>

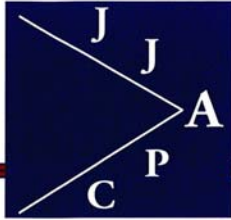




**Moraga-Orinda Fire Protection District**  
**Total Emergency Responses**  
 Last Ten Fiscal Years



<u>Fiscal Year</u>	<u>Number of Emergency Responses</u>
2007	2,695
2008	2,945
2009	2,824
2010	2,889
2011	2,735
2012	2,838
2013	3,121
2014	2,976
2015	3,189
2016	3,341



JJACPA, Inc.

A Professional Accounting Services Corp.

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

**Independent Auditor's Report**

The Board of Directors  
Moraga-Orinda Fire Protection District  
Moraga, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the Moraga-Orinda Fire Protection District (District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 29, 2016.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

November 29, 2016

*JJACPA, Inc.*  
**JJACPA, Inc.**  
Dublin, CA

MORAGA-ORINDA FIRE PROTECTION DISTRICT

GANN APPROPRIATIONS LIMIT SCHEDULE

FOR THE YEAR ENDED

JUNE 30, 2016



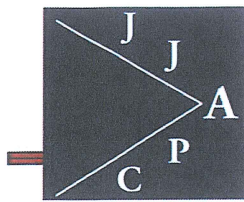
# Attachment B

## Moraga-Orinda Fire Protection District Gann Appropriations Limit Schedule For the year ended June 30, 2016

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JJACPA, Inc.

A Professional Accounting Services Corp.

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

The Honorable Board of Directors  
Moraga-Orinda Fire Protection District  
Moraga, California

We have applied the procedures enumerated below to the accompanying Appropriations Limit Schedule of the Moraga-Orinda Fire Protection District (the "District") for the fiscal year ended June 30, 2016. These procedures, which were agreed to by the District (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*), were performed solely to assist the District in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The District's management is responsible for the Appropriations Limit Schedule. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed worksheets used by the District to calculate its Appropriations Limit for the fiscal year ended June 30, 2016 and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by Resolution of the Board of Directors. We also compared the population and inflation options in the aforementioned worksheets to those that were selected by a recorded vote of the Board of Directors.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Schedule, we added line A, last year's limit, to line E, total adjustments and compared the resulting amount to line F, this year's limit.

Finding: No exceptions were noted as a result of our procedures.

3. We compared the current year information presented in the accompanying Appropriations Limit Schedule to the other worksheets described in No. 1 above.

Finding: No exceptions were noted as a result of our procedures.

## Attachment B

Page – 2 – Findings (continued)

4. We compared the prior year appropriations limit, presented in the accompanying Appropriations Limit Schedule, to the prior year appropriations limit adopted by the Board of Directors for the prior year.

Finding: No exceptions were noted as a result of our procedures.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Schedule. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

May 17, 2016

*JJACPA, Inc.*  
JJACPA, Inc.  
Dublin, CA.

# Attachment B

## Moraga-Orinda Fire Protection District

Gann Appropriations Limit Schedule

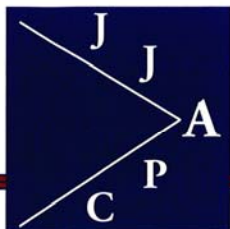
For the year ended June 30, 2016

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	<u>Amount</u>	<u>Source</u>
A. Appropriations limit for the year ended June 30, 2015	\$23,842,528	Prior year schedule
B. Calculation Factors:		
1. Population change %	1.0382	State Department of Finance
2. Per capita cost of living change %	<u>1.0128</u>	State Department of Finance
3. Total adjustment factor	1.0515	B1 * B2
C. Annual Adjustment Increase	1,227,627	[(B3-1)*A1]
D. Other Adjustments		
Lost responsibility (-)	N/A	
E. Total Adjustments	<u>\$1,227,627</u>	(C+D)
F. Appropriations limit for the year ended June 30, 2016	<u><u>\$25,070,155</u></u>	(A+E)

**MORAGA-ORINDA FIRE PROTECTION DISTRICT**  
**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE AND**  
**COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS**  
**JUNE 30, 2016**



JJACPA, Inc.

A Professional Accounting Services Corp.

November 29, 2016

To the Board of Directors  
Moraga Orinda Fire Protection District  
Moraga, California

We have audited the financial statements of the Moraga Orinda Fire Protection District (District) as of and for the year ended June 30, 2016 and have issued our report thereon dated November 29, 2016. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated April 4, 2016, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year ended June 30, 2016. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are useful lives of capital assets ("useful lives").

Management's estimate of the useful lives is based on experience with and observation of capital assets, by category (e.g. infrastructure) as well as industry standards, when applicable (i.e. buildings). We evaluated the key factors and assumptions used to develop the useful lives and determined that it is reasonable in relation to the basic financial statements taken as a whole.

#### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to commitments and contingencies.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## Attachment C

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated November 29, 2016.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

### **Other Information in Documents Containing Audited Financial Statements**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the District's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the Management's Discussion and Analysis and considered whether such information or the manner of its presentation was materially inconsistent with its presentation in the financial statements.



## Attachment C

### Communication of Internal Control Related Matters

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

This report is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Joseph J. Arch*

JOSEPH J. ARCH, CPA  
President/CEO  
JJACPA, INC.



# Moraga-Orinda Fire District

November 29, 2016

JJACPA, Inc.  
7080 Donlon Way, Suite #204  
Dublin, CA 94568

Dear Mr. Arch:

This representation letter is provided in connection with your audit of the financial statements of Moraga-Orinda Fire Protection District (District) as of June 30, 2016 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the District in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 29, 2016.

## Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated April 4, 2016, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. The financial statements referred to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. With regard to nonaudit services performed by you, we acknowledge and our responsibility to:
  - a. Assume all management responsibilities;
  - b. Oversee the services by designating an individual who possesses suitable skill, knowledge, or experience;
  - c. Evaluate the adequacy and results of the services performed; and

- b. Oversee the services by designating an individual who possesses suitable skill, knowledge, or experience;
  - c. Evaluate the adequacy and results of the services performed; and
  - d. Accept responsibility for the results of the services.
6. Significant assumptions used by us in making accounting estimates are reasonable.
7. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
8. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
9. The effects of uncorrected misstatements summarized in the attached schedule 6 and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
10. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements which codifies FASB Accounting Standards Codification™ (ASC) 450, Contingencies, and we have not consulted a lawyer concerning litigation, claims, or assessments.
11. With regard to items reported at fair value:
  - a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
  - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
12. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
13. All funds and activities are properly classified.
14. All funds that meet the quantitative criteria in GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and GASB Statement No. 37, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
15. All net position components and fund balance classifications have been properly reported.
16. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
17. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
18. All interfund and intra-entity transactions and balances have been properly classified and reported.
19. Special items and extraordinary items have been properly classified and reported.

## Attachment C

20. Deposit and investment risks have been properly and fully disclosed.
21. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
22. All required supplementary information is measured and presented within the prescribed guidelines.
23. Nonexchange and exchange financial guarantees, either written or oral, under which it is more likely than not that a liability exists have been properly recorded, or if we are obligated in any manner, are disclosed.

### Information Provided

24. We have provided you with:
  - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - b. Additional information that you have requested from us for the purpose of the audit; and
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
25. All transactions have been recorded in the accounting records and are reflected in the financial statements.
26. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
27. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others where the fraud could have a material effect on the financial statements.
28. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors, regulators, or others.
29. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
30. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
31. We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us.
32. We have a process to track the status of audit findings and recommendations.
33. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

34. We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
35. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
36. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
37. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
38. The District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
39. We have disclosed to you all guarantees, whether written or oral, under which the District is contingently liable.
40. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
41. There are no:
  - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.
  - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
42. The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
43. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
44. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB-62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

  
\_\_\_\_\_  
Stephen Healy, Fire Chief

  
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Gloriann Sasser, Administrative Services Director