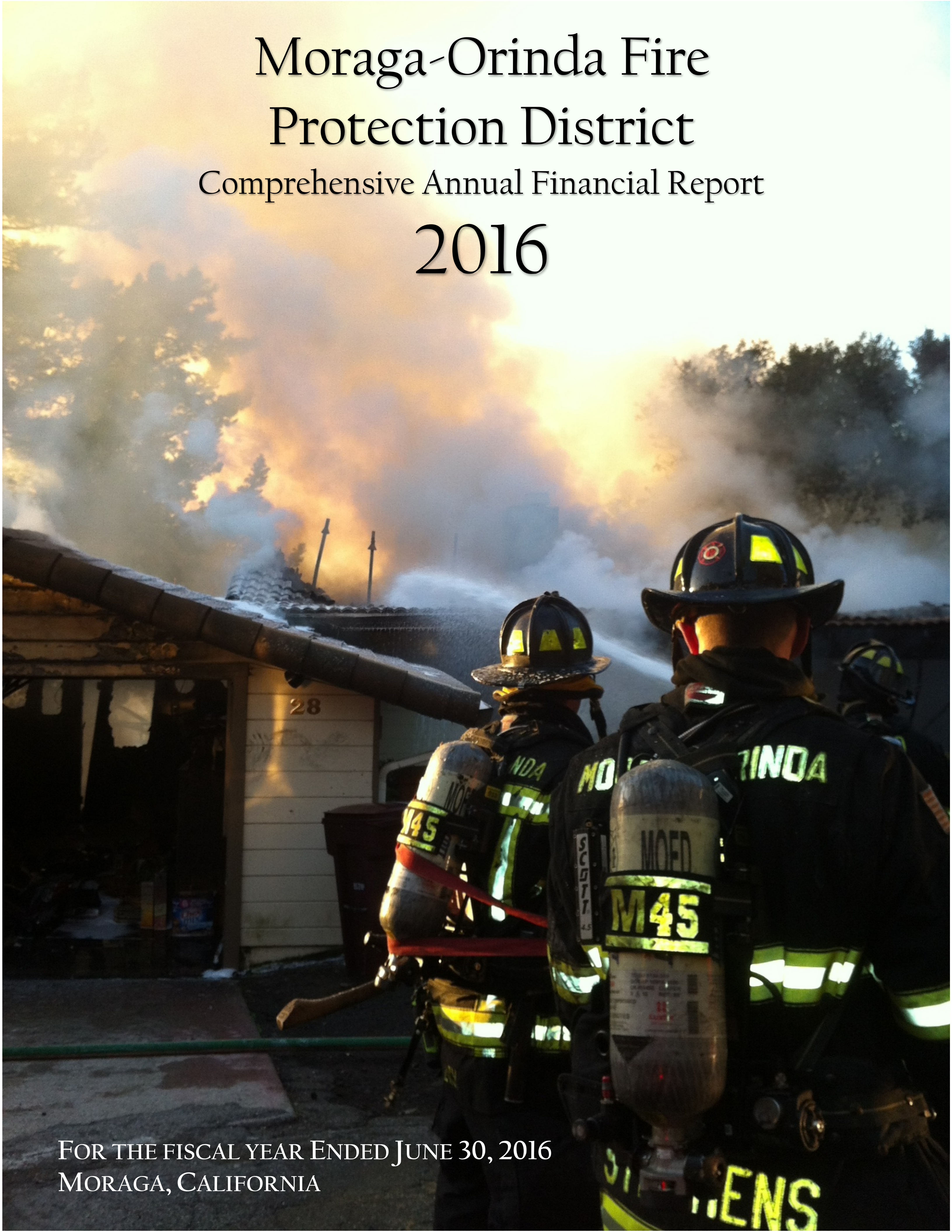
Moraga-Orinda Fire Protection District

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

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

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

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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

MORAGA-ORINDA FIRE DISTRICT
ORGANIZATIONAL STRUCTURE
June 2016

BOARD OF DIRECTORS
(5)

FIRE CHIEF

BATTALION CHIEF
Training

- Apparatus
- Air Oxygen
- Equipment
- Training
- Technical Rescue

BATTALION CHIEF
Operations

- BART
- Communications
- Operations
- Fire Investigations

BATTALION CHIEF
Support Services

- EMS
- Grants
- Hazardous Materials
- Safety Officer
- Facilities

EMERGENCY PREPAREDNESS COORDINATOR

- City/Town EOCs
- Community Emergency Preparedness

FIRE MARSHAL
Fire Prevention

- Code Enforcement
- Community Risk Reduction
- Plan Review
- Public Education

ADMINISTRATIVE SERVICES DIRECTOR

- Finance
- Human Resources
- Information Technology

FIRE CAPTAIN
Station-41 (1)
Station-42 (1)
Station-43 (1)
Station-44 (1)
Station-45 (1)

ENGINEER
Station-41 (1)
Station-42 (1)
Station-43 (1)
Station-44 (1)
Station-45 (1)

FIREFIGHTER/ FIREFIGHTER-P
(7)

PARAMEDIC

FIRE CAPTAIN
Station-41 (1)
Station-42 (1)
Station-43 (1)
Station-44 (1)
Station-45 (1)

ENGINEER
Station-41 (1)
Station-42 (1)
Station-43 (1)
Station-44 (1)
Station-45 (1)

FIREFIGHTER/ FIREFIGHTER-P
(7)

PARAMEDIC

FIRE CAPTAIN
Station-41 (1)
Station-42 (1)
Station-43 (1)
Station-44 (1)
Station-45 (1)

ENGINEER
Station-41 (1)
Station-42 (1)
Station-43 (1)
Station-44 (1)
Station-45 (1)

FIREFIGHTER/ FIREFIGHTER-P
(7)

PARAMEDIC

CERT PROGRAM MANAGER (Volunteers)

- Logistics Section (1)
- Registrar (1)
- PIO (1)
- CERT Instructors (11)

COMMUNICATIONS SUPPORT UNIT VOLUNTEERS (15)

FIRE INSPECTOR/PLANS EXAMINER (.5)

FIRE PREVENTION AIDES (5)

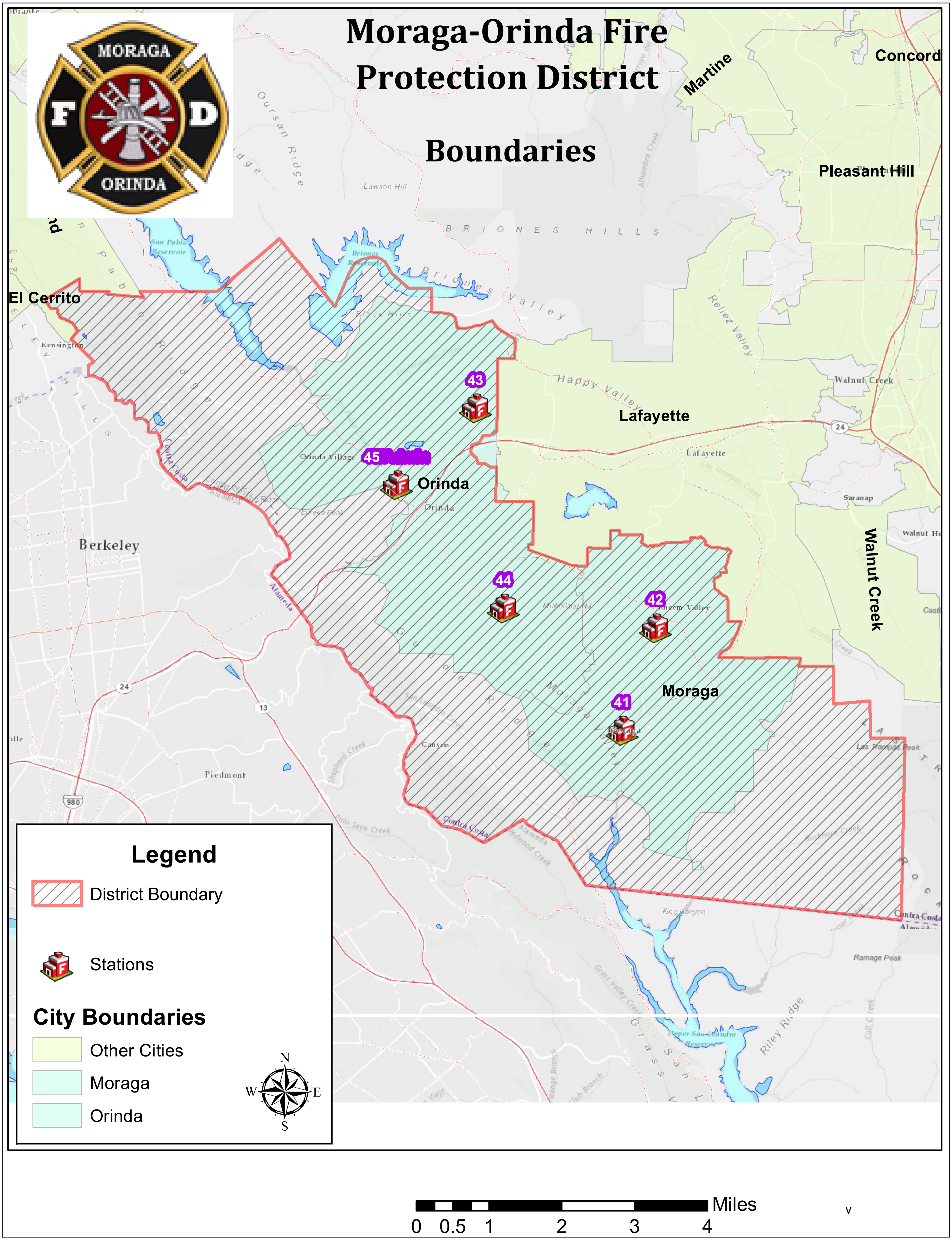
HUMAN RESOURCES BENEFITS MANAGER

ACCOUNTANT

PAYROLL TECHNICIAN

DISTRICT SECRETARY/ DISTRICT CLERK

DISTRICT AIDES (2)


Moraga-Orinda Fire Protection District
Boundaries
MORAGA
F
D
ORINDA
Concord
Martinez
Pleasant Hill
El Cerrito
Kensington
Lafayette
Walnut Creek
Orinda
Orinda Village
Berkeley
Moraga
Piedmont
Canyon
Saranap
BRIONES HILLS
Briones Valley
Happy Valley
Reliez Valley
San Pablo Reservoir
Briones Reservoir
Upper San Leandro Reservoir
Lawson Hill
Las Trampas Peak
Ramage Peak
Riley Ridge
43
45
44
42
41
24
13
980
Legend
District Boundary
Stations
City Boundaries
Other Cities
Moraga
Orinda
N
S
E
W
Miles
0
0.5
1
2
3
4

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

March 15, 2017

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, 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 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.

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	Gloriann Sasser, CPA
Fire Chief	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

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.

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.

JJACPA, Inc.

JJACPA, Inc.
Dublin, California

November 29, 2016, except as to Note 4, which is as of March 1, 2017

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 S*tatement 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 S*tatement 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

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:

Governmental Activities

	Governmental Activities	
	2016	2015
Cash and investments	$9,632,435	$5,649,645
Restricted cash and investments	6,591,054	2,812,760
Other assets	1,183,570	921,601
Capital assets, net	8,327,292	9,466,042
Total assets	25,734,351	18,850,048
Deferred outflows – pension plan	12,186,885	377,767
Other liabilities	4,107,188	3,331,251
Long-term liabilities	67,068,752	54,383,134
Total liabilities	71,175,940	57,714,385
Deferred inflows – pension plan	6,529,982	6,003,070
Net Position:		
Net investment in capital assets	8,327,292	9,466,042
Restricted	12,655,893	2,812,780
Unrestricted (deficit)	(60,767,871)	(56,768,462)
Total net position	($39,784,686)	($44,489,640)

The District's total liabilities exceeded total assets by $45,441,589 as of June 30, 2016. A portion of the net position (-21%) reflects its investment in capital assets (land, buildings, improvements, equipment and vehicles.)

An additional portion of the District's net position (-32%) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of net position of ($60,767,871) is unrestricted but as a deficit, will reduce the District's ability to meet its 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 increased $261,969 primarily due to an increase in taxes receivable

- 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 ($60,767,871) 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
Expenses		
Fire protection - operations	$18,610,768	$18,372,152
Interest	1,079,259	1,041,717
Total expenses	19,690,027	19,413,869
Revenues		
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	-

Gain on sale of capital assets	315,507	-
Total general revenues	22,654,722	20,466,538
Change in net position	4,704,954	4,048,274
Net position - beginning	(44,489,640)	9,799,099
Prior period adjustment	-	(58,337,013)
Net position - ending	($39,784,686)	($44,489,640)

Expenses

Fire protection – operations expenses totaled $18,610,768 for fiscal year 2015-2016. This was an increase over the prior year of $238,616.

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 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 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.

Financing Operations

The District utilized the Teeter Plan to borrow from Contra Costa County during part of the fiscal year.

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.

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

	Governmental Activities 2016
ASSETS	
Current assets:	
Cash and investments	$ 9,632,435
Restricted cash and investments	6,591,054
Receivables, net	1,161,045
Other assets	22,525
Total current assets	17,407,059
Noncurrent assets:	
Capital assets, net	8,327,292
Total noncurrent assets	8,327,292
Total assets	25,734,351
Deferred outflows - Pension plan	12,186,885
Total assets and deferred outflows	$ 37,921,236
LIABILITIES	
Current liabilities:	
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
Total current liabilities	4,107,188
Noncurrent liabilities:	
Net pension obligation	39,299,357
Compensated absences	359,429
Net OPEB obligation	6,816,633
Due after one year	20,593,333
Total noncurrent liabilities	67,068,752
Total liabilities	71,175,940
Deferred inflows - Pension plan	6,529,982
NET POSITION	
Net investment in capital assets	8,327,292
Restricted for:	
Debt service	2,587,823
Capital projects	10,068,070
Unrestricted (deficit)	(60,767,871)
Total net position	(39,784,686)
Total liabilities, deferred inflows, and net position	$ 37,921,236

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: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: 2016
Governmental activities:				
Fire protection - operations	$ 18,610,768	$ 1,303,760	$ 436,499	$ (16,870,509)
Interest on long-term debt	1,079,259	-	-	(1,079,259)
Total governmental activities	$ 19,690,027	$ 1,303,760	$ 436,499	$ (17,949,768)

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	22,654,722
Change in net position	4,704,954
Net position:	
Net position - beginning	(44,489,640)
Net position - ending	$ (39,784,686)

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

Moraga-Orinda Fire Protection District

Balance Sheet

Governmental Funds

June 30, 2016

	Major Funds			
	General Fund	Debt Service	Capital Projects	Total Governmental Fund
ASSETS				
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
Total assets	$4,733,943	$2,587,823	$10,085,293	$17,407,059
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ 153,871	$ -	$ 17,223	$ 171,094
Salaries and benefits payable	890,997	-	-	890,997
Total liabilities	1,044,868	-	17,223	1,062,091
Fund balances:				
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
Total fund balances	3,689,075	2,587,823	10,068,070	16,344,968
Total liabilities and fund balances	$4,733,943	$2,587,823	$10,085,293	$17,407,059

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		
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		$ (39,784,686)

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 Funds Balance Sheet	Reclass	Changes in GAAP	Statement of Net Position
Current assets:				
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
Total current assets	17,407,059	-	-	17,407,059
Noncurrent assets:				
Capital assets, net	-	-	8,327,292	8,327,292
Total noncurrent assets	-	-	8,327,292	8,327,292
Total assets	17,407,059	-	8,327,292	25,734,351
Deferred outflows	-	-	12,186,885	12,186,885
Total assets and deferred outflows	$ 17,407,059	$ -	$ 20,514,177	$ 37,921,236
LIABILITIES				
Current liabilities:				
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
Total current liabilities	1,062,091	-	3,045,097	4,107,188
Noncurrent liabilities:				
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
Total noncurrent liabilities	-	-	67,068,752	67,068,752
Total liabilities	1,062,091	-	70,113,849	71,175,940
Deferred inflows	-	-	6,529,982	6,529,982
FUND BALANCES/NET POSITION				
Fund balances:				
Restricted	6,591,527	(6,591,527)	-	-
Committed	6,064,366	(6,064,366)	-	-
Unassigned	3,689,075	(3,689,075)	-	-
Net position:				
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	(70,521,312)	(60,767,871)
Total fund balances/net position	16,344,968	-	(56,129,654)	(39,784,686)
Total liabilities, deferred inflows, and net position	$ 17,407,059	$ -	$ 20,514,177	$ 37,921,236

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			
	General Fund	Debt Service	Capital Projects	Totals
REVENUES:				
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
Total revenues	19,843,613	3,072,106	1,163,755	24,079,474
EXPENDITURES:				
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
Total expenditures	18,115,489	2,872,509	1,058,580	22,046,578
REVENUES OVER EXPENDITURES	1,728,124	199,597	105,175	2,032,896
OTHER FINANCING SOURCES:				
Lease proceeds	-		4,069,000	4,069,000
Proceeds from sales of assets	370	-	1,579,330	1,579,700
Total other financing sources	370	-	5,648,330	5,648,700
Net change in fund balances	1,728,494	199,597	5,753,505	7,681,596
FUND BALANCES:				
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

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

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

Prepaid Amortization	Capital Asset (Additions)/ Retirements	OPEB	Pension	Government-wide Totals
$ 150,767	$ (125,701)	$ 260,776	$ (595,696)	$ 18,610,768
-	(792,794)		-	-
-	-	-	-	1,079,259
$ 150,767	$ (918,495)	$ 260,776	$ (595,696)	$ 19,690,027

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	(1,579,700)	(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	(150,767)	1,786,095
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	(260,776)	294,246
Change in net position of governmental activities		$ 4,704,954

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)
REVENUES:				
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
Total revenues	19,362,677	19,460,287	19,843,613	383,326
EXPENDITURES:				
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
Total expenditures	19,074,826	19,143,353	18,115,489	1,027,864
REVENUES OVER EXPENDITURES	287,851	316,934	1,728,124	1,411,190
OTHER FINANCING SOURCES:				
Proceeds from sales of assets	1,000	2,000	370	(1,630)
Total other financing sources	1,000	2,000	370	(1,630)
Net change in fund balances	288,851	318,934	1,728,494	1,409,560
FUND BALANCES:				
Beginning of year	1,960,581	1,960,581	1,960,581	-
End of year	$ 2,249,432	$ 2,279,515	$ 3,689,075	$ 1,409,560

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	$ 16,223,489

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:

Authorized Investment Type	Maximum Maturity
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	$1,161,045

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. DISCOVERY OF A SUBSEQUENT FACT

Subsequent to the issuance of the June 30, 2015 financial statements and after the June 30, 2016 fieldwork was performed, management determined that a prepaid amount for an unfunded actuarial accrued pension liability (UAAL) with the Contra Costa County Employees' Retirement Association (CCCERA) was included in the actuarial valuation of the net pension liability and therefore should be part of the prior period adjustment amount. The June 30, 2015 financial statements were recalled, reissued and adjusted accordingly and the amounts are reflected in the beginning net position of the government-wide financial statements. The fund financials and all other supplementary information remains unchanged as to this correction for both years.

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
Governmental activities:				
Nondepreciable assets:				
Land	$ 1,273,750	$ -	$ (771,750)	$ 502,000
Construction in Progress	685,465	231,552	(94,476)	822,541
Total nondepreciable assets	1,959,215	231,552	(866,226)	1,324,541
Depreciable assets:				
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
Total depreciable assets	15,165,140	561,242	(453,250)	15,273,132
Total	17,124,355	792,794	(1,319,476)	16,597,673
Accumulated depreciation:				
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
Total accumulated depreciatio	7,658,313	642,285	(30,217)	8,270,381
Total net capital assets	$ 9,466,042	$ 150,509	$ (1,289,259)	$ 8,327,292

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

	Fiscal Year Ended June 30, 2016
Fire protection - operations	$ 642,285
Total	$ 642,285

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
Total	$1,062,091

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	20,844,554	4,069,000	(1,936,862)	22,976,692	2,383,359
Compensated absences	471,738	217,691	(165,000)	524,429	165,000
Total long-term liabilities	$ 21,316,292	$ 4,286,691	$ (2,101,862)	$ 23,501,121	$ 2,548,359

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	$ 18,565,000	$ 3,483,703	$ 4,069,000	$ 701,775
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	$ 18,565,000	$ 3,483,703	$ 4,069,000	$ 701,775

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	$ 342,692	$ 14,180	$ 22,976,692	$ 4,199,658
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	$ 342,692	$ 14,180	$ 22,976,692	$ 4,199,658

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:

Net Position	June 30, 2016
Net investment in capital assets	$8,327,292
Restricted for:	
Debt Service	2,587,823
Capital Projects	10,068,070
Unrestricted (deficit)	(60,767,871)
Total	$(39,784,686)

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:

Fund Balances	June 30, 2016
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	$ 16,344,968

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	$ 12,186,885	$ 6,529,982

$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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	6.00%	5.75%
Developed International Equity	10.00%	6.99%
Emerging Markets Equity	14.00%	8.95%
Shot-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%
Total	100.00%	

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:

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

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:

Fiscal Year Ended	Annual OPEB Cost	Annual Employer Contribution	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
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)	$ 15,330,000
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

13. NEW ACCOUNTING PRONOUNCEMENTS, Continued

is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB).

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*

	2016	2015	2014
Contractually required contribution (actuarially determined)	$ 4,063,149	$ 4,517,403	$ 3,107,945
Contributions in relation to the actuarially determined contributions	4,063,149	4,517,403	3,107,945
Contribution deficiency (excess)	$ -	$ -	$ -
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*

	2016	2015	2014
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)
REVENUES:				
Property taxes	$ 3,069,093	$ 3,069,093	$ 3,069,093	$ -
Use of money and property	-	-	3,013	3,013
Total revenues	3,069,093	3,069,093	3,072,106	3,013
EXPENDITURES:				
Debt service:				
Principal	1,855,000	1,855,000	1,855,000	-
Interest	1,017,509	1,017,509	1,017,509	-
Total expenditures	2,872,509	2,872,509	2,872,509	-
REVENUES OVER EXPENDITURES	196,584	196,584	199,597	3,013
Net change in fund balances	196,584	196,584	199,597	3,013
FUND BALANCES:				
Beginning of year	2,388,226	2,388,226	2,388,226	-
End of year	$ 2,584,810	$ 2,584,810	$ 2,587,823	$ 3,013

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)
REVENUES:				
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
Total revenues	1,068,288	1,082,758	1,163,755	80,997
EXPENDITURES:				
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
Total expenditures	951,829	1,031,196	1,058,580	(27,384)
REVENUES OVER EXPENDITURES	116,459	51,562	105,175	53,613
OTHER FINANCING SOURCES:				
Lease proceeds	424,554	4,070,000	4,069,000	(1,000)
Proceeds from sale of assets	-	-	1,579,330	1,579,330
Total other financing sources	424,554	4,070,000	5,648,330	1,578,330
Net change in fund balances	541,013	4,121,562	5,753,505	1,631,943
FUND BALANCES:				
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

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
Governmental activities:				
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
Total governmental activities net position	$ 12,300,566	$ 12,267,995	$ 11,216,866	$11,044,908
Primary government:				
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
Total primary government net position	$ 12,300,566	$ 12,267,995	$ 11,216,866	$11,044,908

Source: Administrative Services Division

* Implemented GASB 68

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)	(56,768,462)	(60,767,871)
$10,924,588	$10,412,115	$ 8,654,914	$ 9,799,099	$(44,489,640)	$(39,784,686)
$ 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)	(56,768,462)	(60,767,871)
$10,924,588	$10,412,115	$ 8,654,914	$ 9,799,099	$(44,489,640)	$(39,784,686)

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
Expenses:				
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	$ 15,927,176	$ 18,614,812	$ 20,346,838	$ 19,488,515
Program revenues:				
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	$ 887,441	$ 1,607,108	$ 1,750,233	$ 1,420,196
Net (Expense)/Revenue				
Governmental activities	$ (15,039,735)	$ (17,007,704)	$ (18,596,605)	$ (18,068,319)
Total primary government net expense	$ (15,039,735)	$ (17,007,704)	$ (18,596,605)	$ (18,068,319)
General Revenues and Other Changes in Net Position:				
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	$ 16,931,119	$ 16,975,133	$ 17,545,476	$ 17,896,361
Changes in Net Position				
Governmental activities	$ 1,891,384	$ (32,571)	$ (1,051,129)	$ (171,958)
Total primary government	$ 1,891,384	$ (32,571)	$ (1,051,129)	$ (171,958)

Source: Administrative Services Division

2011	2012	2013	2014	2015	2016
$ 17,199,159	$ 17,298,393	$ 18,285,971	$ 19,149,488	$ 18,372,152	$ 18,610,768
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	19,413,869	19,690,027
$ 19,738,426	$ 19,850,058	$ 20,867,588	$ 20,574,365	$ 19,413,869	$ 19,690,027
$ 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
$ 1,395,534	$ 1,242,317	$ 1,455,540	$ 2,810,821	$ 2,995,605	$ 1,740,259
$(18,342,892)	$(18,607,741)	$(19,412,048)	$(17,763,544)	$(16,418,264)	$(17,949,768)
$(18,342,892)	$(18,607,741)	$(19,412,048)	$(17,763,544)	$(16,418,264)	$(17,949,768)
$ 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
$ 18,222,572	$ 18,095,271	$ 17,654,847	$ 18,907,729	$ 20,466,538	$ 22,654,722
$ (120,320)	$ (512,470)	$ (1,757,201)	$ 1,144,185	$ 4,048,274	$ 4,704,954
$ (120,320)	$ (512,470)	$ (1,757,201)	$ 1,144,185	$ 4,048,274	$ 4,704,954

Moraga-Orinda Fire Protection District

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(Fiscal year ended June 30)

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

Source: Administrative Services Division

	2011	2012	2013	2014	2015	2016
	$ 97,436	$ 101,742	$ 179,419	$ 314,360	$ 150,767	$ -
	2,230,328	-	-	700	-	-
	1,389,986	981,806	(103,719)	250,906	1,809,814	3,689,075
	3,717,750	1,083,548	75,700	565,966	1,960,581	3,689,075
	$ 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
	2,959,234	3,041,382	-	-	-	-
	2,989,418	5,419,229	5,645,147	5,651,630	6,702,791	12,655,893
	$ 6,707,168	$ 6,502,777	$ 5,720,847	$ 6,217,596	$ 8,663,372	$ 16,344,968

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
Revenues:				
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	-	-	-	-
Total revenues	$ 17,818,560	$ 18,582,241	$ 19,295,709	$ 19,316,557
Expenditures:				
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
Total expenditures	$ 16,109,051	$ 19,255,394	$ 20,760,868	$ 19,013,266
Reconciliation of Governmental Revenues Less Expenditures to Fund Equity:				
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	-	-
Net change in fund balances	$ 1,709,509	$ 972,270	$ (1,465,159)	$ 303,291
Debt service as a percentage of noncapital expenditures	11.53%	11.89%	13.51%	14.67%

Source: Administrative Services Division

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
$ 19,618,106	$ 19,337,588	$ 19,110,387	$ 21,718,550	$ 23,462,143	$ 24,079,474
$ 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
$ 19,716,684	$ 19,541,976	$ 19,892,317	$ 21,221,801	$ 21,442,279	$ 22,046,578
$ (98,578)	$ (204,388)	$ (781,930)	$ 496,749	$ 2,019,864	$ 2,032,896
-	-	-	-	424,554	4,069,000
-	-	-	-	1,358	1,579,700
-	-	-	-	425,912	5,648,700
$ (98,578)	$ (204,388)	$ (781,930)	$ 496,749	$ 2,445,776	$ 7,681,596
13.76%	12.96%	12.82%	13.10%	12.93%	14.25%

Moraga-Orinda Fire Protection District

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

	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.

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

		2015-16	
Property Owner	Primary Land Use	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		
		$ 285,341,658	

Source: HdL, Coren & Cone

	2006-07		
% of Net AV	Assessed Valuation	Rank	% of Total
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
2.98%	$ 154,451,843		2.24%

Moraga-Orinda Fire Protection District

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy: Amount	Collected within the Fiscal Year of the Levy: Percentage of Levy
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

Fiscal Year	Pension Obligation Bonds	Equipment Capital Lease	Total Primary Government	Percentage of Personal Income	Per Capita
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** [1]	**Net Bonded Debt**
Direct Debt			
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
Total Direct Debt			**22,976,692**
Overlapping Tax and Assessment Debt			
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
Total Overlapping Tax and Assessment Debt			$ 221,396,641
Total Direct and Overlapping Debt			$ 244,373,333 (2)

Ratios to Assessed Valuation	
Combined Direct Debt	0.24%
Total Overlapping Tax and Assessment Debt	2.31%
Combined Total Debt	2.55%

[1] Percentage of overlapping agency's assessed valuation located within the boundaries of the District.

[2] 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	$ 255,848,566	$271,648,434	$283,324,659	$294,649,434
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	-
Legal debt margin	$ 356,768,195

(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

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

Moraga-Orinda Fire Protection District

Demographic and Economic Statistics

Last Ten Calendar Years

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%

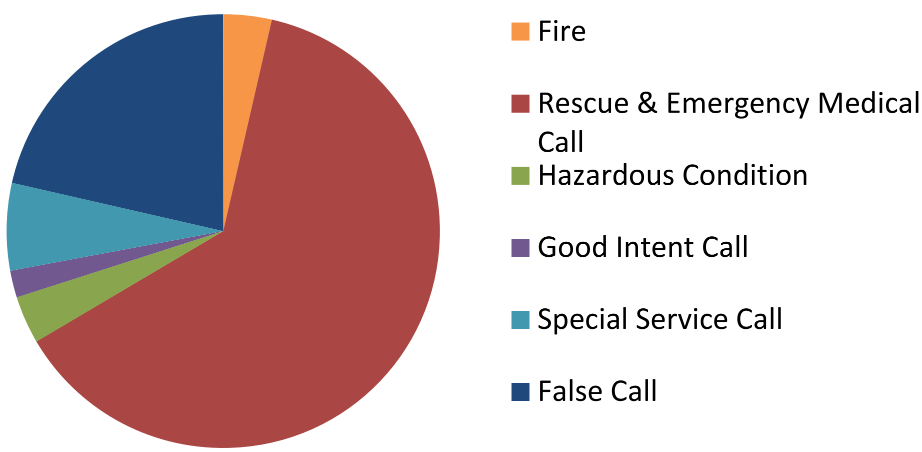
Source: State of California Department of Finance, Employment Development Department

Moraga-Orinda Fire Protection District

Emergency Response Detail Analysis

Fiscal Year 2015-2016

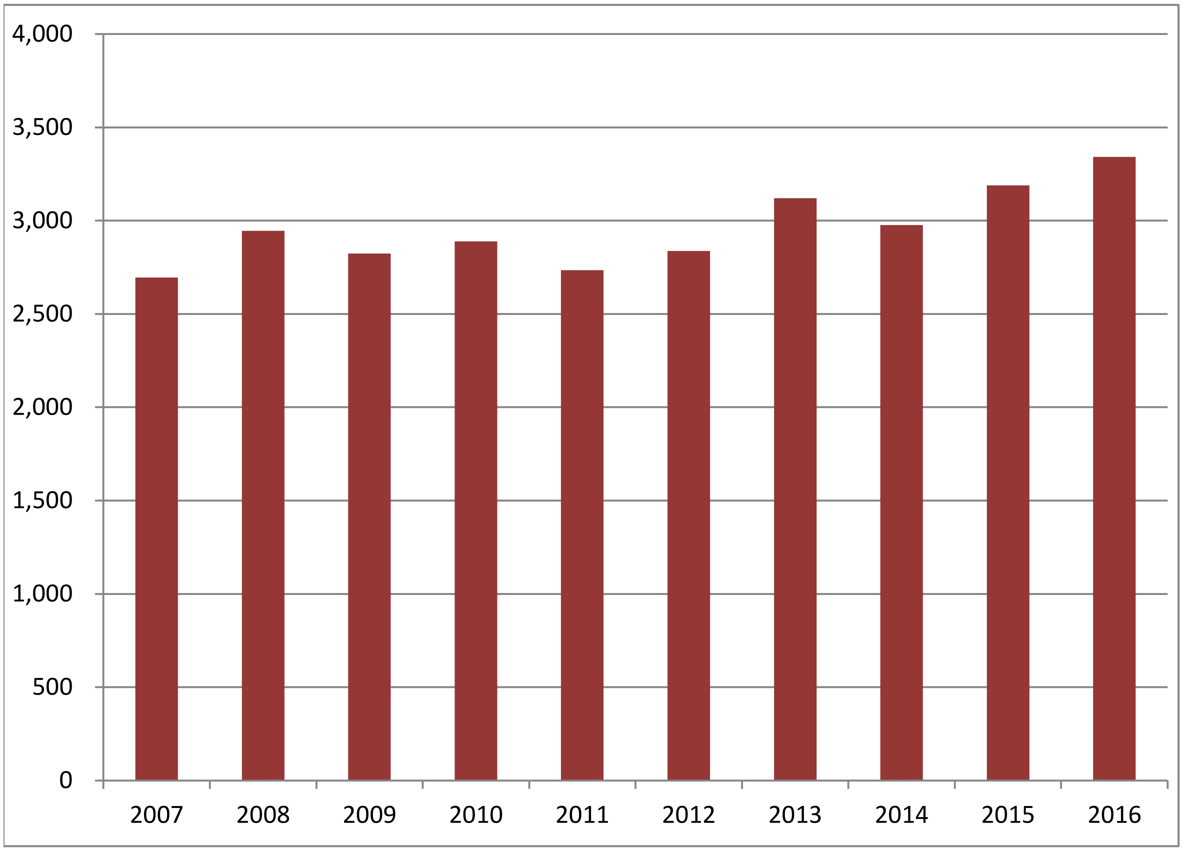
Category	Number of Incidents	Percent of Total Responses
Fire	120	3.6%
Rescue & Emergency Medical Call	2,102	62.9%
Hazardous Condition	119	3.6%
Good Intent Call	67	2.0%
Special Service Call	217	6.5%
False Call	716	21.4%
Total	3,341	100.0%



Moraga-Orinda Fire Protection District

Total Emergency Responses

Last Ten Fiscal Years



Fiscal Year	Number of Emergency Responses
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

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.

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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.

JJACPA, Inc.

November 29, 2016

JJACPA, Inc.
Dublin, CA