Moraga-Orinda Fire District

Board of Directors

REGULAR MEETING
February 15, 2017
7:00 p.m. OPEN SESSION

Hacienda Mosaic Room
2100 Donald Drive
Moraga, CA 94556

---

1. OPENING CEREMONIES
    - 1.1. Call the meeting to Order
    - 1.2. Roll Call
    - 1.3. Core Values – Service, Honor, Integrity

2. PUBLIC COMMENT

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

3. CELEBRATION OF LIFE AWARD

    A Celebration of Life Award from the Contra Costa Country EMS Agency to Matthew Scanlan

4. CONSENT AGENDA
    - 4.1. **Meeting Minutes – January 18, 2017**
      Staff Recommendation: Receive and File
    - 4.2. **Monthly Incident Report for January, 2017**
      Staff Recommendation: Receive and File
    - 4.3. **Monthly Check/Voucher Register for January 2017**
      Staff Recommendation: Receive and File
    - 4.4. **Quarterly Treasurer's Report**
      Staff Recommendation: Receive and File
    - 4.5. **Quarterly Ambulance Billing Report**
      Staff Recommendation: Receive and File

5. COMMITTEE REPORTS
    - 5.1. **Finance Committee (Directors Anderson and Barber)**
    - 5.2. **Ad Hoc Pension Review Committee (Directors Barber and Jorgens)**
    - 5.3. **Ad Hoc Financial Reporting Committee (Directors Jex and Jorgens)**

6. REGULAR AGENDA
    - 6.1. **Authorize Investment in the PARS Public Agencies Post-Employment Benefits Trust Passively Managed Capital Appreciation Portfolio for Pension Funds, Authorize Transfer of OPEB Trust Funds from the Actively Managed Capital Appreciation Portfolio to the Passively Managed Capital Appreciation Portfolio, Approve the Investment Guidelines Documents for the Pension and OPEB Plans and Authorize a Pension Contribution in the Amount of $256,000 to the PARS Trust in Fiscal Year 2016/17**
      Staff will present information to the Board regarding Investment in the PARS Public Agencies Post-Employment Benefits Trust Passively Managed Capital Appreciation Portfolio for Pension Funds, Transfer of OPEB Trust Funds from the Actively Managed Capital Appreciation Portfolio to the Passively Managed Capital Appreciation Portfolio, the Investment Guidelines Documents for the Pension and OPEB Plans and a Pension Contribution in the Amount of $256,000 to the PARS Trust in Fiscal Year 2016/17.
      Staff Recommendation: 1) Receive; 2) Discuss; 3) Authorize investment in the PARS Public Agencies Post-Employment Health Care Plan Trust passively managed Capital Appreciation portfolio for the pension funds, authorize transfer of OPEB trust funds from the actively managed Capital Appreciation portfolio to the passively managed Capital Appreciation portfolio, approve the Investment Guidelines Documents for the Pension and OPEB plans and authorize a pension contribution in the amount of $256,000 to the PARS trust in fiscal year 2016/17.

6.2. **Formation of an Ad Hoc Committee to Update Policy 11 Board of Directors and Fire Chief Roles and Responsibilities, and Resolution 11-03, Adopting Rules of Procedures for Board Meetings and Related Functions and Activities**
The Board will discuss the formation of an Ad Hoc Committee to update Policy 11 Board of Directors and Fire Chief Roles and Responsibilities, and Resolution 11-03, Adopting Rules of Procedures for Board Meetings and Related Functions and Activities
Staff Recommendation: 1) Discuss; 2) Provide Direction to Staff

6.3. **Mid-Year Budget Review 2016/17, Approve Budget Adjustments and Long Range Financial Plan Update**
Staff will present the Mid-Year Budget Review 2016/17, Budget Adjustments and Long Range Financial Plan Update.
Staff Recommendation: 1) Approve an increase in the General Fund revenue budget in the amount of $323,948; 2) Approve an increase in General Fund expenditure appropriations in the amount of $387,516; 3) Approve an increase in the Capital Projects Fund revenue budget in the amount of $2,960,024; 4) Approve a decrease in the Capital Projects Fund expenditure appropriations in the amount of $13,394; 5) Approve an increase in the Debt Service Fund revenue budget in the amount of $3,000.

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

6.5. **Audit Services Contract for Fiscal Year 2016/17**
Staff will present information to the Board regarding the Audit Services Contract for Fiscal Year 2016/17.
Staff Recommendation: 1) Provide direction to staff regarding the audit contract for fiscal year 2016/17

7. ANNOUNCEMENTS
7.1. **Brief information only reports related to meetings attended by a Director at District expense**
(Government Code Section 53232.3(d))
7.2. **Questions and informational comments from Board members and Staff**

8. ADJOURNMENT

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

Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the Moraga-Orinda Fire District to a majority of members of the Board of Directors less than 72 hours prior to that meeting are available for public inspections at 1280 Moraga Way, Moraga, during normal business hours.

I hereby certify that this agenda in its entirety was posted on February 10, 2017, at the Moraga and Orinda Fire Administration offices, Stations 41, 42, 43, 44, and 45. Agenda provided to the Moraga Town Office (Hacienda) and Orinda City Hall.

Grace Santos

Grace Santos, District Clerk

Moraga-Orinda Fire Protection District

BOARD OF DIRECTORS
REGULAR BOARD MEETING MINUTES

January 18, 2017

1. **Opening Ceremonies**

The Board of Directors convened in Open Session at 6:00 P.M. on January 18, 2017 at the Hacienda Mosaic Room, 2100 Donald Drive, Moraga, California. Vice President Barber called the meeting to order.

Present were the following Directors and Staff:

Director Anderson (via teleconference)
Director Barber
Director Jex

Stephen Healy, Fire Chief
Gloriann Sasser, Admin Services Director
Grace Santos, District Clerk

2. **Public Comment**

There were no comments from the public.

3. **Closed Session**

At 6:00 P.M., the Board adjourned into Closed Session.

President Famulener and Director Jorgens were running behind due to the storm. They arrived at 6:05 P.M.

4. **Reconvene the Meeting**

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

President Famulener
Director Anderson (via teleconference)
Director Barber
Director Jex

Director Jorgens
Stephen Healy, Fire Chief
John Bakker, District Counsel
Gloriann Sasser, Admin Services Director

Grace Santos, District Clerk

5. **Report of Closed Session Action**

There was no reportable action taken during Closed Session on items 3.1, 3.2, 3.3, and 3.4 – Conference with Labor Negotiator.

6. **Public Comment**

Richard Olsen, Moraga resident, complimented the District and staff on rising to a class 2 status, according to ISO. Mr. Olsen commented on the Standards of Coverage (SOC), stating that if the District decides to authorize the acquisition of the Tiller truck, it will have locked in one of the major features of that draft. The November 2, 2016 Board meetings say that the proposed SOC need to be submitted to the Board for final adoption. He believes that the two new Board members should be allowed to weigh in on the SOC and the changes from the 2006 document since it is they, and not their predecessors, who will have to live with the results of whatever is ultimately adopted.

7. **Public Hearing**

7.1 **Opportunity for public comments contesting weed abatement notification given by the Fire District**

In accordance with the California Health and Safety Code, the Board of Directors must hold a public hearing to confirm the costs of abatement incurred by the Fire District in abating separate parcels of land. The purpose of the hearing is to review any objections from property owners legally responsible to be assessed. The confirmation of the costs includes the passing, approval, and adoption of Resolution 17-01, which includes the necessary documents to be submitted to the Contra Costa County Auditor-Controller Tax Division for enrollment on the property tax roll.

On April 15, 2016, notices to abate vegetation were sent to all properties within the boundaries of the Fire District with a compliance date of June 15, 2016. Property owners who were non-compliant and received notices to abate vegetation hazards were given a minimum of 15 days (as required by ordinance) to remove the vegetation. If such removal was not completed by the requested removal date, the Fire District, after inspection and proper second and final notice, conducted the required abatement of the property. A contracted company, in accordance with the instructions from the Office of the Fire Marshal and the vegetation clearance standards, conducted the removal. After the work order was executed, the property owners were billed for the work and had an opportunity to pay prior to the District processing a lien on the property.

President Famulener opened the public hearing and asked if there were property owners who wished to speak and had any objections to the costs of abatement. There were no comments from the public. President Famulener closed the public hearing and confirmed the report for costs of abatement incurred by the Fire District.

Motion by Director Barber and seconded by Director Famulener to adopt Resolution 17-01, Confirming and Adopting the Reported Costs Incurred by the Moraga-Orinda Fire District in Abating Public Nuisances on Certain Property within the District Pursuant to Health and Safety Code section 14912. Said motion carried a unanimous 5-0 roll-call vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

7.2 **Public Hearing to consider the proposed revision to the Schedule of Fees for District Services**

On August 7, 2013, Fire Prevention staff reported on the results of a third party independent fee study analysis and in-house comparable agency survey in order to evaluate MOFD's current fees, which have not been updated since 2005.

The Board instructed staff to continue development of a new fee structure, with substantiating data that will restructure fees for services and reflect the true cost of providing those services for revenue cycle improvement to the District. In 2014, along with the adoption of the 2013 California Fire Code and Ordinance 13-01, the updated fee schedule was adopted.

In October of 2016, the Board adopted Ordinance 16-02 and the 2016 California Fire Code.

The District may, if authorized by the Board of Directors, increase fees and charges based on annual adjustment of the Consumer Price Index (CPI) Urban Wage Earners, San Francisco-Oakland-San Jose, California region, measured as of October of each year. In 2015, the updated fee schedule was approved by the Board to reflect the annual adjustment of the CPI.

President Famulener opened the public hearing and asked if there were members of the public who wished to speak regarding the revision to the Schedule of Fees. There were no comments from the public. President Famulener closed the public hearing.

Motion by Director Barber and seconded by Director Jex to adopt Resolution 17-03, a Resolution of the Moraga-Orinda Fire District Revising a Schedule of Fees for District Services. Said motion carried a unanimous 5-0 roll-call vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

8. Consent Agenda

Motion by Director Barber and seconded by Director Famulener to receive and file Item 8.1 Meeting Minutes, 8.2 Budget Timeline, 8.3 Monthly Incident Report, 8.4 Monthly Check/Voucher Register, and 8.5 Monthly Financial Report. Said motion carried a unanimous 5-0 roll-call vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

9. Regular Calendar

9.1 Resolution 17-04 Authorizing Investment of Monies in Local Agency Investment Fund

The District uses the State of California Local Agency Investment Fund (LAIF) for the investment of District funds. One of the requirements of participation in LAIF is for the Board to confirm the authority of District officers to order the deposit or withdrawal of funds in LAIF. Due to the recent election of new Board officers, it is necessary to update the officers authorized to deposit or withdraw monies.

Motion by Director Jex and seconded by Director Barber to adopt Resolution 17-04 Authorizing Investment of Monies in Local Agency Investment Fund. Said motion carried a unanimous 5-0 roll-call vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

9.2 Resolution 17-05 Approving the Adoption of the Public Agencies Post-Employment Benefits Trust Administered By Public Agency Retirement Services and Approval of the Agreement for Administrative Services

The District currently participates in a public agencies post-retirement health care plan administered by Public Agency Retirement Services (PARS). PARS also offers a postemployment benefits trust, also called a pension rate stabilization program (PRSP). The PRSP is an irrevocable trust designed exclusively for California public agencies to prefund pension costs. In July 2016 the Board considered establishment of the PARS PRSP. The Board agreed the PRSP is worth exploring and directed staff to bring the item back at a future meeting.

The District's costs for pension benefits through Contra Costa County Employees' Retirement Association (CCCERA) are a significant portion of the District's budget, are volatile and difficult to project. By participating in the PRSP, the District would set aside money that would be available to use in the future when CCCERA rates increase.

It is unknown at this time whether assets placed in the PRSP will offset the District's net pension liability in the District's financial statements. Based on preliminary guidance from various auditors, actuaries and industry experts, there was an expectation that assets held in an irrevocable Section 115 trust to address pension liabilities could be used to offset the net pension liability in the financial statements. This expectation was affirmed by guidance provided by a California Committee on Municipal Accounting white paper released in October 2016. However, in November 2016 the Governmental Accounting Standards Board released an exposure draft that proposed that stabilization trust assets should not be used to reduce an agency's net pension liability. At this time there is no clear formal guidance or interpretations on this issue since the implementation guide may be modified before it is finalized.

The fees for service are detailed in the Agreement for Administrative Services. The PARS annual asset fee is 0.25% for plan assets of $10M or less and the HighMark Capital Management investment management fees are 0.35% for assets up to $5M. The fees are the same as those currently charged for the District's participation in the postretirement healthcare plan. Based on the District's current account balance of $300K, the total the District currently pays is approximately $1,800 per year.

PARS provides an established trust, investment professionals, a full-service approach and local control. Staff recommends the District contract with PARS to participate in the postemployment benefits trust. Representatives from PARS and HighMark Capital Management will be present at the Board meeting.

The next step in the process would be for the Finance Committee to meet and determine a recommendation for the amount to contribute to the PRSP and for an investment strategy for the funds.

Mitch Barker, from PARS, gave a presentation and answered questions from the Board.

Director Anderson asked of those special districts and agencies described by Mr. Barker, are they currently operating their pensions by a third party similar to CCCERA, and this is an additional funding trust for their pensions. Mr. Barker said that was correct.

Director Jex asked what Mr. Barker meant by an actuarily sound retirement system. Mr. Barker stated that the more assets you put into the trust, the more assets that offset liabilities, which takes the funding ratio to a higher level. This makes it more actuarily sound. If you have a lower funded ratio, that's not as sound as a higher funded ratio. Assets in the trust offset liabilities. GASB gave us three rules back when they set up trust in the beginning – it must be an irrevocable trust, must not be accessible by creditors, and it must be for an exclusive benefit. If those three conditions are met, it counts as an asset offsetting a future liability.

Director Jorgens commented that he thought there was a footnote in the presentation stating that it was in question. ASD Sasser stated that was for the financial reporting in the CAFR. Mr. Barker is referring more to actuarily sound – the more assets you have that are dedicated to the pension liability, then the more actuarily sound the plan.

Director Barber asked if the Board can decide whenever it wants to use the returns to pay CCCERA, and if that's the only option. Mr. Barker stated that the Board could either reimburse the District at any time for its annual expenses or send the money directly to CCCERA.

Director Jorgens asked Mr. Barker if they have competitors, other private companies that do similar things. Mr. Barker stated that no one else that he knows of has an IRS approved combination trust for pension pre-fund that he is aware of. ASD Sasser said the main competitor was CalPERS, which the Board did not want, PFM Asset Management and another one that targeted school districts. The Board chose PARS.

Director Jorgens asked how Mr. Barker's fees compare with their competitors for the private companies. Mr. Barker stated that he has never seen a price schedule from other companies. The market is fairly new, and they currently have 63 agencies who have signed up with them.

Andrew Brown, from Highmark Capital Management gave a presentation and answered questions from the Board.

Director Jorgens asked if the Board decided they wanted only to invest in a select number of individual funds rather than in one of the five, would they have the flexibility of doing so. Mr. Brown stated that the relationship that they are promoting is discretionary trustee, which means the Board gives the discretion to the trustee, US Bank and vis-a-vis HighMark Capital invests accordingly. There is a discretionary trust relationship that does not require their services and the Board can select whatever funds they feel most appropriate. This is called directed.

Director Jorgens asked how it worked and if the Board has to choose to go all one way or the other, or if they can pick portions of each. Mr. Barker stated that he felt a discretionary model is the best way for the District to go. The Board would have input on risk-tolerance level, capital appreciation, and active or passive. The Board would give them the discretion to make the best investment decisions and pick which funds. If the Board stays with the discretionary, you have input but the fiduciary liability goes to HighMark Capital. If you decide to go directed, it changes the relationship a bit, but the fiduciary now switches more on the Board.

Director Barber commented that all of HighMark's portfolios have outperformed CCCERA at least in the last year. Mr. Brown stated that it could be that they take a little bit more risk with capital appreciation and that they have a little more equity exposure than CCCERA does. They are more broadly diversified, which long term is a good thing. Sometimes when you're more broadly diversified, there are some investments that may hold you back over a shorter period of time. Usually it is 50/50 between HighMark and CCCERA in terms of any one particular quarter. Director Barber asked if it would make more sense to put more money into CCCERA if HighMark's results are comparable to CCCERA's.

Director Anderson stated that he is very uncomfortable with CCCERA, and the one advantage of going to an authorized third party is that we have control of the money.

Mr. Brown stated that the rainy-day fund is one concept that their clients have, which is about 70% of the cases, and the other 30% is what Director Barber described. Director Barber stated that he was just trying to get the issues out so the Board can think through them appropriately. He feels while CCCERA has been disappointing to the Board, their performance has not been vastly different than a lot of pension boards within the country, all of which may be disappointing. The disappointment is in not being able to meet their discount rate and not in their absolute returns.

Director Jorgens commented on page 2, number 7 – Confidentiality of the PARS agreement, which states, "The Agency shall not disclose any information relating to the Plan to individuals not employed by the Agency without the prior written consent of PARS, except as such disclosures may be required by applicable law." He stated that it was confusing because the MOFD Board members are not employees of the District, and this statement says that staff is not allowed to disclose anything to the Board without PARS's permission. District Counsel Bakker stated that it would be appropriate to strike out the entire sentence.

Director Jorgens asked if they would be flexible at having a longer renewable option. Mr. Barker stated that it is a three-year term so it does not have to be revisited every year. The District always has a 30-day termination option if they feel PARS was not doing their job. It is entirely up to the Board.

Director Barber asked if the trust stays in existence even after the Board decides to terminate, and if the Board can ask for all the assets back or does it all have to go to CCCERA. Mr. Barker stated if the Board asked for all its assets back or transferred to another provider, the account would still exist but it would be one with no assets in it. If the District had $1M in the pension trust, your annual obligation to CCCERA would is 4.5. PARS could either reimburse the District $1M for the 4.5% that the District is sending out, or they could send an extra $1M to CCCERA. The District can also send 3.5% to CCERA and PARS would send 1% to make up the 4.5%. If the District ever decided to go with another provider, PARS would do a trust-to-trust transfer to the other provider for no fee.

Director Jorgens commented on the annual and other reports that PARS provides and stated that the contract does not mention the timeliness of the reports. He asked if that was something that could be added. Mr. Barker stated that they send out monthly statements, which ASD Sasser gets. The annual report means that Andrew Brown would give an onsite review of the particular account, detailing performance, asset class and so forth. They provide timely feedback on how investments are doing, which include 1 month, 3 month, 6 month, 1 year, 3 year and 5 year columns of returns. Statements are sent out in the mail and electronically.

District Counsel Bakker clarified that the resolution authorizes staff to sign the agreement and with the indication that the sentence of the Confidentiality paragraph of the PARS Agreement should be stricken.

ASD Sasser stated that the Plan Administrator is the Fire Chief or the Administrative Services Director.

Motion by Director Famulener and seconded by Director Barber to adopt Resolution 17-05 Approving the Adoption of the Public Agencies Post-Employment Benefits Trust Administered by Public Agency Retirement Services and Approval of the Agreement for Administrative Services and to strike the last sentence of the Confidentiality paragraph of the PARS Agreement. Said motion carried a unanimous 5-0 roll-call vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

9.3 Transfer Review of Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016 from the Finance Committee to the Ad Hoc Financial Reporting Committee with Review Due to the Board at the February 15, 2017 Board Meeting

President Famulener asked that the Financial Reporting Ad Hoc Committee review the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016, and present their review to the full Board at the February 15, 2017 meeting.

President Famulener stated that last month the Board voted to send all audits forever to the Finance Committee before they came to the full Board for review. We were not clear that the audit from last year, which the Board still has not approved, would go instead to the new Ad Hoc Financial Reporting Committee.

District Counsel Bakker stated that there needs to be a confirmation that the intention was that it would go to the Ad Hoc Audit Committee.

President Famulener proposed sending the CAFR to the Ad Hoc Financial Reporting Committee and they would provide a report to the full Board at the February 15, 2016 meeting. If they are done, gives the Board a full report, and everyone can agree, it can go to the full Board. Both staff and the Ad Hoc Committee understood what they were asked to do.

9.4 Authorization to Purchase One Pierce Arrow Tractor Drawn Aerial and Two Pierce Arrow Pumpers from Pierce Manufacturing, Inc. in the Amount Not to Exceed $2,498,297; Authorization of Capital Projects Fund Budget Adjustment Expenditure Increase in the Amount of $2,498,297 and Adoption of Resolution 17-06 Declaration of Official Intent

The District’s June 2016 Long-Range Capital Plan includes the lease/purchase of two new Type-1 fire engines (pumpers) and one new aerial ladder truck in FY 2017/18. These purchases may still be included in the FY 2017/18 budget or purchased sooner.

Current cost estimates for these vehicles are as follows:

Ladder Truck	$1,289,869
Pumper	$604,214
Pumper	$604,214
TOTAL	$2,498,297

The costs include sales tax. The price for the ladder truck and pumpers includes a pre-payment discount and multi-unit discount. The total price for these three apparatus will increase by approximately $102K in February. If the District sends a purchase order to the third party vendor or executes an agreement with the manufacturer committing to the lease/purchase of the new apparatus prior to February 1, 2017, approximately $102K savings will be recognized.

The District plans to obtain tax-exempt lease financing for this purchase. A request for proposals for lease financing will be issued. At this time, it is necessary to adopt a resolution declaring the District's official intent to use lease purchase proceeds to reimburse itself for the apparatus property expenditures. Annual lease payments for five years at 2% interest would be approximately $528,000.

Any purchase would be bonded by the manufacturer to protect the District if the manufacturer fails to deliver the apparatus.

The District has previously purchased apparatus through a purchasing consortium, the Houston-Galveston Area Council (HGAC). HGAC is also used by many local agencies as well, including Contra Costa Fire, Oakland Fire, Livermore-Pleasanton Fire, and Fremont Fire. HGAC solicits competitive prices through public bidding. This allows the District to acquire the specific manufacturer of apparatus it wants. There is a $2K fee associated with this method, which is factored into the pricing.

The time required to build the ladder truck is 14 months and approximately nine (9) months for the fire engines.

A draft Long-range Apparatus Replacement Plan was created in 2016 as part of the Strategic Planning process. With the proposed purchases, Capital Projects fund balance is projected to range from $3.7M - $5.7M over the next five years.

Members of the MOFD Apparatus Committee answered questions from the Board and public.

Chief Healy gave a PowerPoint presentation describing the service demands, deployment, typing and costs of the proposed ladder truck purchases.

Director Anderson asked if the Tiller truck will be used to block traffic and protect the firefighters. Chief Healy stated that yes, it would become part of the freeway response team.

Director Jorgens asked how many people it takes to man the truck, and how it compares with the used one that the District bought. Chief Healy stated that all the companies right now are three-person companies – the captain, operator in the front who drives the front tractor, and the tillerman in the back. There would be no change in staffing. A new one would have all the features of newer apparatus. The current trainer truck is able to get around the district but it is underpowered. It's serving its purpose of being a training vehicle.

Captain Daryle Balao gave a brief history of how the Apparatus Committee came about choosing a Tiller truck. In the few months that they have had the Tiller trainer, they are amazed at where they can take it, what equipment it can carry, the Tiller truck's capabilities, and the protection it can provide to the firefighters on the freeway. It is a large cost item but it is necessary in order to replace the District's aging fleet.

Director Jorgens stated that in August of last year, the Board approved a budget for 2016/17 and he did not recall any capital equipment included. Chief Healy stated that it was a combination of two things – deferment of vehicle replacement and maintenance during the economic crisis. The

District pushed everything back and decided to stabilize its General Fund. As we started to recover, concurrently we started seeing a lot more breakdowns in our fleet quicker than was anticipated. Once the General Fund had a surplus and we had more money in the Capital Fund, we decided to go ahead and move up purchasing replacements sooner. Interest rates are also going up so if we decide to lease-purchase vehicles, now is a good time to get it done.

Director Jorgens stated that the District is currently operating on a budget that the Board approved in August. He asked what has changed between then and now that has led us to believe that we need more equipment. Chief Healy stated that the District has always needed it. What has changed is that we were told that the District could save more money by purchasing it before February. It would be a good choice for the Board to make to get the ball rolling because the build time is a long time.

Director Jex stated that he was concerned with the timing. The packet included a six-month operating report, which showed the current versus actual budget. Last year there was $1,728,000 that was added to it based on the draft financials. The current budget shows that there would be only $111,000 added. There is no reflection that the general fund will increase, which would provide the funding for the commitments and obligations discussed. Director Jex is concerned if the capital expenditure budget is going to be reviewed in March, which is concurrent with the development of the operating plan for 2017/18, it ought to coincide with a review of the whole forecast for at least the next five years with some scrutiny and critique by the Finance Committee. He feels uneasy with making this commitment without the forecast. If the District will not be able to add to the general fund either through savings or additional revenues, he would hate to make that kind of commitment even though the interest rates are attractive. He feels the timing is awkward for him.

Chief Healy stated that in the past, when the general fund was struggling, we were always looking at the capital fund knowing we might have to move money from the capital fund into the general fund, which was done for two years to sustain service levels.

Director Jex stated that the only real revenues into the capital fund are fire flow taxes, which is $1M, and most of it is used up in expenditures not necessarily related to debt. He is concerned that the only revenue coming in is $1M and there are expenses for a new fire station and leases on this equipment. If he had a better feel in terms of what the forecast was for this year, that the general fund will be augmented with another $1M, he would feel differently. Without that assurance, he has a hard time making a commitment today that he thinks would be better done by a review of the Finance Committee and the Board then reviewing it and agreeing with the assumptions and the rationale with regards to the forecast.

ASD Sasser stated that this District is unique and it does have the fire flow tax, which is approximately $1M each year that comes in. The board has said that money will be used for capital project needs in the district. The board does have discretion to use it in other areas, but at this point the Board policy is for capital projects. The fire flow tax revenue would be pledged to pay for this debt, which is the same for the Station 43 project and ambulance debts. All those payments are forecast and known, and are plugged into the plan. This plan is for the apparatus and vehicle. There are similar plans for the facilities and the long-range 15-year plan. The capital fund balance was added at the end of the year, which shows there will be significant fund balance and revenue in the capital projects fund to pay for these purchases.

Director Jex stated that after adding the station lease obligations and the apparatus purchases, MOFD will possibly need funds from the general fund transferred into to the capital funds to fund it all. ASD Sasser stated that it was not correct. General fund money will not be needed to pay for the debt or for capital projects, which is not in the forecast.

Battalion Chief Barreto, apparatus manager, gave the Board an idea of how difficult it is to maintain the aging fleet. He commented on how he had to tow fire engines and ambulances a few times, sometimes with patients in them. MOFD firefighters perform maintenance and repairs at the stations just to keep the vehicles running so that the District can provide the high level of service that is expected by the community. He highly recommends the Board approve the purchase.

Director Barber asked what would happen to the Spirit of St. Mary's if the purchase is approved. Chief Healy stated that there are a couple options - it could be kept as a reserve truck, it could be sold, or it could be turned into a play structure for the Commons.

John Wyro, Orinda resident and retired MOFD Director, asked what the fund balance in the capital fund is. ASD Sasser stated that as of June 30, 2016, there was $10M in the capital project fund, however, $4M of that is legally restricted to pay for Station 43, which leaves $6M for available capital projects. Mr. Wyro stated that the savings is $100,000+ in going for the equipment now. He stated that the District is in good hands financially and has the resources to do it. He encouraged the Board to follow staff's recommendation.

Richard Olsen, Moraga resident and retired MOFD Director, stated that if the Board authorizes the purchase of the truck tonight, the Board would start to implement a new set of standards of coverage before formally adopting them. He believes that the new directors should have an opportunity to review those standards of cover. He commented on the impact of the purchases in the face of the almost $10M increase in unfunded pension liabilities, what the actuaries will may say once the unfunded liabilities have been posted, and what the impact of that would be on MOFD's future general fund. He suggested that now might be an appropriate time to go slow on capital expenditures until there is better visibility on some of the issues. Mr. Olsen stated that if it is the desire to purchase a Tiller, please make it a Quint.

Firefighter Grgurevic stated that the District has two engines that are 20 years old, which NFPA says is not good. The District also has two pumpers that will reach its 20-year life span in two years, and a truck that will be coming up on its life span. The District's fleet is aging and the firefighters need their apparatus to respond to emergencies. Part of the Board of Directors' job is to make sure that the firefighters get to the emergencies, and in order for them to do that, they need new apparatus.

Gorgon Nathan, Moraga resident and retired MOFD Director, stated that the community wants the District to continue to be a first class operation, but the bottom line comes down to the dollar and cents. He asked if the District purchases the ladder truck and it stays at Station 44, what would happen to some of the equipment there now. He encouraged the Board not to make any rash decisions now, and to wait until after the audit is completed or certified before taking another look at it.

Chris Davies, MOFD Engineer, stated that he has seen the Tiller trainer truck do more in the last 4-5 months than he has seen Truck 41 do in the past 10 years. His biggest fears as an engineer on Truck 41 has been driving to places like Aegis and Moraga Royale, places that the truck has to be backed into to make it work properly. With the tiller truck, they could drive it into those parking lots and function as a truck company. The firefighters have a list that include a couple hundred streets in Orinda where they can't get to with Truck 41. With the Tiller trainer, they have driven successfully through all the streets on the list. He feels the District would benefit greatly by going forward with the purchase.

Fire Marshal Leonard stated that building stock that poses the most risk to the community are the unsprinklered tall buildings in Orinda. The mid-mounted straight truck that the District has now is designed for flatlands, never for hills and tight spaces. The aging building stock in Orinda is our biggest risk, the most inaccessible, and are quite tall. We would be amiss if we didn't address that we have an aging fleet, inaccessible roads, and out of service equipment a sixth of the time. She stated that it is not acceptable as a community risk model, and asked if it is acceptable to the public to have equipment that isn't capable of responding. To have equipment sitting in a station that doesn't work is only a veneer of the safety that we're promoting as a fire district.

Director Anderson asked ASD Sasser if she took out the Station 43 rebuild, what would be the balance in the capital fund. ASD Sasser stated it would be about $6M.

Director Jorgens asked if there is there a prioritization, if the District has to make one big decision or can we decide to purchase some of the vehicles now and some later when we have more data. Chief Healy stated that there would have been a time when he would have recommend purchasing one over the other, but knowing what he knows about the breakdowns, he recommends them equally.

President Famulener stated that it was her understanding that this was done in 2016. The issue between a Quint or Tiller truck was already discussed, and the Board decided that we were to go with a Tiller truck. The District purchased the Tiller training truck with plans to buy a new one in 2017/18 rather than in this fiscal year, but we can save $100,000 if it gets into the lease agreement before February 1, 2017. The District also has more of a need for new equipment than we did a year ago. She feels that the purchase should be approved.

Director Jex complimented the Apparatus Committee, and stated that he has no concerns over their selection and trusts their judgement. His concern is the timing and wishes that the Finance Committee and Board reviews the forecast to look at the projections carefully in light of what he saw in the 6-month statement indicating that the District may not make any contribution to the general fund this year. He agrees that $100,000 is a lot but so is $2.4M if it is a mistake in terms of timing.
;
Director Barber congratulated the Apparatus Committee. He stated that as Board members they are primarily concerned with policy and finance. But on matters of selection of equipment, he feels that he needs to be deferential to the recommendation of the Chief and of the Committee. He is persuaded there is a compelling need to get new equipment that serves the needs of the communities MOFD serves. He does not want to ask people to rely on equipment that will not serve the community's needs. He would be inclined to approve both items, but not without some concern about the finances, which he feels needs to be looked at carefully to see if there's a way we can act quickly to mitigate any problems.

Director Jorgens stated that the last time he spoke with ASD Sasser, they had not quantified the impact of the current fiscal year. In the past, some money was taken out of the capital budget and put it to support other operations. At the moment, we don't have a current forecast to know whether we might need to do that and we might not have $6M. The unfunded pension liability is taking up roughly 2/3 of our payment to CCCERA and that just went up by a material amount, which could put a big hole in the District's operating budget.

Motion by Director Famulener and seconded by Director Anderson to authorize the purchase of one Pierce Arrow tractor drawn aerial and two Pierce Arrow pumpers from Pierce Manufacturing, Inc. in the amount not to exceed $2,498,297 and adopt Resolution 17-06 Declaration of Official Intent. Said motion carried a 3-2 roll-call vote (Ayes: Anderson, Barber, Famulener; Noes: Jex and Jorgens).

Motion by Director Famulener and seconded by Director Barber to authorize a Capital Projects Fund budget adjustment expenditure increase in the amount of $2,498,297. Said motion carried a unanimous 5-0 roll-call vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

Director Jex asked ASD Sasser if the lease is a capital lease and if there is a lease-purchase option at the end that is nil. ASD Sasser stated that it is for $1.00 and is at the end of the lease. The District owns it at the end of the lease.

If there is money in the District's capital account, Director Jorgens asked why we would go out and borrow money, instead of using that money, and pay interest on it. If there is money in the capital fund, the District should spend it. ASD Sasser stated that the life expectancy of the vehicles is 20 years so it is good to have the purchase be paid for over a longer period of time, and not just come all out of the fund balance at once. With interest rates as low as they are right now, it makes sense to pay it over 5 years. This allows the District to have more cash, which allows for other options over the next 5 years for the cash.

ASD Sasser said the next step is to issue a Request for Proposals (RFP) to get lease financing and we will receive proposals back from various banks and financing companies. At that point, the Board would decide whether to issue the debt, or decide to pay cash and not issue the debt.

9.5 Authorization to Purchase Two 2017 Leader Ambulances from National Auto Fleet Group in the Amount Not to Exceed $365,952, Authorization of Capital Projects Fund Budget Adjustment Expenditure Increase in the Amount of $365,952 and Adoption of Resolution 17-07 Declaration of Official Intent

In 2016, two front-line 2008 ambulances were replaced with new vehicles. At that time, the 2008 ambulances were placed in a back-up status, available to deploy for a 3rd incident within the District or if one of the front-line ambulances was in the shop. These ambulances were originally scheduled to be replaced in FY 2020/21. Since that time, on-going maintenance issues, significant repair costs, and reliability issues with the 2008 ambulances have persisted and worsened.

Staff now recommends the timely acquisition of two additional ambulances through the National Joint Powers Alliance competitively solicited national contract. This contract was awarded through an appropriate public bid process and meets the requirements of the District's Purchasing Ordinance. The total cost for each ambulance including sales tax, pre-construction inspection costs and delivery fees is $182,976.

The District plans to obtain tax-exempt lease financing for this purchase. A request for proposals for lease financing will be issued. At this time, it is necessary to adopt a resolution declaring the District's official intent to use lease purchase proceeds to reimburse itself for the ambulance property expenditures. Annual lease payments for five years at 2% interest would be approximately $77,000.

The District will also need to purchase two Stryker gurneys for the ambulances. The gurneys will cost approximately $17,000 each and will be purchased through the District's Capital Budget.

With the proposed purchases, Capital Projects fund balance is projected to range from $3.7M - $5.7M over the next five years.

Director Jorgens asked how much the District received for selling the old ambulance, and if the money went back into the capital budget. He stated that the purchase price of the ambulance out to be lowered by the same amount. Chief Healy stated that it was sold for about $6,000. ASD Sasser said that she will verify that the money went back into the capital fund as a sale of District property.

Richard Olsen, Moraga resident, commented on the price difference between the new ambulances the District wants to buy and the ones that were recently purchased. He asked what the difference was and if they are different ambulances. Chief Healy stated that the ambulances are similar to the 2002 and 2008 ambulances. Firefighter Paramedic Matt Lopez stated that the new ones are not the same as the current International ambulances because they are gas ambulances. The Apparatus Committee decided to go with something more efficient and cost effective.

Director Jorgens asked why the District would be buying back-up ambulances for the two new ambulances that were recently purchased. Chief Healy explained that the current deployment model has two full-time ambulances – one stationed at 41 and one at 44. At Station 42 and 45, when they're available and not in the shop, we have back-up ambulances. When a third call comes in, the dispatch center can activate that ambulance to take that third call. The problem right now is when we get a third call, there are reliability issues with that third-out ambulance. Those ambulances also serve as vehicle back-ups for the current ones when they go in the shop for maintenance.

Director Barber asked if the money is available, why wouldn't the District buy three ambulances instead of two. Chief Healy proposed two because he felt that was enough for the District to serve its mission of providing two full-time ambulances with capacity for a third one. He didn't want to spend the money and buy one more if it wasn't really needed.

Director Jex stated that he hopes the Finance Committee will review the forecast but because this is a small amount, he had no objections.

Motion by Director Barber and seconded by Director Anderson to authorize the purchase of two new 2017 Leader ambulances from National Auto Fleet Group in the amount not to exceed $365,952, authorize a Capital Projects Fund Budget adjustment expenditure increase in the amount of $365,952 and Adopt Resolution 17-07 Declaration of Official Intent. Said motion carried a unanimous 5-0 roll-call; vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

At 9:47 P.M., Director Anderson left the meeting.

10. Committee Reports

10.1 Finance Committee

There was nothing to report.

10.2 Pension Review Ad Hoc Committee

There was nothing to report.

10.3 Financial Reporting Ad Hoc Committee

Director Jorgens stated that they met and scheduled their first meeting with Chief Healy and ASD Sasser on January 25, 2017, to get started on their part.

11. Announcements

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

There was nothing to report.

11.2 Questions and informational comments from Board members and Staff

Chief Healy congratulated Firefighter Paramedic Lucas Trumpf and Firefighter Paramedic Andrew Leach for successfully completing their probationary period.

Firefighter Paramedic and Moraga-Orinda Professional Firefighters Association President Anthony Stephens gave a 2016 year in review presentation to help paint a picture of the firefighters, who they are, and their contributions to the community and the public. The Board thanked Firefighter Stephens for putting the presentation together.

11.3 District Updates for November and December 2016

There was nothing to report.

12. Adjournment

At 10:11 P.M., President Famulener called for adjournment of the regular meeting.

Grace Santos

Grace Santos
Secretary to the Board

For an audio recording of this and other Board meetings, please visit the MOFD District Board Meeting webpage
http://www.mofd.org/board/meetings

MOFD Response Time Summary by Incident Type (grouped) for All Code 2 and Code 3 Responses.

Will only show Incident Types that are applicable. EMS/Rescue - Structure Fires (actual type is in structure) - Vegetation Fires - Other Types Grouped (Alarms/Hazards/Pub Svc/Etc) Data Based On Completed RMS Incident Report Data entered by Company Officer - Not based on Raw CAD Data...

	January, 2017			
	Structure Fires	**All Other Types**	**EMS / Rescue**	***Totals***
Incident Totals	2	112	215	329
Median Turnout	3.22	1.67	1.53	1.55
Median Resp Time	8.12	6.25	5.76	5.88
Resp Time (90th%)	9.47	9.95	11.58	11.13

Code 3 Response Time Summary by City and Incident Type. Times shown are based on the First Responding Units Arrival at Scene of Emergency.

		January, 2017			
		Incident Totals	**Median Turnout**	**Median Resp Time**	**Resp Time (90th%)**
Orinda	**EMS / Rescue**	90	1.52	5.25	9.34
	Structure Fires	1	0.07	2.17	2.17
	All Other Types	16	1.67	5.92	10.05
	Totals for City	107	1.53	5.27	9.35
Moraga	**EMS / Rescue**	69	1.52	4.25	6.02
	All Other Types	12	1.55	4.93	7.28
	Totals for City	81	1.53	4.30	6.08
Lafayette	**EMS / Rescue**	11	1.38	5.58	8.67
	Structure Fires	1	4.70	8.12	8.12
	All Other Types	4	1.64	9.31	11.97
	Totals for City	16	1.42	6.83	11.27
Overall Total		204	1.52	4.92	8.35

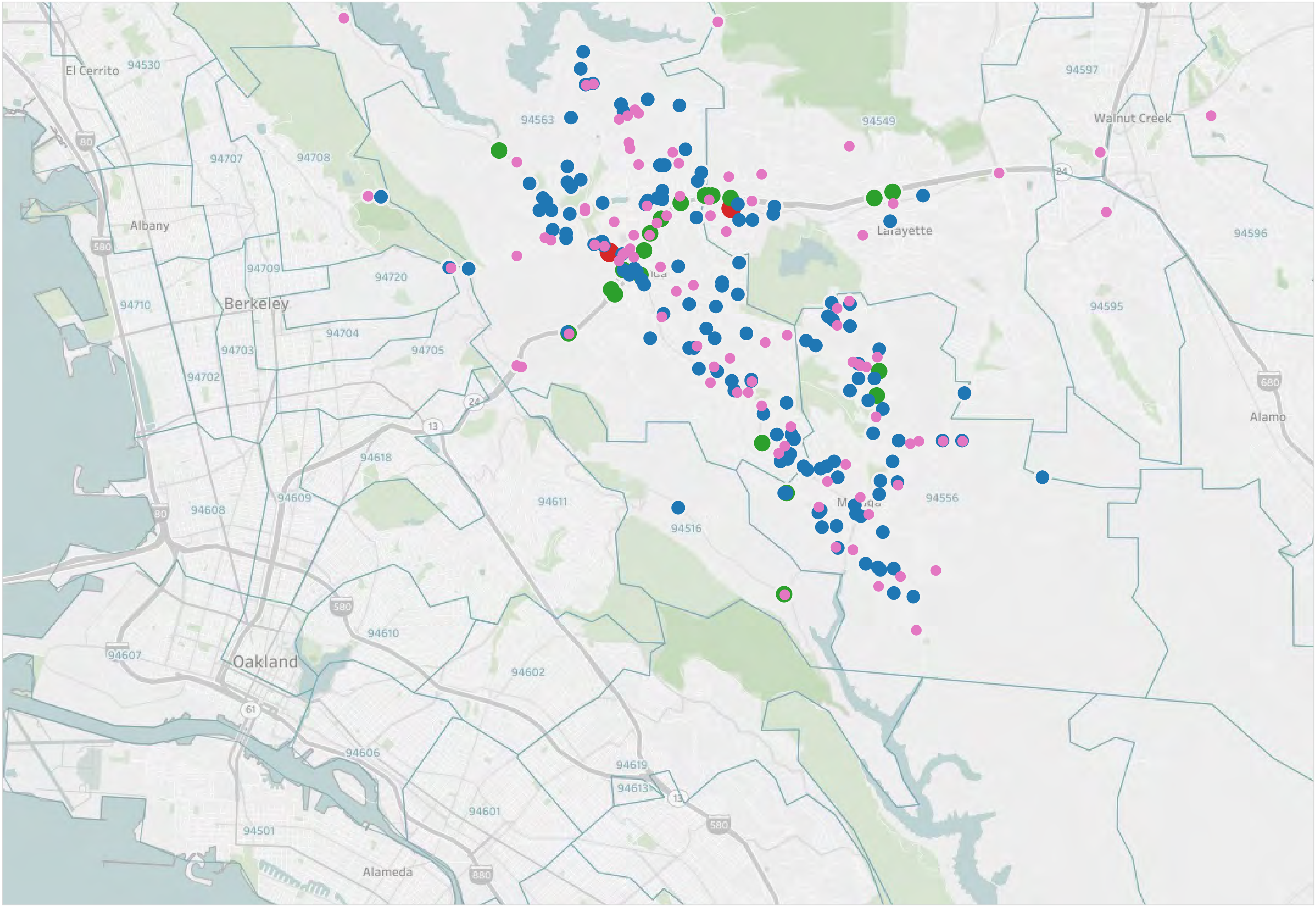
Response Totals By Incident Type

	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Total
All Others (Alarms / Pub Service / Etc.)	89	104	83	101	112	108	73	118	116	111	119	116	1,250
EMS / Rescue	121	162	157	158	163	157	119	133	140	151	166	190	1,817
Structure Fires	4	2	2	2	5	2	2	1	1	2	2	2	27
Veg Fires	1			3	4	5		2	1				16
Vehicle Accidents	8	29	15	22	10	12	13	16	22	11	24	21	203
Grand Total	223	297	257	286	294	284	207	270	280	275	311	329	3,313

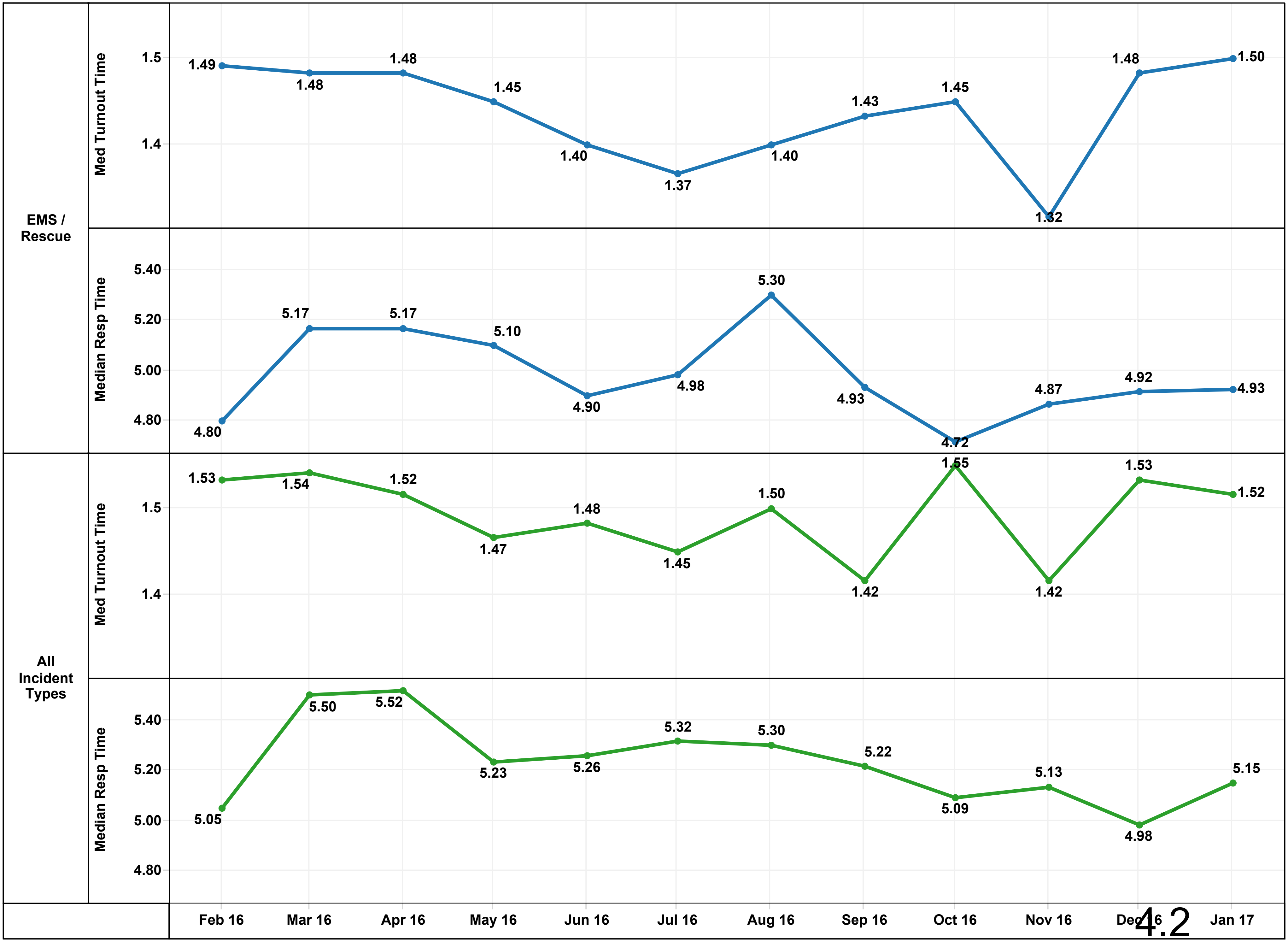
Incident Types

🟪 **All Others (Alarms / Pub Service / Etc.)** 🟦 **EMS / Rescue** 🟩 **Vehicle Accidents** 🟥 **Structure Fires**

Incident Location Map for MOFD January 2017



Run Chart for MOFD EMS / Rescue and All Incident Types for the last full 12 months. Median Turnout and Response Times By Month for First At Scene Units



Moraga-Orinda Fire District

Check/Voucher Register - Check Register
From 1/1/2017 Through 1/31/2017

Check Number	Check Date	Name	Check Amount	Transaction Description
24341	1/13/2017	ADP, Inc.	334.89	ADP Payroll Fees ending 12/15/16
	1/13/2017	ADP, Inc.	377.37	ADP Payroll Fees ending 12/31/16
24342	1/13/2017	AFSCME Council 57	168.15	Period Ending 12/31/16
24343	1/13/2017	American Fidelity	2,086.14	Period ending 12/31/16
	1/13/2017	American Fidelity	1,078.68	Supplemental deductions-Period Ending 12/31/16
24344	1/13/2017	American Messaging	150.12	Paging Service January 2017
24345	1/13/2017	Atlanta Drone Group, LLC	5,980.00	Zenmuse XT Camera for drone
24346	1/13/2017	Bandwidth.com, Inc.	413.87	Service 01/1/17-01/31/17
24347	1/13/2017	Bay Area Air Quality Manage...	1,861.00	Inv. 239458-Permit for generator
24348	1/13/2017	The Blackrock Group	1,045.00	Background investigations
24349	1/13/2017	Bound Tree Medical, LLC	623.67	AED batteries
24350	1/13/2017	Kevin Brashem	130.41	Reimb. for lunch for testing
24351	1/13/2017	Contra Costa Door	522.84	Repair to bay door farthest from quarters
	1/13/2017	Contra Costa Door	641.56	Repair to bay door next to quarters
24352	1/13/2017	Contra Costa Federal Credit ...	800.00	Period Ending 12/31/16
24353	1/13/2017	Comcast	86.32	8155 40 005 0208428 Station 41-12/29/16-01/28/17
24354	1/13/2017	Dell Financial Services	302.99	Rental & Admin Fee 01/01/17-01/31/17 A/C #001-840...
24355	1/13/2017	Far Western Trophy & Award	19.17	D. Rein mailbox signs-Station 45 office
24356	1/13/2017	Guaranteed Plumbing	250.00	Trap primer replacement
24357	1/13/2017	HomeTeam Pest Defense, LLC	45.00	Pest Control A/C #1035425 Inv. 48921722
	1/13/2017	HomeTeam Pest Defense, LLC	42.90	Pest Control A/C #1133175 Inv. 48921759
	1/13/2017	HomeTeam Pest Defense, LLC	45.00	Pest Control A/C #914925 Inv. 48921721
	1/13/2017	HomeTeam Pest Defense, LLC	46.80	Pest Control A/C #916501 Inv. 48921148
24358	1/13/2017	IAFF Local 1230 Dues	7,690.97	Period Ending 12/31/16
24359	1/13/2017	IAFF Local 1230 Insurance	1,828.94	Period Ending 12/31/16
24360	1/13/2017	L.N. Curtis & Sons	(119.90)	Returned vehicle bracket-10#
	1/13/2017	L.N. Curtis & Sons	124.26	Vehicle bracket-20#
	1/13/2017	L.N. Curtis & Sons	777.45	Wildland boots-Dulli and Wilson
24361	1/13/2017	Mike Marquardt	150.00	FAA UAV exam-Drone-M. Marquardt
24362	1/13/2017	Moraga-Orinda Professional F...	510.00	Period Ending 12/31/16
24363	1/13/2017	Moraga Hardware & Lumber	31.68	Admin wall repairs-Fire Marshall office
24364	1/13/2017	Office Depot	171.66	Copy paper, document holder and foam board
	1/13/2017	Office Depot	267.79	Copy paper, folding storage boxes and glue sticks
	1/13/2017	Office Depot	160.80	Cubicle set-up supplies- B. Svozil
	1/13/2017	Office Depot	59.12	Desk lamp-Svozil
	1/13/2017	Office Depot	218.63	Envelopes, address labels and foam boards
24365	1/13/2017	Orinda Motors, Inc.	100.00	Rear door latch repair-Unit 4511
24366	1/13/2017	Anthony Perry	50.50	Reimb. for station supplies and BC test day food
24367	1/13/2017	Pacific Gas & Electric	166.11	11/16/16-12/14/16 Station 43
	1/13/2017	Pacific Gas & Electric	837.93	11/16/16-12/17/16 Station 45 Gas
	1/13/2017	Pacific Gas & Electric	1,189.10	12/03/16-01/03/17 Station 44
	1/13/2017	Pacific Gas & Electric	1,016.85	12/03/16-01/03/17 Station 45 Electric
	1/13/2017	Pacific Gas & Electric	441.93	12/05/16-01/04/17 Admin
	1/13/2017	Pacific Gas & Electric	899.69	12/05/16-01/04/17 Station 41
	1/13/2017	Pacific Gas & Electric	854.19	12/05/16-01/04/17 Station 42 Electric
	1/13/2017	Pacific Gas & Electric	312.85	12/06/16-01/05/17 Station 42 Gas
24368	1/13/2017	PODS Enterprises, LLC	227.99	Container rental 01/12/17-02/11/17
24369	1/13/2017	Premier COMP Medical Grou...	795.00	2 Annual Exams
24370	1/13/2017	Safeway, Inc	28.76	BC testing
	1/13/2017	Safeway, Inc	26.24	BOD retirement ceremony
	1/13/2017	Safeway, Inc	45.57	BOD retirement reception supplies
	1/13/2017	Safeway, Inc	1.29	Moss removal supply for front yard bricks
24371	1/13/2017	Shah Kawasaki Architects	22,336.50	Additional services-letters #5 and #6 amendments
24372	1/13/2017	Smart Clean Building Mainten...	245.00	January 2017 cleaning service
24373	1/13/2017	The UPS Store	16.04	Boots to White Boots for repair
	1/13/2017	The UPS Store	10.69	SCBA air testing

Moraga-Orinda Fire District

Check/Voucher Register - Check Register

From 1/1/2017 Through 1/31/2017

Check Number	Check Date	Name	Check Amount	Transaction Description
24374	1/13/2017	U.S. Bank	189.01	A/C #4246-0445-5564-6748 10/24/16
	1/13/2017	U.S. Bank	11,151.23	A/C #4246-0445-5564-6748 11/22/16
24375	1/13/2017	Verizon Wireless	1,153.58	Account 623714059-00001 Service 11/24/16-12/23/16
24376	1/13/2017	World Point ECC, Inc.	572.00	15 Replacement Sani-man heads
	1/13/2017	World Point ECC, Inc.	1,372.10	Replacement parts for CPR dummies
24377	1/19/2017	ADP, Inc.	657.76	HR/Benefits Workforce processing fees ending 12/25/16
24378	1/19/2017	Airgas USA, LLC	203.49	Tank Rental-Station 41- #2118770 -December 2016
	1/19/2017	Airgas USA, LLC	31.57	Tank Rental-Station 44- #2902766 -December 2016
	1/19/2017	Airgas USA, LLC	227.77	Tank Rental-Station 45- #2867225 -December 2016
24379	1/19/2017	ALSCO - American Linen Divi...	1,139.07	December 2016 linen
24380	1/19/2017	A T and T	146.34	Acct# 9391053307 12/01/16-12/31/16 Emergency lan...
	1/19/2017	A T and T	8.55	Acct#0011712900145 12/01/16-12/31/16 Conference ...
24381	1/19/2017	Bartel Associates, LLC	5,161.00	Consulting Services OPEB Valuation-through Novemb...
24382	1/19/2017	Comcast	86.21	8155 40 006 0191002 Station 44-01/14/16-02/13/17
	1/19/2017	Comcast	86.21	8155 40 006 0191028 Station 43-01/14/17-02/13/17
24383	1/19/2017	CPR Training Center	4,910.00	ACLS renewal classes 12/5/16-1/09/17
24384	1/19/2017	Dell Financial Services	302.46	Rental & Admin Fee 02/01/17-02/28/17 A/C #001-840...
24385	1/19/2017	EBMUD	211.82	Water 10/26/16-12/28/16
	1/19/2017	EBMUD	280.24	Water 10/31/16-01/05/17 2"
	1/19/2017	EBMUD	419.74	Water 10/31/16-01/05/17 6"
24386	1/19/2017	FDAC EBA	1,264.42	February 2017 vision
24387	1/19/2017	HomeTeam Pest Defense, LLC	45.00	Pest Control A/C #1035425 Inv. 49350002
	1/19/2017	HomeTeam Pest Defense, LLC	42.90	Pest Control A/C #1133175 Inv.49350038
	1/19/2017	HomeTeam Pest Defense, LLC	45.00	Pest Control A/C #914925 Inv. 49350001
	1/19/2017	HomeTeam Pest Defense, LLC	46.80	Pest Control A/C #916501 Inv. 49349444
	1/19/2017	HomeTeam Pest Defense, LLC	47.30	Pest Control A/C #916501 Inv.49350717 Misc.
24388	1/19/2017	Hunt & Sons, Inc.	2,439.25	Fuel A/C #72371
	1/19/2017	Hunt & Sons, Inc.	(2,261.58)	Fuel A/C #72371 Pump out tank
	1/19/2017	Hunt & Sons, Inc.	1,183.60	Fuel A/C #72372
	1/19/2017	Hunt & Sons, Inc.	751.20	Fuel A/C #72375
24389	1/19/2017	L.N. Curtis & Sons	1,814.85	3 5x25' cpld 4.5NH yellow tdu dj nylon hose
	1/19/2017	L.N. Curtis & Sons	2,050.00	Annual service 3 Hurst extrication tools
	1/19/2017	L.N. Curtis & Sons	(550.00)	Overcharge credit-Annual service 3 Hurst extrication t...
24390	1/19/2017	National Construction Rentals	34.34	Overhead meter pole-0001 monthly rental- 12/14/16-0...
	1/19/2017	National Construction Rentals	34.34	Overhead meter pole-0002 monthly rental- 12/27/16-0...
24391	1/19/2017	Office Depot	282.79	Copy paper, tax forms, storage bins, and restroom su...
	1/19/2017	Office Depot	360.51	Desk chair-S. Perkins
	1/19/2017	Office Depot	80.97	Document holder-S. Perkins
	1/19/2017	Office Depot	44.34	Footrest for J. Lee
24392	1/19/2017	ParcelQuest	600.00	CCC data and map-Group Navigator service
24393	1/19/2017	Paymentus Group, Inc.	89.83	Credit card fees-December 2016
24394	1/19/2017	Sean Perkins	120.86	Annual fuel adjustment-S. Perkins
24395	1/19/2017	Pitney Bowes	168.76	St 41 Postage Machine Rental A/C #17220373 10/30/...
24396	1/19/2017	Republic Services	701.32	January 2017 Trash A/C#302100093245
	1/19/2017	Republic Services	81.56	January 2017 Trash A/C#302100094052
	1/19/2017	Republic Services	432.82	January 2017 Trash A/C#302100095331
	1/19/2017	Republic Services	81.56	January 2017 Trash A/C#302100108522
24397	1/19/2017	Grace Santos	155.55	Reimb. mileage 7/06/16-12/16/16
24398	1/19/2017	Shah Kawasaki Architects	8,662.50	Services 12/01/16 thru 12/31/16
24399	1/19/2017	Shred-it	66.00	January 2017 pick-up
24400	1/19/2017	Staples Advantage	213.83	Misc. supplies-Station 43
	1/19/2017	Staples Advantage	93.02	Misc. supplies-Station 45
24401	1/19/2017	Stewart Enterprises II	10,941.09	Services 12/20/16-1/17/17
24402	1/19/2017	Sun Valley Heating & Air Con...	700.51	Furnace repair-Temp station 43
24403	1/19/2017	TargetSolutions Learning	6,000.00	Target Safety Subscription 1/1/17-12/31/17
24404	1/19/2017	Thomson Reuters	144.00	CCR Title 19-Public Safety Update Service

Moraga-Orinda Fire District

Check/Voucher Register - Check Register
From 1/1/2017 Through 1/31/2017

Check Number	Check Date	Name	Check Amount	Transaction Description
24405	1/27/2017	ADP, Inc.	337.54	ADP Payroll Fees ending 01/15/17
24406	1/27/2017	ADT Security Services	42.99	Services 02/4/17-03/03/17- Admin bldg. burglar system
	1/27/2017	ADT Security Services	40.33	Services 02/4/17-03/03/17- Admin bldg. camera
24407	1/27/2017	A T and T	325.81	Acct# 9391035207 12/12/16-01/11/17
	1/27/2017	A T and T	11.52	Acct#9391060223 12/13/16-01/12/17 Conference calling
24408	1/27/2017	Avenza Systems Inc.	799.00	Avenza maps pro-annual subscriptions-10 licenses
24409	1/27/2017	Biomedical Waste Disposal	79.00	Jan. 2017 Medical Waste A/C #0349
	1/27/2017	Biomedical Waste Disposal	79.00	Jan. 2017 Medical Waste A/C #0350
24410	1/27/2017	Comcast	86.28	8155 40 005 0208436 Station 42-01/24/17-02/23/17
	1/27/2017	Comcast	86.21	8155 40 006 0190996 Station 45-01/23/17-02/22/17
24411	1/27/2017	CPR Training Center	2,720.00	PALS renewal classes 1/11/17 and 1/12/17
24412	1/27/2017	C.R. Fireline, Inc.	158.97	8 bottles hydro tested
24413	1/27/2017	CSDA	580.00	2017 Annual Conference-Kathy Famulener
24414	1/27/2017	Dell Financial Services	570.70	Rental & Admin Fee 02/13/17-03/12/17 A/C #001-840...
24415	1/27/2017	Far Western Trophy & Award	44.35	Name plate for D. Rein's door
24416	1/27/2017	Far West Sanitation and Stora...	2,356.75	Service 1/01/17-1/31/17
24417	1/27/2017	Federal Express	25.20	Envelope to Legal Beagle
24418	1/27/2017	Fire Districts Assoc. of Calif	350.00	Conference registration-K. Famulener
24419	1/27/2017	Forcible Door Equipment	4,992.50	Forcible entry door prop
24420	1/27/2017	Hunt & Sons, Inc.	230.99	Fuel A/C #72373
24421	1/27/2017	J & O's Commercial Tire Center	720.35	Tire replacement for FireBlast trailer
24422	1/27/2017	Greg Kennedy	1,740.00	4th quarter EMS training/prep
24423	1/27/2017	Kronos Incorporated	575.00	Telstaff-ED Services Subscription
24424	1/27/2017	Meyers,Nave,Riback,Silver,Wi...	4,213.13	Dec 2016-Client Matter 1025.001
	1/27/2017	Meyers,Nave,Riback,Silver,Wi...	168.53	Dec 2016-Client Matter 1025.005
24425	1/27/2017	Moore Biological Consultants	1,588.40	Services-December 2016
24426	1/27/2017	Moraga Hardware & Lumber	7.65	Blue poly tarp
	1/27/2017	Moraga Hardware & Lumber	6.55	Utility blade and Goo Gone
24427	1/27/2017	Office Depot	86.92	4 USB-16GB
	1/27/2017	Office Depot	110.13	Copy paper, file box and envelopes
24428	1/27/2017	Pacific Gas & Electric	899.95	12/16/16-01/13/17 Station 45 Gas
	1/27/2017	Pacific Gas & Electric	237.41	12/16/16-01/17/17 Station 43
24429	1/27/2017	PLIC- SBD Grand Island	116.55	February 2017
24430	1/27/2017	Pricipia Engineering, Inc.	7,727.19	Consulting services 12/1/16-12/31/16
24431	1/27/2017	Ricoh USA, Inc.	4,326.30	Copier Rental 02/01/17-04/30/17 A/C #200-3002747-...
	1/27/2017	Ricoh USA, Inc.	634.07	Copies 10/14/16-01/13/17 Contract #3105240
24432	1/27/2017	Roto-Rooter	100.00	Identify irrigation leak
24433	1/27/2017	Sun Valley Heating & Air Con...	385.21	Furnace thermostat replacement
24434	1/27/2017	U.S. Bank	13,142.36	A/C #4246-0445-5564-6748 12/22/16
24435	1/27/2017	Verizon Wireless	56.20	12-lead modem wireless 12/11/16-01/10/17
AP-2	1/13/2017	Pacific-Mountain Contractors ...	41,881.27	Contractor services through 12/31/16
CP032	1/9/2017	Calif. Public Employees'	167,061.31	CalPers Health Ins
DD032	1/9/2017	Delta Dental Plan of Calif.	15,925.98	Delta Dental ACH payment
Report Total			399,472.50	

MORAGA-ORINDA FIRE DISTRICT
TREASURER'S QUARTERLY INVESTMENT REPORT
DECEMBER 31, 2016

Type of Investment	Financial Institution	Date of Maturity	Par Value/ Original	Market Value	Rate of Interest	Fiscal Year-to-Date Income
Cash	Contra Costa County	N/A	(2,412,306)	(2,412,306)	0.00%	0
Cash	Citibank	N/A	651,805	651,805	0.00%	0
Cash	Citibank	N/A	164,478	164,478	0.00%	0
Local Agency Investment Fund	Local Agency Investment Fund	N/A	17,016	17,006	0.68%	4,298
Money Market	Wells Fargo Bank Advantage Cash Investment Fund	N/A	3,222,752	3,215,552	0.01%	2
Money Market	Citibank	N/A	3,290,595	3,290,595	0.25%	4,750
Total			4,934,340	4,927,130		9,050

Average Weighted Yield 0.18%

Market values obtained from monthly statements issued by Citibank and Wells Fargo Bank

Sufficient funds exist to meet the Districts financial obligations for the next six months using the County of Contra Costa's "Teeter Plan". In 1949, the California Legislature enacted an alternative method for the distribution of secured property taxes to local agencies known as the "Teeter Plan". The "Teeter Plan" is a tax distribution procedure by which secured tax tolls are distributed to the District on the basis of the tax levy, rather than on the basis of actual tax collections. While the County bears the risk of loss on delinquent taxes that go unpaid, it benefits from the penalties associated with these delinquent taxes when they are paid. In turn, the "Teeter Plan" provides the District with stable cash flow and the elimination of collection risk.

The December 2016 investments are in accordance with the District adopted investment policy.

1/30/2017

Gloriann Sasser
Administrative Services Director

Date

Wittman Enterprises LLC
Moraga-Orinda Fire District
Ambulance Billing-Fiscal Year 2016/2017-Revenue to Date
as of 12/31/16

	GROSS REVENUE(1)	MEDICARE WRITE OFFS (2)	MEDI-CAL WRITE OFFS (3)	RESIDENT WRITE OFFS (4)	OTHER CONTRACTUAL WRITE OFFS (5)	NET REVENUE (6)	CASH RECEIPTS (7)	REFUNDS (8)	NET RECEIPTS (9)	BAD DEBT WRITE OFFS (10)	ADJUSTMENTS (11)	NEW A/R BALANCE (12)
JULY '16	$ 182,334.80	$ 63,513.22	$ 20,817.39	$ 18,117.94	$ -	$ 79,886.25	$ 96,397.15	$ -	$ 96,397.15	$ -	$ 31.61	$ 448,639.35
AUGUST '16	$ 207,344.10	$ 70,844.28	$ 14,280.38	$ 15,469.84	$ -	$ 106,749.60	$ 61,997.93	$ -	$ 61,997.93	$ -	$ 6.81	$ 493,397.83
SEPTEMBER '16	$ 173,285.25	$ 69,787.12	$ 16,376.41	$ 19,488.54	$ -	$ 67,633.18	$ 88,406.01	$ 238.88	$ 88,167.13	$ 34,928.90	$ (15.17)	$ 437,919.81
OCTOBER '16	$ 186,081.60	$ 68,537.97	$ 30,784.96	$ 10,870.18	$ -	$ 75,888.49	$ 66,650.38	$ -	$ 66,650.38	$ -	$ 2.57	$ 447,160.49
NOVEMBER '16	$ 202,984.25	$ 93,845.52	$ 14,894.91	$ 5,296.58	$ -	$ 88,947.24	$ 52,372.22	$ -	$ 52,372.22	$ 14,978.27	$ (2,387.53)	$ 466,369.71
DECEMBER '16	$ 198,263.10	$ 74,359.36	$ 8,437.19	$ 8,028.45	$ 1,167.34	$ 106,270.76	$ 78,947.35	$ 2,740.71	$ 76,206.64	$ 446.00	$ (127.45)	$ 495,860.38
JANUARY '17												
FEBRUARY '17												
MARCH '17												
APRIL '17												
MAY '17												
JUNE '17												
YEAR TO DATE TOTALS	$ 1,150,293.10	$ 440,887.47	$ 105,591.24	$ 77,271.53	$ 1,167.34	$ 525,375.52	$ 444,771.04	$ 2,979.59	$ 441,791.45	$ 50,353.17	$ (2,489.16)	
YTD PERCENTAGE OF REVENUE		38.33%	9.18%	6.72%	0.10%	45.67%	38.67%	0.26%	38.41%	4.38%	-0.22%	
YTD PERCENTAGE OF NET REVENUE									84.09%			

1. GROSS REVENUE – Charges billed within the month.
2. MEDICARE WRITE OFFS – Contractual write down that MOFD is obligated to take as a Medicare provider
3. MEDI-CAL WRITE OFFS - Contractual write down that MOFD is obligated to take as a Medi-Cal provider
4. RESIDENT WRITE OFFS – Write Downs that are taken according to MOFD's resident policy
5. OTHER CONTRACTRUAL WRITE OFFS – Contractual write downs that are taken for other federal or state agencies
6. NET REVENUE – Revenue after all contractual obligations are taken
7. CASH RECEIPTS – Payments that are received in month.
8. REFUNDS – Overpayments that are refunded.
9. NET RECEIPTS – Payments after refunds have been removed.
10. BAD DEBT – Accounts that have been sent to the collection agency.
11. ADJUSTMENTS – Any adjustment that has been made to a previously billed account, (for example, incorrect mileage).
12. NEW A/R BALANCE – Balance of all accounts in system at the end of the month and in general ledger account #1051-Receivables – Ambulance Billing.

4. PREPAID ITEMS

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

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

Year Ending June 30	Amortized Amount
2016	$ 1,776,105
2017	2,062,508
2018	2,377,072
2019	2,722,677
2020	3,101,400
2021	3,515,582
2022	3,967,083
2023	2,087,139
Total	$21,609,566

This "prepaid UAAL" was required by the old GASB rules that have been entirely replaced by GASB 68. In effect the fundamental changes in GASB 68 destroyed this "Prepaid UAAL". In fact MOFD's reporting of this "Prepaid UAAL" Current Asset is a violation of GASB 68.

Please note that what GASB 68 requires to be "written-off" is NOT the Pension Bonds but rather this "prepaid UAAL" asset that was originally established when the Bond proceeds were conveyed to the Pension Fund. I explain why in

II. GASB 68 STANDARDS

The Governmental Accounting Standards Board ("GASB" - pronounced "GAS-Bee") establishes "Generally Accepted Accounting Principles" ("GAAP" pronounced "Gap") for state and local governments in the US. They establish these rules by issuing "Statements". Each Statement is numbered in the order it was adopted. They adopted two new Statements at the end of June, 2012.

GASB 67 defines how government Pension Funds must report their finances. They were required to use the new rules for financial years that begin after June 15, 2013.

GASB 68 defines how state and local government employers must report their pension finances. They were required to comply no later than for fiscal years beginning after June 15, 2014.

Therefore MOFD was required to implement GASB 68 in its annual audited financial reports for the fiscal year July 1, 2014 – June 30, 2015.

A. Required Prior-Year Adjustment in GASB 68

GASB 68 required governments "to the extent practical" to adjust the value of their BEGINNING NET ASSETS in the first year they conformed to the new rules. This is called a "Prior Year Adjustment". They roughly showed what the value of those beginning net assets would have been if the new rules had been in effect in previous years. This requirement is stated in paragraph 137 in GASB 68:

*137. To the extent practical, in the first period that this Statement is applied, changes made to comply with this Statement should be reported as an **adjustment of prior periods**, and financial statements presented for the periods affected should be restated.*[1]

B. GASB 68 Implementation Guide

GASB produces Implementation Guides for their major new Statements. These Guides are in the form of questions and answers. This is the last question-answer in the Guide.[2]

272. Q —If an employer reported a net pension asset of $150 million and no payables to the pension plan associated with formal commitments under the requirements of Statement 27 but at the beginning of the initial year of implementation of Statement 68 will report a net pension liability of $175 million and no deferred outflows of resources or deferred inflows of resources related to pensions, what would the employer recognize as a prior-period adjustment?

A —The employer would report an adjustment to (reduction of) beginning net position in the amount of $325 million, calculated as the total of $150 million (to reverse the net pension asset previously reported) and $175 million (to record the beginning net pension liability).

This question-answer guidance is exactly applicable to MOFD's Prepaid UAAL.

[1] ***Statement No. 68 of the Governmental Accounting Standards Board – Accounting nd Financial reporting for Pensions – an amendment to GASB Statement No. 27*** (GASB 68), Governmental Accounting Standards Board, June 2012, page 63

[2] ***Guide to Implementation of GASB Statement 68 on Accounting and Financial Reporting for Pensions***, Governmental Accounting Standards Board, 2014, p. 72

1. The Key Provisions in GASB 68

These are the key provisions in GASB 68

*20. A liability should be recognized for the **net pension liability.**(a footnote in GASB 68 states "In this Statement, unless otherwise indicated, references to net pension liability also apply to the situation in which the pension plan's fiduciary net position exceeds the total pension liability, resulting in a net pension asset.) The net pension liability should be measured as the portion of the **actuarial present value of projected benefit payments** that is attributed to past periods of employee service … **(total pension liability),** net of the pension plan's fiduciary net position.*[3]

In simple terms the Total Pension Liability is the amount that SHOULD be in the Pension Fund today so that the part of future pension payments that have been earned in the past will be able to be paid assuming all actuarial assumptions for the Pension Fund come true in the future. The Pension Fund's "Fiduciary Net Position" is the amount of money that is actually in the Pension Fund today (using the market value of investments) that is available to pay the part of future pension payments that have been earned in the past. If the Total Pension Liability is greater than the Fiduciary Net Position then the government will report a Net Pension Liability. If the value of the Fund's assets are greater than the value of Total Pension Liability today then there is a reportable Net Pension Asset.

33. Changes in the net pension liability should be recognized in pension expense in the current reporting period except as indicated below:[4]

The "exceptions" are subsets of the overall change in the value of the Net Pension Liability that are recognized over a period of several years instead of in the year in which the total change can be calculated. It isn't necessary here to delve into these exceptions beyond saying they are the sources of the "Deferred Outflows (and/or) Inflows of Pension Resources" reported in the Statement of Net Assets (like a "Balance Sheet" in the private sector).

The key point here is that the value of a government's yearly pension expense is the yearly change in the Net Pension Liability (or Asset) as modified by the Deferred amounts to be included in pension expense over the following few years.

This shows Contra Costa's footnote explanation of its GASB 68 Prior Year Adjustment[7].

[7] ***Comprehensive Annual Financial Report***, County of Contra Costa, California, Fiscal Year Ended June 30, 2015, p. 44

2. FUND EQUITY

A restatement of beginning net position was necessary with the implementation of GASB Statement No. 68. The restatement of net position includes the adjustments to prior year ending net position, deferred outflows of resources, deferred inflows of resources, and the ***elimination of the prepaid pension asset. (emphasis added)***

...

The adjustment to the beginning net position is presented below (in thousands): Government-wide Financial Statements - Restatement of Net Position

	Governmental Activities	Business-Type Activities	First 5 Contra Costa Children and Families Commission
Net position, at beginning of year, as previously reported	749,725	102,553	36,295
Set up of net pension liability	(820,815)	(317,078)	(2,071)
Set up of deferred pension outflows	66,746	28,083	522
Removal of prepaid pension asset	(308,287)		(1,818)
Net position (deficit), at beginning of year, as restated	(312,631)	(186,442)	32,928

p. 69
p. 50 net
there

RE: GASB 68 – Write off of Previously Reported "Prepaid UAAL" (Net Pension Asset)

ISSUE: Were the requirements of the Governmental Accounting Standards Board Statement No. 68 (GASB 68) regarding previously reported "Prepaid UAAL" correctly implemented in the Comprehensive Annual Financial Report (CAFR) for the Moraga-Orinda Fire Protection District (MOFD) as of June 30, 2015?

ANSWER: **No.** GASB 68 required this Prepaid UAAL (which should have been titled "Net Pension Asset") to have been fully written off in the 6/30/15 CAFR as part of the restatement of Beginning Net Assets. This write-off did not occur.

I. MOFD JUNE 30, 2015 STATEMENT SHOULD OF NET POSITION UNRECORDED

REQUIRED		HAVE BEEN	
AS REPORTED	**WRITE-OFF**		**REPORTED**
ASSETS			
CURRENT			
Prepaid Items	21,760,333	(21,609,566)	150,767
Other	9,233,239		9,233,239
Total Current Assets	30,993,572		9,384,006
CAPITAL ASSETS	9,466,042		9,466,042
TOTAL ASSETS	40,459,614		18,850,048
DEFERRED OUTFLOWS			
Pension Plan	377,767		377,767
TOTAL ASSETS & DEF. OUTFLOWS	40,837,381		19,227,815
LIABILITIES			
CURRENT	3,331,251		3,331,251
NON-CURRENT			
Net Pension Liability (Obligation)	28,612,847		28,612,847
Other	25,770,287		25,770,287
Total Non-Current Liabilities	54,383,134		54,383,134
TOTAL LIABILITIES	57,714,385		57,714,385
DEFERRED INFLOWS			
Pension Plan	6,003,070		6,003,070
NET POSITION (NET ASSETS)			
Net Invested - Capital Assets	9,466,042		9,466,042
Restricted Net Assets	2,812,780		2,812,780
Unrestricted Net Assets	(35,158,896)	(21,609,566)	(56,768,462)
TOTAL NET POSITION	(22,880,074)		(44,489,640)
TOTAL LIAB, DEF. INFLOWS, NET POSITION	40,837,381		19,227,815

Attachment B

JJACPA, Inc.
A Professional Accounting Services Corp.

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

The purpose of this letter is to address the assumptions and issues raised in a memo that indicated the District incorrectly implemented GASB Statement No. 68 in fiscal year 2014-15. Since we were not present at the meeting to discuss the audit perspective of the presentation we will present it here through analysis of the memo. As the District's auditor with over 25 years of experience in governmental accounting, auditing and financial reporting, we attended numerous courses on GASB 68 and were involved in numerous implementations. The results of the changes that the memo proposes would require us to modify our opinion as we believe that the adjustments are not in accordance with generally accepted accounting principles. Further, the memo seems to state opinion or direction based on assumptions that do not reflect evidence or support for the adjustments. As I stated in the meeting, GASB 68 presents accounting and reporting, not funding as its primary focus.

Since the Board members were not elected or even present during the implementation or the subsequent development of the financial statements and audit process for the 2015-16 or 2014-15 fiscal years, the conclusions reached were without the ability to attend the numerous meetings that were a result of the presentation or at least be briefed by District staff. It is difficult to make such assertions without the requisite knowledge in such implementations for the entity or others to base the conclusions and presents no discernible benefit to the District. In turn, the comparison to another entity, such as the County, cannot be analyzed in comparison to the District because we are not privy to the facts and circumstances regarding the County's implementation and reporting. Therefore, we will not comment on why the County presented their financial statements in such a manner.

The comments in the memo starting with the first sentence, regarding a net pension asset, results from the net position of a pension plan exceeding the total pension liability or the assets of the plan exceeding its liabilities, clearly not a prepayment of an Unfunded Actuarially Accrued Liability (UAAL). Also, the prepaid amount is presented in the government-wide financial statements as a long-term asset and not a current asset as stated in the memo. This is important to address because it presents an understanding of how governmental financial statements are presented, one would know that current assets and liabilities are typically presented in the fund financial statements and adjustments are made to account for long-term assets and liabilities and presented in the government-wide statements. This is why the budget is unaffected by the implementation of GASB 68 as the amounts applicable only get reported as adjustments to the government-wide statements. This is also why GASB 68 does not address funding because that is a budgetary or planning decision and shows up in the current budget or financial plan and not the financial statements.

The memo focuses on the County's financial statement presentation based upon the assumption that all the facts and circumstances are the same as the District and bases this conclusion on implementation guide question 272, in which a question was asked, if a government that has a net pension asset, as defined above and already refuted, should include in the prior period adjustment the amount of the net pension asset if it has a net pension liability and *no deferred inflows or outflows* in the year of implementation. First of all, question 272 of the implementation guide is for a single employer or agent multiple employer plan, the District's plan is a cost-sharing, multiple employer plan. Secondly, the District did not report a net pension asset in the year before implementation and reported a net pension liability with deferred inflows and outflows in the year of implementation. Not only is this not applicable as to plan, the question's facts are not the same as the District. Therefore, the basis for the

Attachment B

conclusion that the District did not implement the standard properly is not addressed by this question and is incorrect.

Since the report was reviewed by the GFOA and received the award for excellence in financial reporting, improper implementation of GASB 68 would have been noted and provided in the comments by the reviewer and there were no comments for any of these items. In addition, the report goes through our technical review process before being submitted and such review would also have caught any incorrect presentation had it been noted. We believe that since the prepayment provides a future benefit and reflects an amount that is not calculated in the annual contribution rate the District pays, the prepayment should remain on the Statement of Financial Position, since treating it otherwise would understate net position through the understatement of the annual recognition of pension expense.

Sincerely,

, CPA

Joseph J Arch, CPA, CGFM, CITP
President/CEO
JJACPA, Inc.

Moraga-Orinda Fire District

TO: Board of Directors

FROM: Gloriann Sasser, Administrative Services Director

DATE: February 15, 2017

SUBJECT: Item 6.1 – Authorize Investment in the PARS Public Agencies Post-Employment Benefits Trust Passively Managed Capital Appreciation Portfolio for Pension Funds, Authorize Transfer of OPEB Trust Funds from the Actively Managed Capital Appreciation Portfolio to the Passively Managed Capital Appreciation Portfolio, Approve the Investment Guidelines Documents for the Pension and OPEB Plans and Authorize a Pension Contribution in the Amount of $256,000 to the PARS Trust in Fiscal Year 2016/17

BACKGROUND

On January 18, 2017 the Board authorized participation in the PARS Public Agencies Post-Employment Benefits Trust also called a pension rate stabilization program (PRSP). The PRSP is an irrevocable trust designed exclusively for California public agencies to prefund pension costs. The purpose of the PRSP is to accumulate funds to pay for fluctuating pension costs. The funds deposited into the District's PRSP trust account will be invested and can only be used to pay pension costs. As money is accumulated in the trust, the investment returns help fund the benefits.

The next step in the process is to determine the investment strategy for the funds in the trust account. This was presented and discussed at the Finance Committee meeting on February 7, 2017. The Finance Committee was presented with five different investment strategy choices. The following information provides investment returns and fee information for the actively managed investment portfolios:

Thru 9-30-2016 Actively Managed HighMark Plus	Returns 5-year	US Bank/HighMark Investment Management Expenses	PARS Expense	Net Returns 5-year
Conservative	4.98%	0.35%	0.25%	4.38%
Moderately Conservative	6.67%	0.35%	0.25%	6.07%
Moderate	8.51%	0.35%	0.25%	7.91%
Balanced	9.55%	0.35%	0.25%	8.95%
Capital Appreciation	10.81%	0.35%	0.25%	10.21%

The following information provides investment returns and fee information for the passively managed investment portfolios:

Thru 9-30-2016 Passively Managed Index Plus	Returns 5-year	US Bank/HighMark Investment Management Expenses	PARS Expense	Net Returns 5-year
Conservative	4.42%	0.35%	0.25%	3.82%
Moderately Conservative	6.19%	0.35%	0.25%	5.59%
Moderate	8.35%	0.35%	0.25%	7.75%
Balanced	9.43%	0.35%	0.25%	8.83%
Capital Appreciation	11.31%	0.35%	0.25%	10.71%

Additional information and performance history is attached for each investment strategy.

In addition, the District needs to decide whether the trust account will be actively managed or passively managed. The goal of active investment management is to outperform a stated benchmark. Securities are regularly traded by the investment manager under active management. The goal of passive investment management is to meet the stated benchmark. Under passive management, securities would be purchased to mirror a market index. Actively managed accounts incur higher fees. However, the actively managed portfolios have consistently outperformed the passive portfolios net of fees.

The District also needs to decide how much money to put into the PRSP. After a lengthy and thoughtful discussion at the Finance Committee meeting, which included public comment and input, Staff and the Finance Committee recommend the Board approve putting the same amount into the PRSP as the District puts into the OPEB trust. Scheduled OPEB contributions for the next five years based on the actuarial valuation are as follows:

Fiscal Year	Contribution
2016-2017	$256,000
2017-2018	$280,000
2018-2019	$273,000
2019-2020	$280,000
2020-2021	$264,000

The Finance Committee also discussed how the pension liability is approximately double the OPEB liability. Therefore it was discussed that the PRSP contribution could be double the OPEB contribution. The Finance Committee directed staff to prepare two versions of the Long Range Financial Plan to reflect both scenarios so the Board could consider both options (see Item 6.3).

Most agencies use the Conservative or Moderately Conservative portfolios for the PRSP. However, the Finance Committee discussed that based on the Long Range Financial Plan it is unlikely the District will need to use the PRSP money to pay for pension costs over the next 15 years. This money likely will not be needed as a rainy day fund for the District. This money would more likely be a long term solution to the pension liability. Therefore the District can take a long term investing approach. Staff and the Finance Committee recommend the District use the passively managed Capital Appreciation portfolio for the PRSP Trust. The proposed Investment Guidelines Document (Attachment A) includes investment details for the recommended plan.

The District's OPEB funds are currently invested in the actively managed Capital Appreciation portfolio. If the District is going to use a passively managed portfolio for the pension funds, HighMark recommends the District also use a passively managed portfolio for the OPEB funds. Therefore it is necessary for the Board to adopt a revised Investment Guidelines Document for the OPEB funds to reflect a passively managed portfolio (Attachment B.)

RECOMMENDED ACTION

1) Receive 2) Discuss 3) Authorize investment in the PARS Public Agencies Post-Employment Health Care Plan Trust passively managed Capital Appreciation portfolio for the pension funds, authorize transfer of OPEB trust funds from the actively managed Capital Appreciation portfolio to the passively managed Capital Appreciation portfolio, approve the Investment Guidelines Documents for the Pension and OPEB plans and authorize a pension contribution in the amount of $256,000 to the PARS trust in fiscal year 2016/17.

ATTACHMENTS

1) Attachment A – Investment Guidelines Document Pension Plan
2) Attachment B – Investment Guidelines Document OPEB
3) Attachment C – Investment Information

Attachment A

HIGHMARK®
CAPITAL MANAGEMENT

Investment Guidelines Document

Moraga-Orinda Fire District

Employee Benefits Fund Pension Plan

February 2017

Attachment A

Investment Guidelines Document

Scope and Purpose

The purpose of this Investment Guidelines Document is to:

- Facilitate the process of ongoing communication between the Plan Sponsor and its plan fiduciaries;
- Confirm the Plan's investment goals and objectives and management policies applicable to the investment portfolio identified below and obtained from the Plan Sponsor;
- Provide a framework to construct a well-diversified asset mix that can potentially be expected to meet the account's short- and long-term needs that is consistent with the account's investment objectives, liquidity considerations and risk tolerance;
- Identify any unique considerations that may restrict or limit the investment discretion of its designated investment managers;
- Help maintain a long-term perspective when market volatility is caused by short-term market movements.

Key Plan Sponsor Account Information as of February 2017

Plan Sponsor:	The Board of the Moraga-Orinda Fire Protection District
Governance:	The Fire Chief or Administrative Services Director of the Moraga-Orinda Fire Protection District
Plan Name ("Plan"):	Moraga-Orinda Fire Protection District Employee Benefit Fund Pension Plan
Trustee:	US Bank Contact: Sue Hughes, 949-224-7209 Susan.hughes@usbank.com
Type of Account:	Pension Plan
Investment Manager:	US Bank, as discretionary trustee, has delegated investment management responsibilities to HighMark Capital Management, Inc. ("Investment Manager"), an SEC-registered investment adviser Contact: Andrew Brown, CFA, 415-705-7605 Andrew.brown@highmarkcapital.com

Investment Authority: Except as otherwise noted, the Trustee, US Bank, has delegated investment authority to HighMark Capital Management, an SEC-registered investment adviser. Investment Manager has full investment discretion over the managed assets in the account. Investment Manager is authorized to purchase, sell, exchange, invest, reinvest and manage the designated assets held in the account, all in accordance with account's investment objectives, without prior approval or subsequent approval of any other party(ies).

Investment Objectives and Constraints

The goal of the Plan's investment program is to generate adequate long-term returns that, when combined with contributions, will result in sufficient assets to pay the present and future obligations of the Plan. The following objectives are intended to assist in achieving this goal:

- The Plan should seek to earn a return in excess of its policy benchmark over the life of the Plan.
- The Plan's assets will be managed on a total return basis which takes into consideration both investment income and capital appreciation. While the Plan Sponsor recognizes the importance of preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. To achieve these objectives, the Plan Sponsor allocates its assets (asset allocation) with a strategic perspective of the capital markets.

Investment Time Horizon:	Long-term
Anticipated Cash Flows:	Assets in the Plan will seek to mitigate the impact of future rate increases from Contra Costa County Employees' Retirement Association (CCCERA). Typically increases in rates come with a one-year advance warning, however this Plan may transfer assets to CCCERA at any time.
Investment Objective:	The investment objective the Plan Sponsor has selected is the Capital Appreciation Objective, which has a primary goal of growth of principal. The assets in this Plan will eventually be used to fund Pension Plan obligations for assets managed in the CCCERA pension plan. The assets in this Trust are also available to mitigate the potential negative impact of future rate increases from CCCERA.
Risk Tolerance:	Capital Appreciation – High level of risk tolerance The account's risk tolerance has been rated above average, which demonstrates that the account can accept significant price fluctuations to pursue its investment objectives

Attachment A

Strategic Asset Allocation: The asset allocation ranges for this objective are listed below:

Strategic Asset Allocation Ranges		
Cash	Fixed Income	Equity
0-20%	10%-30%	65%-85%
Policy: 5%	Policy: 20%	Policy: 75%

Market conditions may cause the account's asset allocation to vary from the stated range from time to time. The Investment Manager will rebalance the portfolio no less than quarterly and/or when the actual weighting differs substantially from the strategic range, if appropriate and consistent with your objectives.

Security Guidelines:

Equities

With the exception of limitations and constraints described above, Investment Manager may allocate assets of the equity portion of the account among various market capitalizations (large, mid, small) and investment styles (value, growth). Further, Investment Manager may allocate assets among domestic, international developed and emerging market equity securities.

Total Equities	65%-85%
Equity Style	*Range*
Domestic Large Cap Equity	25%-55%
Domestic Mid Cap Equity	0%-18%
Domestic Small Cap Equity	0%-25%
International Equity (incl. Emerging Markets)	0%-25%
Real Estate Investment Trust (REIT)	0%-15%

Fixed Income

In the fixed income portion of the account, Investment Manager may allocate assets among various sectors and industries, as well as varying maturities and credit quality that are consistent with the overall goals and objectives of the portfolio.

Total Fixed Income	10%-30%
Fixed Income Style	*Range*
Long-term bonds (maturities >7 years)	0%-20%
Intermediate-term bonds (maturities 3-7 years)	10%-30%
Short-Term bonds (maturities <3 years)	0%-15%
High Yield bonds	0%-8%

Performance Benchmarks:

The performance of the total Plan shall be measured over a three and five-year periods. These periods are considered sufficient to accommodate the market cycles experienced with investments. The performance shall be compared to the return of the total portfolio blended benchmark shown below.

Total Portfolio Blended Benchmark

39.50%	S&P 500 Index
7.50%	Russell Mid Cap Index
10.50%	Russell 2000 Index
5.25%	MSCI Emerging Market Index
10.25%	MSCI EAFE Index
2.00%	Wilshire REIT Index
16.00%	Barclays Capital US Aggregate Bond Index
3.00%	ML 1-3 Year US Corp/Gov't Index
1.00%	US High Yield Master II Index
5.00%	Citi 1Mth T-Bill

Asset Class/Style Benchmarks

Over a market cycle, the long-term objective for each investment strategy is to add value to a market benchmark. The following are the benchmarks used to monitor each investment strategy:

Large Cap Equity	S&P 500 Index
Growth	S&P 500 Growth Index
Value	S&P 500 Value Index
Mid Cap Equity	Russell Mid Cap Index
Growth	Russell Mid Cap Growth Index
Value	Russell Mid Cap Value Index
Small Cap Equity	Russell 2000 Index
Growth	Russell 2000 Growth Index
Value	Russell 2000 Value Index
REITs	Wilshire REIT Index
International Equity	MSCI EAFE Index
Investment Grade Bonds	Barclays Capital US Aggregate Bond Index
High Yield	US High Yield Master II Index

Security Selection

Investment Manager may utilize a full range of investment vehicles when constructing the investment portfolio, including but not limited to individual securities, mutual funds, and exchange-traded funds. In addition, to the extent permissible, Investment Manager is authorized to invest in shares of mutual funds in which the Investment Manager serves as adviser or sub-adviser.

Investment Limitations:

The following investment transactions are prohibited:

- Direct investments in precious metals (precious metals mutual funds and exchange-traded funds are permissible).
- Venture Capital
- Short sales*
- Purchases of Letter Stock, Private Placements, or direct payments
- Leveraged Transactions*
- Commodities Transactions Puts, calls, straddles, or other option strategies*
- Purchases of real estate, with the exception of REITs
- Derivatives, with exception of ETFs*

**Permissible in diversified mutual funds and exchange-traded funds*

Duties and Responsibilities

Responsibilities of Plan Sponsor

- The Fire Chief or Administrative Services Director of the Moraga-Orinda Fire Protection District is responsible for:
  - Confirming the accuracy of this Investment Guidelines Document, in writing.
  - Advising Trustee and Investment Manager of any change in the plan/account's financial situation, funding status, or cash flows, which could possibly necessitate a change to the account's overall risk tolerance, time horizon or liquidity requirements; and thus would dictate a change to the overall investment objective and goals for the account.
  - Monitoring and supervising all service vendors and investment options, including investment managers.
  - Avoiding prohibited transactions and conflicts of interest.

Responsibilities of Trustee

The plan Trustee is responsible for:

- Valuing the holdings.
- Collecting all income and dividends owed to the Plan.
- Settling all transactions (buy-sell orders).

Responsibilities of Investment Manager

The Investment Manager is responsible for:

- Assisting the Fire Chief or Administrative Services Director of the Moraga-Orinda Fire Protection District with the development and maintenance of this Investment Policy Guideline document annually.
- Meeting with the Finance Committee and Board of Directors annually to review portfolio structure, holdings, and performance.
- Designing, recommending and implementing an appropriate asset allocation consistent with the investment objectives, time horizon, risk profile, guidelines and constraints outlined in this statement.
- Researching and monitoring investment advisers and investment vehicles.
- Purchasing, selling, and reinvesting in securities held in the account.
- Monitoring the performance of all selected assets.
- Voting proxies, if applicable.

- Recommending changes to any of the above.
- Periodically reviewing the suitability of the investments, being available to meet with the committee at least once each year, and being available at such other times within reason at your request.
- Preparing and presenting appropriate reports.
- Informing the committee if changes occur in personnel that are responsible for portfolio management or research.

Acknowledgement and Acceptance

I/We being the Plan Sponsor with responsibility for the account(s) held on behalf of the Plan Sponsor specified below, designate Investment Manager as having the investment discretion and management responsibility indicated in relation to all assets of the Plan or specified Account. If such designation is set forth in the Plan/trust, I/We hereby confirm such designation as Investment Manager.

I have read the Investment Guidelines Document, and confirm the accuracy of it, including the terms and conditions under which the assets in this account are to be held, managed, and disposed of by Investment Manager. This Investment Guidelines Document supersedes all previous versions of an Investment Guidelines Document or investment objective instructions that may have been executed for this account.

____ Date:________________

Plan Sponsor: The Board of the Moraga-Orinda Fire Protection District
Kathleen Famulener, Board President

____ Date:________________

Investment Manager: Andrew Brown, CFA, Senior Portfolio Manager, (415) 705-7605

Attachment B

Investment Guidelines Document

Moraga-Orinda Fire Protection District

Other Post-Employment Benefits Trust

February 2017

Attachment B

Investment Guidelines Document

Scope and Purpose

The purpose of this Investment Guidelines Document is to:

- Facilitate the process of ongoing communication between the Plan Sponsor and its plan fiduciaries;
- Confirm the Plan’s investment goals and objectives and management policies applicable to the investment portfolio identified below and obtained from the Plan Sponsor;
- Provide a framework to construct a well-diversified asset mix that can potentially be expected to meet the account’s short- and long-term needs that is consistent with the account’s investment objectives, liquidity considerations and risk tolerance;
- Identify any unique considerations that may restrict or limit the investment discretion of its designated investment managers;
- Help maintain a long-term perspective when market volatility is caused by short-term market movements.

Key Plan Sponsor Account Information as of February 2017

Plan Sponsor:	The Board of the Moraga-Orinda Fire Protection District
Governance:	The Fire Chief or Administrative Services Director of the Moraga-Orinda Fire Protection District
Plan Name (“Plan”):	Moraga-Orinda Fire Protection District Retiree Healthcare Plan
Trustee:	US Bank Contact: Sue Hughes, 949-224-7209 Susan.Hughes@usbank.com
Type of Account:	GASB 45/Other Post-Employment Benefits Trust
ERISA Status:	Not subject to ERISA
Investment Manager:	US Bank, as discretionary trustee, has delegated investment management responsibilities to HighMark Capital Management, Inc. (“Investment Manager”), an SEC-registered investment adviser Contact: Andrew Brown, CFA, 415-705-7605 Andrew.Brown@highmarkcapital.com

Investment Authority: Except as otherwise noted, the Trustee, US Bank, has delegated investment authority to HighMark Capital Management, an SEC-registered investment adviser. Investment Manager has full investment discretion over the managed assets in the account. Investment Manager is authorized to purchase, sell, exchange, invest, reinvest and manage the designated assets held in the account, all in accordance with account's investment objectives, without prior approval or subsequent approval of any other party(ies).

Investment Objectives and Constraints

The goal of the Plan's investment program is to generate adequate long-term returns that, when combined with contributions, will result in sufficient assets to pay the present and future obligations of the Plan. The following objectives are intended to assist in achieving this goal:

- The Plan should earn, on a long-term average basis, a rate of return equal to or in excess of the target rate of return of 7.25%.
- The Plan should seek to earn a return in excess of its policy benchmark over the long-term.
- The Plan's assets will be managed on a total return basis which takes into consideration both investment income and capital appreciation. While the Plan Sponsor recognizes the importance of preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. To achieve these objectives, the Plan Sponsor allocates its assets (asset allocation) with a strategic, long-term perspective of the capital markets.

Investment Time Horizon:	Long-term
Anticipated Cash Flows:	Distributions are expected to be low in the early years of the Plan
Target Rate of Return:	7.25% annual target
Investment Objective:	The primary objective is to maximize total Plan return, subject to the risk and quality constraints set forth herein. The investment objective the Plan Sponsor has selected is the Capital Appreciation Objective, which has a primary goal of growth of principal.
Risk Tolerance:	Capital Appreciation – High level of risk tolerance The account's risk tolerance has been rated above average, which demonstrates that the account can accept price fluctuations to pursue its investment objectives.

Strategic Asset Allocation: The asset allocation ranges for this objective are listed below:

Strategic Asset Allocation Ranges		
Cash	Fixed Income	Equity
0-20%	10%-30%	65%-85%
Policy: 5%	Policy: 20%	Policy: 75%

Market conditions may cause the account's asset allocation to vary from the stated range from time to time. The Investment Manager will rebalance the portfolio no less than quarterly and/or when the actual weighting differs substantially from the strategic range, if appropriate and consistent with your objectives.

Security Guidelines:

Equities

With the exception of limitations and constraints described above, Investment Manager may allocate assets of the equity portion of the account among various market capitalizations (large, mid, small) and investment styles (value, growth). Further, Investment Manager may allocate assets among domestic, international developed and emerging market equity securities.

Total Equities	65%-85%
Equity Style	*Range*
Domestic Large Cap Equity	25%-55%
Domestic Mid Cap Equity	0%-18%
Domestic Small Cap Equity	0%-25%
International Equity (incl. Emerging Markets)	0%-25%
Real Estate Investment Trust (REIT)	0%-15%

Fixed Income

In the fixed income portion of the account, Investment Manager may allocate assets among various sectors and industries, as well as varying maturities and credit quality that are consistent with the overall goals and objectives of the portfolio.

Total Fixed Income	10%-30%
Fixed Income Style	*Range*
Long-term bonds (maturities >7 years)	0%-20%
Intermediate-term bonds (maturities 3-7 years)	10%-30%
Short-Term bonds (maturities <3 years)	0%-15%
High Yield bonds	0%-8%

Performance Benchmarks:

The performance of the total Plan shall be measured over a three and five-year periods. These periods are considered sufficient to accommodate the market cycles experienced with investments. The performance shall be compared to the return of the total portfolio blended benchmark shown below.

Total Portfolio Blended Benchmark

39.50%	S&P 500 Index
7.50%	Russell Mid Cap Index
10.50%	Russell 2000 Index
5.25%	MSCI Emerging Market Index
10.25%	MSCI EAFE Index
2.00%	Wilshire REIT Index
16.00%	Barclays Capital US Aggregate Bond Index
3.00%	ML 1-3 Year US Corp/Gov’t Index
1.00%	US High Yield Master II Index
5.00%	Citi 1Mth T-Bill

Asset Class/Style Benchmarks

Over a market cycle, the long-term objective for each investment strategy is to add value to a market benchmark. The following are the benchmarks used to monitor each investment strategy:

Large Cap Equity	S&P 500 Index
Growth	S&P 500 Growth Index
Value	S&P 500 Value Index
Mid Cap Equity	Russell Mid Cap Index
Growth	Russell Mid Cap Growth Index
Value	Russell Mid Cap Value Index
Small Cap Equity	Russell 2000 Index
Growth	Russell 2000 Growth Index
Value	Russell 2000 Value Index
REITs	Wilshire REIT Index
International Equity	MSCI EAFE Index
Investment Grade Bonds	Barclays Capital US Aggregate Bond Index
High Yield	US High Yield Master II Index

Security Selection

Investment Manager may utilize a full range of investment vehicles when constructing the investment portfolio, including but not limited to individual securities, mutual funds, and exchange-traded funds. In addition, to the extent permissible, Investment Manager is authorized to invest in shares of mutual funds in which the Investment Manager serves as advisor or sub-adviser.

Investment Limitations:

The following investment transactions are prohibited:

- Direct investments in precious metals (precious metals mutual funds and exchange-traded funds are permissible).
- Venture Capital
- Short sales*
- Purchases of Letter Stock, Private Placements, or direct payments
- Leveraged Transactions*
- Commodities Transactions Puts, calls, straddles, or other option strategies*
- Purchases of real estate, with the exception of REITs
- Derivatives, with exception of ETFs*

**Permissible in diversified mutual funds and exchange-traded funds*

Duties and Responsibilities

Responsibilities of Plan Sponsor

The Fire Chief or Administrative Services Director of the Moraga-Orinda Fire Protection District is responsible for:

- Confirming the accuracy of this Investment Guidelines Document, in writing.
- Advising Trustee and Investment Manager of any change in the plan/account's financial situation, funding status, or cash flows, which could possibly necessitate a change to the account's overall risk tolerance, time horizon or liquidity requirements; and thus would dictate a change to the overall investment objective and goals for the account.
- Monitoring and supervising all service vendors and investment options, including investment managers.
- Avoiding prohibited transactions and conflicts of interest.

Responsibilities of Trustee

The plan Trustee is responsible for:

- Valuing the holdings.
- Collecting all income and dividends owed to the Plan.
- Settling all transactions (buy-sell orders).

Responsibilities of Investment Manager

The Investment Manager is responsible for:

- Assisting the Fire Chief or Administrative Services Director of the Moraga-Orinda Fire Protection District with the development and maintenance of this Investment Policy Guideline document annually.
- Meeting with Finance Committee annually to review portfolio structure, holdings, and performance.
- Designing, recommending and implementing an appropriate asset allocation consistent with the investment objectives, time horizon, risk profile, guidelines and constraints outlined in this statement.
- Researching and monitoring investment advisers and investment vehicles.
- Purchasing, selling, and reinvesting in securities held in the account.
- Monitoring the performance of all selected assets.

- Voting proxies, if applicable.
- Recommending changes to any of the above.
- Periodically reviewing the suitability of the investments, being available to meet with the committee at least once each year, and being available at such other times within reason at your request.
- Preparing and presenting appropriate reports.
- Informing the committee if changes occur in personnel that are responsible for portfolio management or research.

Acknowledgement and Acceptance

I/We being the Plan Sponsor with responsibility for the account(s) held on behalf of the Plan Sponsor specified below, designate Investment Manager as having the investment discretion and management responsibility indicated in relation to all assets of the Plan or specified Account. If such designation is set forth in the Plan/trust, I/We hereby confirm such designation as Investment Manager.

I have read the Investment Guidelines Document, and confirm the accuracy of it, including the terms and conditions under which the assets in this account are to be held, managed, and disposed of by Investment Manager. This Investment Guidelines Document supersedes all previous versions of an Investment Guidelines Document or investment objective instructions that may have been executed for this account.

____ Date:________________
Plan Sponsor: The Board of the Moraga-Orinda Fire District

____ Date:________________
Investment Manager: Andrew Brown, CFA, Senior Portfolio Manager, (415) 705-7605

Attachment C

HIGHMARK®
CAPITAL MANAGEMENT

PARS DIVERSIFIED PORTFOLIOS
CONSERVATIVE

Q3 2016

WHY THE PARS DIVERSIFIED CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

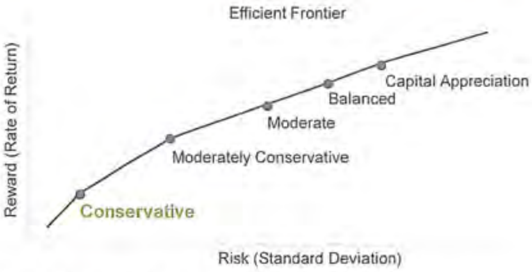
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide a consistent level of inflation-protected income over the long-term. The major portion of the assets will be fixed income related. Equity securities are utilized to provide inflation protection.



ASSET ALLOCATION — CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	5 – 20%	15%	15%
Fixed Income	60 – 95%	80%	79%
Cash	0 – 20%	5%	6%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Passive)	
Current Quarter*	1.57%	Current Quarter*	1.10%
*Blended Benchmark***	*1.15%*	*Blended Benchmark***	*1.15%*
Year To Date*	5.79%	Year To Date*	5.45%
*Blended Benchmark**	*5.09%*	*Blended Benchmark**	*5.09%*
1 Year	6.20%	1 Year	5.79%
Blended Benchmark	*5.50%*	*Blended Benchmark*	*5.50%*
3 Year	3.88%	3 Year	3.79%
Blended Benchmark	*3.80%*	*Blended Benchmark*	*3.80%*
5 Year	4.98%	5 Year	4.42%
Blended Benchmark	*4.09%*	*Blended Benchmark*	*4.09%*
10 Year	4.68%	10 Year	4.25%
Blended Benchmark	*4.19%*	*Blended Benchmark*	*4.19%*

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 7.5% S&P500, 1.5% Russell Mid Cap, 2.5% Russell 2000, 1% MSCI EM FREE, 2% MSCI EAFE, 52.25% BC US Agg, 25.75% ML 1-3 Yr US Corp/Gov't, 2% US High Yield Master II, 0.5% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 12% S&P 500; 1% Russell 2000, 2% MSCI EAFE, 40% ML 1-3 Year Corp./Govt, 40% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 15% S&P 500, 40% ML 1-3Yr Corp/Gov, 40% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-9.04%	2008	-6.70%
2009	15.59%	2009	10.49%
2010	8.68%	2010	7.67%
2011	2.19%	2011	3.70%
2012	8.45%	2012	6.22%
2013	3.69%	2013	3.40%
2014	3.88%	2014	4.32%
2015	0.29%	2015	0.06%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	07/2004	Inception Data	07/2004
No of Funds in Portfolio	19	No of Funds in Portfolio	13

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.

Attachment C

SAMPLE HOLDINGS

HighMark Plus (Active)

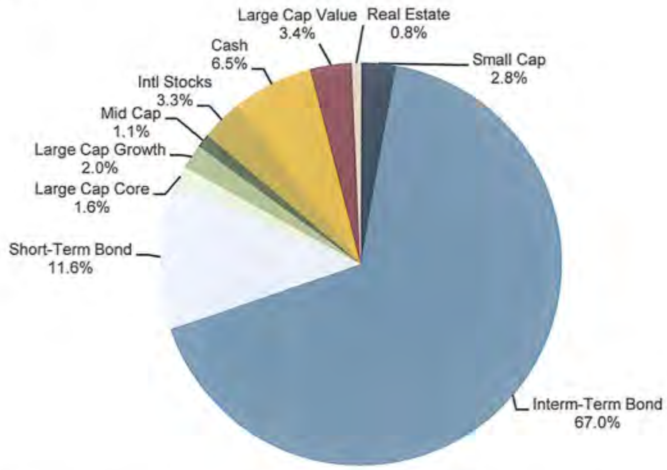
Columbia Contrarian Core Z
T. Rowe Price Growth Stock
T. Rowe Price New Horizons
Nationwide Bailard International Equities
Nationwide HighMark Bond
Vanguard Short-Term Invest-Grade Adm
Loomis Sayles Value Y
PIMCO Total Return
Dodge & Cox International Stock
MFS International Growth I
First American Government Obligations Z
Prudential Total Return
iShares Russell Mid-Cap ETF
iShares Russell Mid-Cap Value
Harbor Capital Appreciation
Schroder Emerging Market Equity
Dodge & Cox Stock
Nuveen Real Estate Securities I
Undiscovered Managers Behavioral Value

Index Plus (Passive)

iShares S&P 500
iShares S&P 500/Value
iShares S&P 500/Growth
iShares Russell 2000 Value
iShares Russell 2000 Growth
iShares MSCI EAFE
iShares Russell Mid-Cap ETF
iShares Russell Mid-Cap Value
iShares Barclays Aggregate Bond
Vanguard Short-Term Invest-Grade Adm
First American Government Obligations Z
Vanguard FTSE Emerging Markets ETF
Vanguard REIT ETF

Holdings are subject to change at the discretion of the investment manager.

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Conservative active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of September 30, 2016, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to $12.54 million after fees (Net-of-Fees) and $12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from $750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. **Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.**

HIGHMARK CAPITAL MANAGEMENT

350 California Street
Suite 1600
San Francisco, CA 94104
800-582-4734

www.highmarkcapital.com

ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than $15.4 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®
Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California; BA, University of Southern California

Andrew Bates, CFA®
Portfolio Manager
Investment Experience: since 2008
HighMark Tenure: since 2015
Education: BS, University of Colorado

Salvatore "Tory" Milazzo III, CFA®
Senior Portfolio Manager
Investment Experience: since 2004
HighMark Tenure: since 2014
Education: BA, Colgate University

J. Keith Stribling, CFA®
Senior Portfolio Manager
Investment Experience: since 1985
HighMark Tenure: since 1995
Education: BA, Stetson University

Christiane Tsuda
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

Anne Wimmer, CFA®
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

Asset Allocation Committee
Number of Members: 16
Average Years of Experience: 25
Average Tenure (Years): 12

Manager Review Group
Number of Members: 8
Average Years of Experience: 18
Average Tenure (Years): 6

Attachment C

HIGHMARK®
CAPITAL MANAGEMENT

PARS DIVERSIFIED PORTFOLIOS
MODERATELY CONSERVATIVE
Q3 2016

WHY THE PARS DIVERSIFIED MODERATELY CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

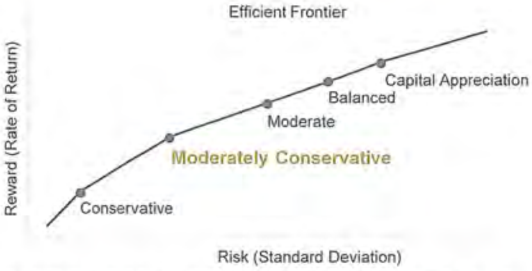
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide current income and moderate capital appreciation. The major portion of the assets is committed to income-producing securities. Market fluctuations should be expected.



ASSET ALLOCATION — MODERATELY CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	20 - 40%	30%	30%
Fixed Income	50 - 80%	65%	66%
Cash	0 - 20%	5%	4%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Passive)	
Current Quarter*	2.40%	Current Quarter*	1.79%
*Blended Benchmark***	*1.87%*	*Blended Benchmark***	*1.87%*
Year To Date*	5.89%	Year To Date*	6.34%
*Blended Benchmark**	*5.97%*	*Blended Benchmark**	*5.97%*
1 Year	7.28%	1 Year	7.50%
Blended Benchmark	*7.35%*	*Blended Benchmark*	*7.35%*
3 Year	4.48%	3 Year	4.73%
Blended Benchmark	*4.83%*	*Blended Benchmark*	*4.83%*
5 Year	6.67%	5 Year	6.19%
Blended Benchmark	*6.06%*	*Blended Benchmark*	*6.06%*
10 Year	5.10%	10 Year	4.69%
Blended Benchmark	*4.81%*	*Blended Benchmark*	*4.81%*

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 15.5% S&P500, 3% Russell Mid Cap, 4.5% Russell 2000, 2% MSCI EM FREE, 4% MSCI EAFE, 49.25% BC US Agg, 14% ML 1-3 Yr US Corp/Gov't, 1.75% US High Yield Master II, 1% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 25% S&P 500; 1.5% Russell 2000, 3.5% MSCI EAFE, 25% ML 1-3 Year Corp./Govt, 40% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 30% S&P 500, 25% ML 1-3Yr Corp/Gov, 40% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-15.37%	2008	-12.40%
2009	18.71%	2009	11.92%
2010	10.46%	2010	9.72%
2011	1.75%	2011	3.24%
2012	10.88%	2012	8.24%
2013	7.30%	2013	6.78%
2014	4.41%	2014	5.40%
2015	0.32%	2015	-0.18%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	08/2004	Inception Data	05/2005
No of Funds in Portfolio	19	No of Funds in Portfolio	13

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.

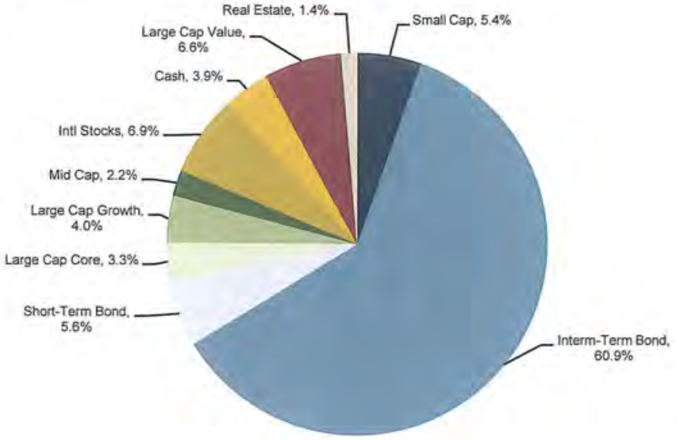
Attachment C

SAMPLE HOLDINGS

HighMark Plus (Active)	Index Plus (Passive)
Columbia Contrarian Core Z	iShares S&P 500
T. Rowe Price Growth Stock	iShares S&P 500/Value
T. Rowe Price New Horizons	iShares S&P 500/Growth
Nationwide Bailard International Equities	iShares Russell 2000 Value
Nationwide HighMark Bond	iShares Russell 2000 Growth
Vanguard Short-Term Invest-Grade Adm	iShares MSCI EAFE
Loomis Sayles Value Y	iShares Russell Mid-Cap ETF
PIMCO Total Return	iShares Russell Mid-Cap Value
Dodge & Cox International Stock	iShares Barclays Aggregate Bond
MFS International Growth I	Vanguard Short-Term Invest-Grade Adm
First American Government Obligations Z	First American Government Obligations Z
Prudential Total Return	Vanguard FTSE Emerging Markets ETF
iShares Russell Mid-Cap ETF	Vanguard REIT ETF
iShares Russell Mid-Cap Value	
Harbor Capital Appreciation	
Schroder Emerging Market Equity	
Dodge & Cox Stock	
Nuveen Real Estate Securities I	
Undiscovered Managers Behavioral Value	

Holdings are subject to change at the discretion of the investment manager.

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Moderately Conservative active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of September 30, 2016, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to $12.54 million after fees (Net-of-Fees) and $12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from $750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. **Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.**

HIGHMARK CAPITAL MANAGEMENT

350 California Street
Suite 1600
San Francisco, CA 94104
800-582-4734

www.highmarkcapital.com

ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than $15.4 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®
Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California; BA, University of Southern California

Andrew Bates, CFA®
Portfolio Manager
Investment Experience: since 2008
HighMark Tenure: since 2015
Education: BS, University of Colorado

Salvatore "Tory" Milazzo III, CFA®
Senior Portfolio Manager
Investment Experience: since 2004
HighMark Tenure: since 2014
Education: BA, Colgate University

J. Keith Stribling, CFA®
Senior Portfolio Manager
Investment Experience: since 1985
HighMark Tenure: since 1995
Education: BA, Stetson University

Christiane Tsuda
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

Anne Wimmer, CFA®
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

Asset Allocation Committee
Number of Members: 16
Average Years of Experience: 25
Average Tenure (Years): 12

Manager Review Group
Number of Members: 8
Average Years of Experience: 18
Average Tenure (Years): 6

Attachment C

HIGHMARK®
CAPITAL MANAGEMENT

PARS DIVERSIFIED PORTFOLIOS
MODERATE

Q3 2016

WHY THE PARS DIVERSIFIED MODERATE PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

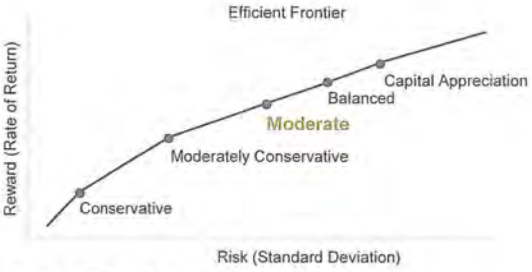
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.



ASSET ALLOCATION — MODERATE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	40 - 60%	50%	49%
Fixed Income	40 - 60%	45%	47%
Cash	0 - 20%	5%	4%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Passive)	
Current Quarter*	3.44%	Current Quarter*	2.69%
*Blended Benchmark***	*2.81%*	*Blended Benchmark***	*2.81%*
Year To Date*	6.23%	Year To Date*	6.77%
*Blended Benchmark**	*6.73%*	*Blended Benchmark**	*6.73%*
1 Year	8.60%	1 Year	9.02%
Blended Benchmark	*9.42%*	*Blended Benchmark*	*9.42%*
3 Year	5.17%	3 Year	5.45%
Blended Benchmark	*5.91%*	*Blended Benchmark*	*5.91%*
5 Year	8.51%	5 Year	8.35%
Blended Benchmark	*8.53%*	*Blended Benchmark*	*8.53%*
10 Year	5.18%	10 Year	5.35%
Blended Benchmark	*5.44%*	*Blended Benchmark*	*5.44%*

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 26.5% S&P500, 5% Russell Mid Cap, 7.5% Russell 2000, 3.25% MSCI EM FREE, 6% MSCI EAFE, 33.50% BC US Agg, 10% ML 1-3 Yr US Corp/Gov't, 1.50% US High Yield Master II, 1.75% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 43% S&P 500; 2% Russell 2000, 5% MSCI EAFE, 15% ML 1-3 Year Corp./Govt, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 50% S&P 500, 15% ML 1-3Yr Corp/Gov, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-22.88%	2008	-18.14%
2009	21.47%	2009	16.05%
2010	12.42%	2010	11.77%
2011	0.55%	2011	2.29%
2012	12.25%	2012	10.91%
2013	13.06%	2013	12.79%
2014	4.84%	2014	5.72%
2015	0.14%	2015	-0.52%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	10/2004	Inception Data	05/2006
No of Funds in Portfolio	19	No of Funds in Portfolio	13

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.

Attachment C

SAMPLE HOLDINGS

HighMark Plus (Active)

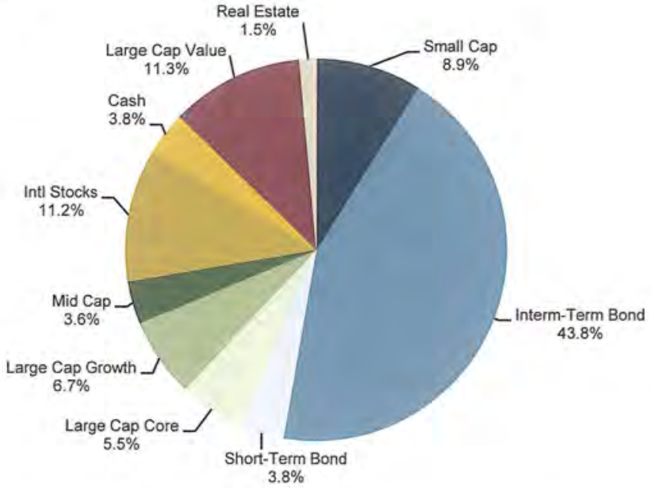
- Columbia Contrarian Core Z
- T. Rowe Price Growth Stock
- T. Rowe Price New Horizons
- Nationwide Bailard International Equities
- Nationwide HighMark Bond
- Vanguard Short-Term Invest-Grade Adm
- Loomis Sayles Value Y
- PIMCO Total Return
- Dodge & Cox International Stock
- MFS International Growth I
- First American Government Obligations Z
- Prudential Total Return
- iShares Russell Mid-Cap ETF
- iShares Russell Mid-Cap Value
- Harbor Capital Appreciation
- Schroder Emerging Market Equity
- Dodge & Cox Stock
- Nuveen Real Estate Securities I
- Undiscovered Managers Behavioral Value

Index Plus (Passive)

- iShares S&P 500
- iShares S&P 500/Value
- iShares S&P 500/Growth
- iShares Russell 2000 Value
- iShares Russell 2000 Growth
- iShares MSCI EAFE
- iShares Russell Mid-Cap ETF
- iShares Russell Mid-Cap Value
- iShares Barclays Aggregate Bond
- Vanguard Short-Term Invest-Grade Adm
- First American Government Obligations Z
- Vanguard FTSE Emerging Markets ETF
- Vanguard REIT ETF

Holdings are subject to change at the discretion of the investment manager.

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Moderate active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of September 30, 2016, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to $12.54 million after fees (Net-of-Fees) and $12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from $750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. **Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.**

HIGHMARK CAPITAL MANAGEMENT

350 California Street
Suite 1600
San Francisco, CA 94104
800-582-4734

www.highmarkcapital.com

ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than $15.4 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®
Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California; BA, University of Southern California

Andrew Bates, CFA®
Portfolio Manager
Investment Experience: since 2008
HighMark Tenure: since 2015
Education: BS, University of Colorado

Salvatore "Tory" Milazzo III, CFA®
Senior Portfolio Manager
Investment Experience: since 2004
HighMark Tenure: since 2014
Education: BA, Colgate University

J. Keith Stribling, CFA®
Senior Portfolio Manager
Investment Experience: since 1985
HighMark Tenure: since 1995
Education: BA, Stetson University

Christiane Tsuda
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

Anne Wimmer, CFA®
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

Asset Allocation Committee
Number of Members: 16
Average Years of Experience: 25
Average Tenure (Years): 12

Manager Review Group
Number of Members: 8
Average Years of Experience: 18
Average Tenure (Years): 6

Attachment C

HIGHMARK®
CAPITAL MANAGEMENT

PARS DIVERSIFIED PORTFOLIOS
BALANCED

Q3 2016

WHY THE PARS DIVERSIFIED BALANCED PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

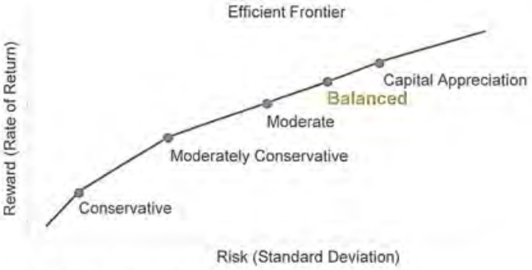
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide growth of principal and income. While dividend and interest income are an important component of the objective's total return, it is expected that capital appreciation will comprise a larger portion of the total return.



ASSET ALLOCATION — BALANCED PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	50 – 70%	60%	58%
Fixed Income	30 – 50%	35%	38%
Cash	0 – 20%	5%	4%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Passive)	
Current Quarter*	3.98%	Current Quarter*	3.14%
*Blended Benchmark***	*3.28%*	*Blended Benchmark***	*3.28%*
Year To Date*	6.17%	Year To Date*	7.11%
*Blended Benchmark**	*7.11%*	*Blended Benchmark**	*7.11%*
1 Year	8.97%	1 Year	9.97%
Blended Benchmark	*10.46%*	*Blended Benchmark*	*10.46%*
3 Year	5.40%	3 Year	5.88%
Blended Benchmark	*6.46%*	*Blended Benchmark*	*6.46%*
5 Year	9.55%	5 Year	9.43%
Blended Benchmark	*9.81%*	*Blended Benchmark*	*9.81%*
Inception to Date (120 Mos.)	5.02%	Inception to Date (108-Mos.)	4.49%
Blended Benchmark	*5.67%*	*Blended Benchmark*	*5.02%*

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 32% S&P500, 6% Russell Mid Cap, 9% Russell 2000, 4% MSCI EM FREE, 7% MSCI EAFE, 27% BC US Agg, 6.75% ML 1-3 Yr US Corp/Gov't, 1.25% US High Yield Master II, 2% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 51% S&P 500; 3% Russell 2000, 6% MSCI EAFE, 5% ML 1-3 Year Corp./Govt, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 60% S&P 500, 5% ML 1-3Yr Corp/Gov, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-25.72%	2008	-23.22%
2009	21.36%	2009	17.62%
2010	14.11%	2010	12.76%
2011	-0.46%	2011	1.60%
2012	13.25%	2012	11.93%
2013	16.61%	2013	15.63%
2014	4.70%	2014	6.08%
2015	0.04%	2015	-0.81%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	10/2006	Inception Data	10/2007
No of Funds in Portfolio	19	No of Funds in Portfolio	13

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.

6.1

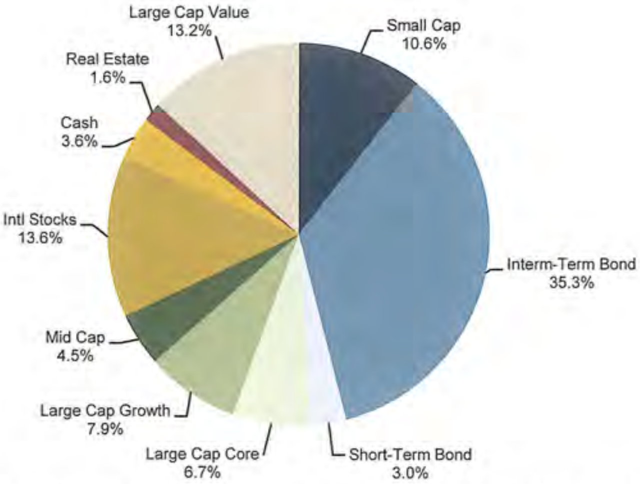
Attachment C

SAMPLE HOLDINGS

HighMark Plus (Active)	Index Plus (Passive)
Columbia Contrarian Core Z	iShares S&P 500
T. Rowe Price Growth Stock	iShares S&P 500/Value
T. Rowe Price New Horizons	iShares S&P 500/Growth
Nationwide Bailard International Equities	iShares Russell 2000 Value
Nationwide HighMark Bond	iShares Russell 2000 Growth
Vanguard Short-Term Invest-Grade Adm	iShares MSCI EAFE
Loomis Sayles Value Y	iShares Russell Mid-Cap ETF
PIMCO Total Return	iShares Russell Mid-Cap Value
Dodge & Cox International Stock	iShares Barclays Aggregate Bond
MFS International Growth I	Vanguard Short-Term Invest-Grade Adm
First American Government Obligations Z	First American Government Obligations Z
Prudential Total Return	Vanguard FTSE Emerging Markets ETF
iShares Russell Mid-Cap ETF	Vanguard REIT ETF
iShares Russell Mid-Cap Value	
Harbor Capital Appreciation	
Schroder Emerging Market Equity	
Dodge & Cox Stock	
Nuveen Real Estate Securities I	
Undiscovered Managers Behavioral Value	

Holdings are subject to change at the discretion of the investment manager.

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Balanced active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The composite name has been changed from PARS Balanced/Moderately Aggressive to PARS Balanced on 5/1/2013. The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of September 30, 2016, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to $12.54 million after fees (Net-of-Fees) and $12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from $750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. **Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.**

HIGHMARK CAPITAL MANAGEMENT

350 California Street
Suite 1600
San Francisco, CA 94104
800-582-4734

www.highmarkcapital.com

ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than $15.4 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®
Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California; BA, University of Southern California

Andrew Bates, CFA®
Portfolio Manager
Investment Experience: since 2008
HighMark Tenure: since 2015
Education: BS, University of Colorado

Salvatore "Tory" Milazzo III, CFA®
Senior Portfolio Manager
Investment Experience: since 2004
HighMark Tenure: since 2014
Education: BA, Colgate University

J. Keith Stribling, CFA®
Senior Portfolio Manager
Investment Experience: since 1985
HighMark Tenure: since 1995
Education: BA, Stetson University

Christiane Tsuda
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

Anne Wimmer, CFA®
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

Asset Allocation Committee
Number of Members: 16
Average Years of Experience: 25
Average Tenure (Years): 12

Manager Review Group
Number of Members: 8
Average Years of Experience: 18
Average Tenure (Years): 6

Attachment C

HIGHMARK®
CAPITAL MANAGEMENT

PARS DIVERSIFIED PORTFOLIOS
CAPITAL APPRECIATION

Q3 2016

WHY THE PARS DIVERSIFIED CAPITAL APPRECIATION PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

The primary goal of the Capital Appreciation objective is growth of principal. The major portion of the assets are invested in equity securities and market fluctuations are expected.

ASSET ALLOCATION — CAPITAL APPRECIATION PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	65 - 85%	75%	72%
Fixed Income	10 - 30%	20%	24%
Cash	0 - 20%	5%	4%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

Current Quarter*	4.12%
*Blended Benchmark***	*4.03%*
Year To Date*	6.88%
*Blended Benchmark**	*7.52%*
1 Year	10.61%
Blended Benchmark	*11.83%*
3 Year	6.36%
Blended Benchmark	*7.02%*
5 Year	10.81%
Blended Benchmark	*11.31%*
Inception to Date (93-Mos.)	10.29%
Blended Benchmark	*11.15%*

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 39.5% S&P500, 7.5% Russell Mid Cap, 10.5% Russell 2000, 5.25% MSCI EM FREE, 10.25% MSCI EAFE, 16% BC US Agg, 3% ML 1-3 Yr US Corp/Gov't, 1% US High Yield Master II, 2% Wilshire REIT, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

2008	N/A%
2009	23.77%
2010	12.95%
2011	-1.35%
2012	13.87%
2013	20.33%
2014	6.05%
2015	-0.27%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	01/2009	Inception Data	N/A
No of Funds in Portfolio	19	No of Funds in Portfolio	13

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.

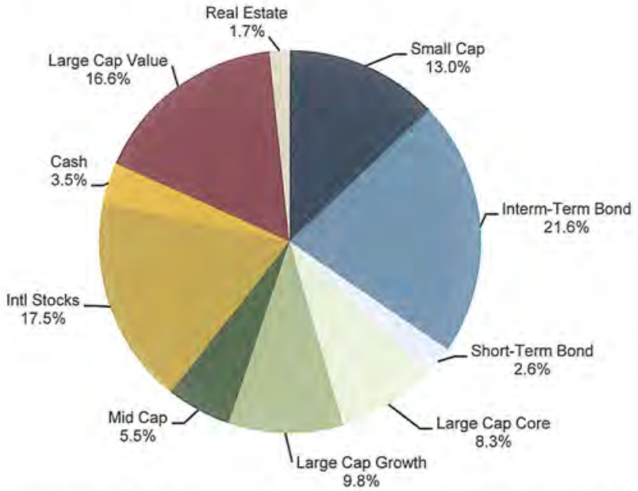
Attachment C

SAMPLE HOLDINGS

HighMark Plus (Active)	Index Plus (Passive)
Columbia Contrarian Core Z	iShares S&P 500
T. Rowe Price Growth Stock	iShares S&P 500/Value
T. Rowe Price New Horizons	iShares S&P 500/Growth
Nationwide Bailard International Equities	iShares Russell 2000 Value
Nationwide HighMark Bond	iShares Russell 2000 Growth
Vanguard Short-Term Invest-Grade Adm	iShares MSCI EAFE
Loomis Sayles Value Y	iShares Russell Mid-Cap ETF
PIMCO Total Return	iShares Russell Mid-Cap Value
Dodge & Cox International Stock	iShares Barclays Aggregate Bond
MFS International Growth I	Vanguard Short-Term Invest-Grade Adm
First American Government Obligations Z	First American Government Obligations Z
Prudential Total Return	Vanguard FTSE Emerging Markets ETF
iShares Russell Mid-Cap ETF	Vanguard REIT ETF
iShares Russell Mid-Cap Value	
Harbor Capital Appreciation	
Schroder Emerging Market Equity	
Dodge & Cox Stock	
Nuveen Real Estate Securities I	
Undiscovered Managers Behavioral Value	

Holdings are subject to change at the discretion of the investment manager.

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Capital Appreciation active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of September 30, 2016, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to $12.54 million after fees (Net-of-Fees) and $12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from $750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. **Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.**

HIGHMARK CAPITAL MANAGEMENT

350 California Street
Suite 1600
San Francisco, CA 94104
800-582-4734

www.highmarkcapital.com

ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than $15.4 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®
Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California; BA, University of Southern California

Andrew Bates, CFA®
Portfolio Manager
Investment Experience: since 2008
HighMark Tenure: since 2015
Education: BS, University of Colorado

Salvatore "Tory" Milazzo III, CFA®
Senior Portfolio Manager
Investment Experience: since 2004
HighMark Tenure: since 2014
Education: BA, Colgate University

J. Keith Stribling, CFA®
Senior Portfolio Manager
Investment Experience: since 1985
HighMark Tenure: since 1995
Education: BA, Stetson University

Christiane Tsuda
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

Anne Wimmer, CFA®
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

Asset Allocation Committee
Number of Members: 16
Average Years of Experience: 25
Average Tenure (Years): 12

Manager Review Group
Number of Members: 8
Average Years of Experience: 18
Average Tenure (Years): 6

Moraga-Orinda Fire District

TO: Board of Directors

FROM: Kathleen Famulener, President

DATE: February 15, 2017

SUBJECT: Item 6.2 – Formation of Ad Hoc Committee: Policy 11 and Resolution 11-03 Review and Update

---

Background

District Policy 11 (*Board of Directors and Fire Chief Roles and Responsibilities and Resolution*) was created in 2011 and Resolution 11-03 (*Adopting Rules of Procedures for Board Meetings and Related Functions and Activities*) was last updated in 2011. Some elements of both documents are out-of-date and need to be updated.

RECOMMENDATION

1) Discuss; 2) Provide Direction to Staff

Moraga-Orinda Fire District

TO: Board of Directors

FROM: Stephen Healy, Fire Chief
Gloriann Sasser, Administrative Services Director

DATE: February 15, 2017

SUBJECT: Item 6.3 – Mid-Year Budget Review 2016/17, Approve Budget Adjustments and Long Range Financial Plan Update

---

Background

Staff has conducted a mid-year budget review of the District's Fiscal Year 2016/17 Budget. The review was presented and discussed at the Finance Committee meeting on February 7, 2017. The review allows us to take a broad look at the District's financial picture at the mid-point of the fiscal year. The review included a detailed examination of revenue and expenditures. Current financial reports are attached for your information. The financial reports contain updated revenue and expenditure projections for the current fiscal year. In addition, the Long Range Financial Plan has been updated which provides a financial forecast over the next 15-year period.

The primary goal in developing the 2016/17 Annual Operating Budget 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 budget adopted in June 2016 projected a General Fund surplus of $250K, a Debt Service Fund surplus of $205K and a Capital Projects Fund deficit of $4.3M due to the construction of Station 43. The Mid-Year Budget Review projects a General Fund surplus of $48K, a Debt Service Fund surplus of $208K and a Capital Projects Fund deficit of $4.2M for FY 2016/17.

Overview of the Mid-Year Budget Review

The updated revenue projections are generally consistent with the original amounts projected in the Budget. Property tax revenue, the District's most important revenue source, is projected to slightly exceed budget. The notable revenue exceptions are lease financing revenue from the planned issuance of a lease to purchase new apparatus that was approved in January 2017, charges for service revenue and strike team recovery revenue, which are discussed in detail below.

The updated salaries and benefits expenditure projections are forecast to exceed the original amounts projected in the Budget. Operating expenses are forecast to meet the original amounts projected in the Budget. These items are discussed in detail below.

Staff has proposed only mid-year budget requests that are necessary to maintain current service levels or to meet costs that were not anticipated when preparing the 2016/17 Budget. These requests, which are discussed in detail below, need to be approved now in order to adequately fund current service levels through the end of the fiscal year.

Present Situation - General Fund Revenue

Total General Fund revenue is projected to exceed budget $324K or 2%. The District budgeted property tax revenue of $18.6M and the current year projection meets the budget. Total property tax revenue is projected to increase 5.3% over FY2015-16. The increase is primarily the result of increased sale prices of single family homes in the District. The median sale price of a single family home in the District in 2016 increased 7.4% to $1,235,000. The new median price is an all-time high for the area. The property tax revenue increase is also due to recaptures of property values reduced under Proposition 8 or recent sales. Proposition 8 recaptures are at the discretion of the County Assessor and are difficult to predict. At the beginning of the fiscal year, 73% of properties in the District awaiting restoration of value under Proposition 8 have been fully restored. The current year projection for property tax revenue in the General Fund is $951K or 5.4% more than the amount received in the prior year ($17.6M).

Ambulance service revenue, the next most important source of revenue, is expected to meet budget. The number of transports July - December 2016 are down 5% compared to the same period in 2015 (687 v. 651.) The decrease in transports is partially offset by higher transport fees based on a July 1, 2016 fee increase of 3% and implementation of participation in the Ground Emergency Medical Transportation reimbursement program.

Strike team recovery revenue is projected to exceed budget $196K because the District participated in more strike teams last summer. Plan review revenue is projected to exceed budget $130K due to increased building and remodel activity.

Present Situation – General Fund Expenditures

Total District General Fund expenditures for fiscal year 2016/17 are projected to exceed budget $388K or less than 2% in salaries and benefits. Notable General Fund expenditures are discussed as follows:

- Permanent salaries are projected to remain within budget
- Overtime is projected to exceed budget $125K due to an increase in workers' compensation and other leaves.
- Strike team overtime is projected to exceed budget $73K due to increased strike team participation. This cost is offset by additional strike team revenue.
- Retirement contributions are projected to be $40K less than budget
- The full 2016/17 annual OPEB pre-funding contribution of $256K for retiree health benefits was made as budgeted.
- A new expenditure has been added to make the first contribution to the District's recently established pension rate stabilization fund. The proposed contribution is $256K which is the same amount as the OPEB pre-funding contribution.
- Operating expenses are projected to remain within budget

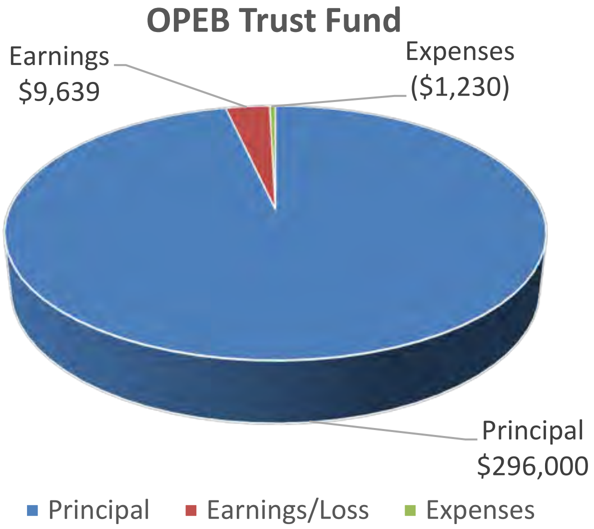
The General Fund is projected to end the year with a surplus of $48K.

Present Situation – Other Post Employment Benefits – Retiree Healthcare Plan

In 2015 the District established an OPEB trust account and began funding retiree health benefits. There are several advantages to funding OPEB including:

- Earnings on assets reduce employer costs
- Continued reduction of the District's net OPEB obligation
- Pre-funding OPEB is considered a best practice by the Government Finance Officers' Association.

This is the third consecutive year the District made the full annual OPEB pre-funding contribution. As of November 30, 2016, the balance in the District's OPEB trust account was $304K and the 1-year investment return was 4.19%.

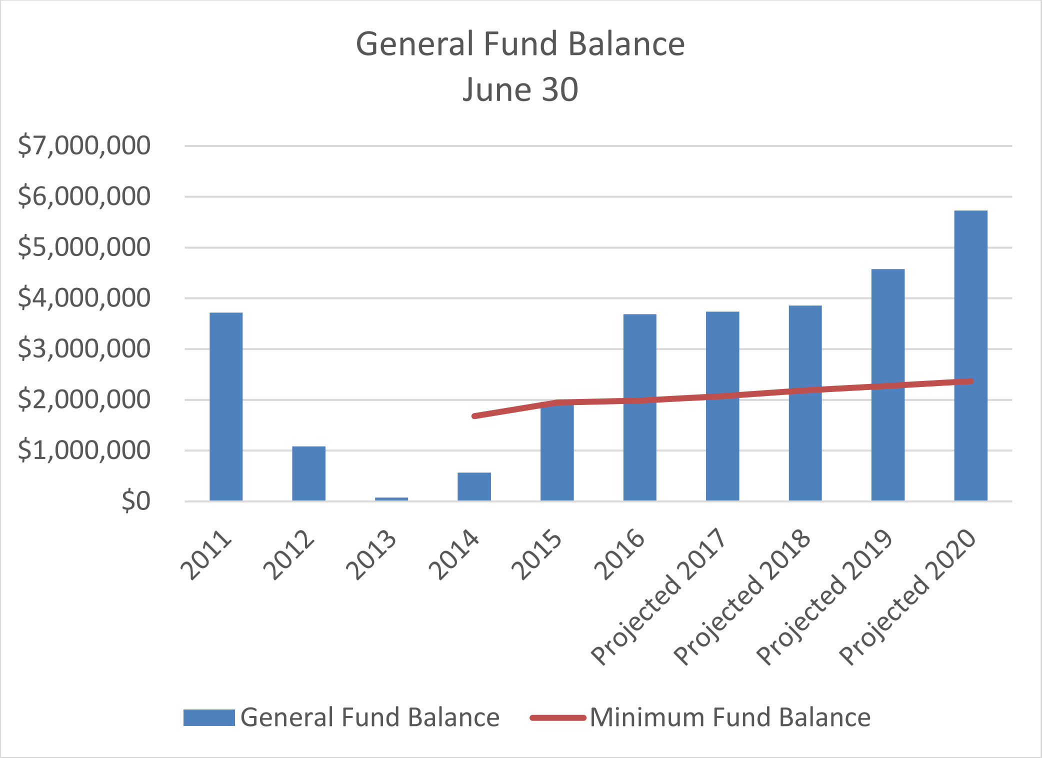


Present Situation – Pension Rate Stabilization Program

In January 2017 the Board approved the District's participation in a pension rate stabilization program (PRSP). The purpose of the program is to set aside money to prefund pension costs. The Finance Committee discussed the PRSP and recommends a 2016/17 contribution of $256,000. In February 2017 the Board will consider the amount to contribute to the PRSP and the investment strategy for the funds. For planning purposes, this budget review projects a contribution of $256K which is the same amount as the OPEB pre-funding contribution.

Fund Balance Policy

The District's fund balance policy states the District will maintain a minimum fund balance of unrestricted fund balance in the General Fund of at least 10% of budgeted General Fund revenue at fiscal year-end. It is projected the General Fund balance at June 30, 2017 will be 18% of budgeted General Fund revenue, which exceeds the minimum.



Present Situation - Capital Projects Fund Revenue and Expenditures

The Capital Projects Fund began the fiscal year with a projected deficit of $4.3M. The deficit was planned due to the construction of Station 43. A lease was issued in FY2015/16 to fund the Station 43 construction project and funds from the lease financing are available to pay for the project. The project is on budget and on schedule.

Fire flow tax revenue slightly exceeded the budget ($1.1M). The notable revenue variance is for lease financing revenue from the apparatus purchases that were approved in January 2017. A request for proposals for lease financing has been prepared. A revenue budget adjustment increase in the amount of $2.86M is recommended.

The Capital Projects Fund expenditures are projected to be within budget. Budget adjustments are recommended to reflect the necessary revenue and expenditure changes. The revised projected deficit is $4.2M.

Present Situation - Debt Service Fund Revenue and Expenditures

The Debt Service Fund Budget projected a surplus of $205K. Actual results are trending appropriately. A budget adjustment is recommended to increase investment earnings revenue $3K.

Long Range Financial Plan – Assumptions

Two versions of an updated Long Range Financial Plan are attached (Version A and Version B.) The Long Range Financial Plan covers the 15-year period through June 30, 2032. Significant assumptions are as follows:

- Property tax revenue is projected to increase as follows: 5.7%, 4.5%, 4.5%, 4.5%, 4% following years. The projections are provided by the District's property tax consultant, HdL.
- Salary adjustments are based on the percentage amounts agreed upon in the MOUs and additional increases for planning purposes of 2.5% beginning in FY2019/20 as directed by the Finance Committee as follows: 5.33%, +1%, 2.5%.
- Overtime projections include daily on-duty minimum staffing of 17 and risk based staffing, which may not be necessary in FY2017/18 depending on recovery from the drought. Overtime projections also include a 2.5% salary increase beginning in FY2019/20 as directed by the Finance Committee.
- Pension contribution costs are based on actual rates set by CCCERA for 2016/17 and 2017/18, then change as follows based on CCCERA projections provided by Segal: -0.29%, -0.02%, 1.42%, 2.33%, 1.06%. The Finance Committee discussed increasing pension contribution costs and discussed how they are waiting for a report from the Ad Hoc Pension Review Committee.
- Employee and retiree health insurance costs are capped based on the amounts agreed upon in the MOUs. Costs are projected to increase 1% per year.
- Operating expenditures are projected to increase 2.5% per year
- OPEB funding is projected based on the amounts reported in the most recent actuarial valuation (Capital Appreciation Fund, 6.5% discount rate and 22-year fixed amortization.)
- Version A includes pension rate stabilization funding at the same amounts as the OPEB funding. Version B includes pension rate stabilization funding at double the OPEB funding amounts as directed by the Finance Committee.
- The single role paramedic position established in the MOU is not implemented in the Long Range Financial Plan.
- Capital Projects Fund revenue of $180K is projected in 2017/18 and $246K in 2018/19 due to the Palos Colorados developer agreement.
- A projected debt payment of $604K per year for five years beginning in 2017/18 is included for the planned issuance of debt for the apparatus purchased in 2016/17 (two ambulances, two fire engines and one fire truck.)

Long Range Financial Plan – Results

The Long Range Financial Plan results show a balanced General Fund with revenue meeting expenditures in each year of the Plan except Version B 2017/18. Fund balance in the General Fund is projected to exceed 10% of budgeted General Fund revenue throughout the Plan.

The Plan results show a Capital Projects Fund surplus in some years and a deficit in other years based on capital needs. However, fund balance in the Capital Projects Fund is projected to be sufficient for the next several years.

Budget Preparation Fiscal Year 2017/2018 Budget

Looking ahead to the upcoming 2017/18 budget preparation process, it is projected employees will receive a 5.33% salary increase on July 1, 2017. CCCERA rates for 2017/18 were set by the retirement board in October 2016. The actual rates set by CCCERA are 0.34% higher than last years' rates (70.94% v. 70.60%.) A balanced General Fund budget is expected for FY2017/18 unless the Board decides to increase the pension rate stabilization contribution to $560K.

Mid-Year Budget Adjustments

As discussed previously, staff has proposed only budget adjustments that are necessary to reflect current revenue trends, maintain current service levels or to meet costs that were not anticipated when preparing the 2016/17 Budget.

Mid-Year General Fund Revenue Budget increase request totals $323,948 as follows:

Taxes revenue	$6,112
Use of money and property	3,000
Intergovernmental revenue	(9,283)
Charges for service	132,385
Ambulance revenue	10,980
Other revenue	180,754
Total	$323,948

Mid-Year General Fund salaries and benefits expenditure Budget increase of $387,516.

Mid-Year Capital Projects Fund Revenue Budget increase request totals $2,960,024 as follows:

Fire flow tax	$6,524
Investment earnings	11,500
Impact mitigation fees	82,000
Other financing - lease	2,860,000
Total	$2,960,024

Mid-Year Capital Projects Fund Expenditure Budget decrease request totals ($13,394) as follows:

Fire flow tax collection fees	$606
Firefighting equipment	(20,000)
Apparatus/Vehicles	14,000
Miscellaneous equipment	(8,000)
Total	($13,394)

Mid-Year Debt Service Fund investment earnings revenue Budget increase of $3,000.

Recommended Action

Staff and the Finance Committee recommend the following Board actions:

1) Approve an increase in the General Fund revenue budget in the amount of $323,948.
2) Approve an increase in General Fund expenditure appropriations in the amount of $387,516.
3) Approve an increase in the Capital Projects Fund revenue budget in the amount of $2,960,024.
4) Approve a decrease in the Capital Projects Fund expenditure appropriations in the amount of $13,394.
5) Approve an increase in the Debt Service Fund revenue budget in the amount of $3,000.

Attachments

1) Attachment A – Statement of Revenues and Expenditures
2) Attachment B – Long Range Financial Plan Version A
3) Attachment C – Long Range Financial Plan Version B

Attachment A

Moraga-Orinda Fire District
General Fund
Statement of Revenues and Expenditures
July 1, 2016 through December 31, 2016

	Current Period Actual	Budget	Projected Actual FY 2016/17	Projected Variance
Revenue				
Taxes				
Property Tax-Current Secured	17,545,588	17,556,871	17,545,588	(11,283)
Property Tax-Supplemental	150,841	300,000	300,000	0
Property Tax-Unitary	212,126	203,699	212,126	8,427
Property Tax-Curr Unsecured	567,696	605,000	612,696	7,696
Property Tax- Prior Secured	(46,762)	(61,010)	(50,000)	11,010
Property Tax-Prior Supplement	(29,560)	(25,262)	(35,000)	(9,738)
Prop Tax Prior Unsecured	13,793	(10,000)	(10,000)	0
Total Taxes	18,413,722	18,569,298	18,575,410	6,112
Use of Money & Property				
Investment Earnings	611	0	3,000	3,000
Total Use of Money & Property	611	0	3,000	3,000
Intergovernmental Revenue				
Homeowners Relief Tax	0	158,000	154,408	(3,592)
CA FF JAC Training Funds	0	25,091	20,680	(4,411)
Other/In Lieu of Taxes	0	902	902	0
Measure H-Emerg Med Services	0	86,592	85,312	(1,280)
Total Intergovernmental	0	270,585	261,302	(9,283)
Charges for Service				
Permits	614	2,364	614	(1,750)
Plan Review	196,629	170,000	300,000	130,000
Inspection Fees	21,952	24,000	30,000	6,000
Weed Abatement Charges	4,909	6,774	4,909	(1,865)
CPR/First Aid Classes	1,697	2,000	2,000	0
Reports/ Photocopies	97	350	350	0
Other Charges for Service	7,611	8,650	8,650	0
Total Charges for Service	233,509	214,138	346,523	132,385
Charges for Service - Ambulance				
Ambulance Service Fees	419,105	1,048,120	1,048,120	0
Ambulance Reimbursements	(52,269)	(67,980)	(75,000)	(7,020)
Ambulance Collection Payments	965	3,000	1,000	(2,000)
GEMT/IGT Revenue			20,000	20,000
Total - Ambulance	367,801	983,140	994,120	10,980
Other Revenue				
Strike Team Recovery	32,812	332,718	529,000	196,282
Other Revenue & Financing	0	46,174	22,176	(23,998)
Other Revenue	1,552	1,000	1,552	552
Misc Rebates & Refunds	1,515	1,000	3,000	2,000
Sale of Surplus Property	6,918	1,000	6,918	5,918
Total Other Revenue	42,797	381,892	562,646	180,754
Total Revenue	19,058,440	20,419,053	20,743,001	323,948

Attachment A

Moraga-Orinda Fire District
General Fund
Statement of Revenues and Expenditures
July 1, 2016 through December 31, 2016

	Current Period Actual	Budget	Projected Actual FY 2016/17	Projected Variance
Expenditures				
Salaries & Benefits				
Permanent Salaries	3,933,958	8,015,911	8,015,911	0
Temporary Salaries	79,010	174,950	174,950	0
Overtime	1,023,131	1,860,025	1,985,000	124,975
Deferred Compensation	59,927	105,887	126,000	20,113
Overtime - Strike Team	333,095	276,730	350,000	73,270
Contract Services	60,140	100,000	76,140	(23,860)
Worker's Compensation Recovery	(71,091)	(40,000)	(116,000)	(76,000)
Payroll Taxes -FICA,SUI	84,169	166,110	180,169	14,059
Payroll Processing Fees	6,914	20,000	20,000	0
Retirement Contributions	2,185,859	4,440,332	4,400,000	(40,332)
Life/Health Insurance-Permanent	493,384	1,107,452	1,045,000	(62,452)
Employee's-Health Insurance	(95,884)	(262,140)	(150,000)	112,140
Retiree Health Insurance	588,987	1,300,000	1,177,000	(123,000)
Retiree-Health Insurance	(169,517)	(430,000)	(319,648)	110,352
Unemployment Insurance	6,960	10,000	10,000	0
Retiree-Health OPEB Contribution	256,000	256,000	256,000	0
Pension Rate Stabilization			256,000	256,000
Vision Insurance	8,472	13,000	15,000	2,000
Workers' Compensation Insurance	353,128	706,005	706,256	251
Total Salaries & Benefits	9,136,642	17,820,262	18,207,778	387,516
Operating Expense				
Office Supplies	10,407	18,150	19,000	850
Postage	2,595	8,500	8,500	0
Books & Periodicals	1,226	6,850	6,850	0
Printer Ink Cartridges	2,108	7,500	7,500	0
Telephone/Communication	19,817	45,000	45,000	0
Dispatch/Comm Center Services	0	170,000	170,000	0
Utilities- Sewer	3,062	3,800	3,800	0
Utilities-Garbage	7,517	14,870	14,870	0
Utilities-PG&E	24,503	67,040	67,040	0
Utilities-Water	4,822	15,120	15,120	0
Utilities-Medical Waste	1,106	2,150	2,150	0
Small Tools & Instruments	1,396	21,250	21,250	0
Minor Equipment/Furniture	186	2,000	2,000	0
Computer Equipment & Supplies	1,014	10,000	10,000	0
Gas Power Chain Saw/Other	6,259	12,000	12,000	0
Fire Trail Grading	13,320	20,500	20,500	0
Fire Fighting Equipment &	697	12,300	12,300	0
Fire Fighting Equipment-Hoses	8,532	16,500	16,500	0

Attachment A

Moraga-Orinda Fire District
General Fund
Statement of Revenues and Expenditures
July 1, 2016 through December 31, 2016

	Current Period Actual	Budget	Projected Actual FY 2016/17	Projected Variance
Fire Fighting Equipment-Class A	0	1,500	1,500	0
Medical & Lab Supplies	45,692	110,000	110,000	0
Food Supplies	1,911	8,500	8,500	0
Safety Clothing & Personal	14,547	65,000	65,000	0
Non-Safety Clothing & Personal	500	2,000	2,000	0
Household Expense	6,065	22,825	22,825	0
Household Expense-Linen	6,488	15,330	15,330	0
Public & Legal Notices	1,139	4,750	4,750	0
Dues, Memberships & Professional	8,647	19,790	19,790	0
EMT/Paramedic Licensure Fees	1,560	5,500	5,500	0
Rent & Leases (Equipment)	22,897	42,950	42,950	0
Computer Software & Maintenance	37,831	78,875	78,875	0
Website Development &	1,620	1,700	1,700	0
EPA ID# Verification Fee	150	200	200	0
CCC HazMat Plan (CUPA)	2,519	3,000	3,000	0
BAAQMD & Environmental Health	617	750	750	0
Air Monitor Maintenance &	0	2,000	2,000	0
Maintenance -- Equipment	28,927	67,975	68,975	1,000
Central Garage Repairs	55,415	160,000	160,000	0
Central Garage Gasoline & Oil	22,226	80,000	80,000	0
Central Garage Tires	2,542	15,000	15,000	0
Service/Repair Fuel System	0	4,500	4,500	0
Aerial Ladder & Pump Testing	0	800	800	0
Smog Inspections	300	500	500	0
Air Compressor Quarterly Service	0	1,500	1,500	0
Hydro Test SCBA & Oxy Cylinder	795	2,000	2,000	0
Tank Testing	710	3,000	3,000	0
Maintenance -- Building	32,956	64,660	64,660	0
Maintenance -- Grounds	3,040	12,650	12,650	0
Meetings & Travel Expenses	7,222	34,200	34,200	0
Employee Assistance Program	2,206	4,300	2,206	(2,094)
Medical - Pre-Emp Processing and	30,701	43,000	43,000	0
Ambulance Billing Administration	19,930	60,000	60,000	0
Outside Attorney Fees	23,789	96,000	96,000	0
Outside CPR Instructors	2,220	3,500	3,500	0
CCC County Tax Administration	0	175,000	171,211	(3,789)
Professional Services	7,092	41,773	41,773	0
Professional Services - Labor	0	10,000	10,000	0
Prof Services - Technology	79,030	262,000	220,000	(42,000)
Prof Services - Investigations	36,134	15,000	56,789	41,789
Prof Services - Recruitment	17,520	29,000	29,000	0
Prof Services-OPEB Actuarial	6,978	13,000	13,000	0

Attachment A

Moraga-Orinda Fire District
General Fund
Statement of Revenues and Expenditures
July 1, 2016 through December 31, 2016

	Current Period Actual	Budget	Projected Actual FY 2016/17	Projected Variance
Exterior Hazard Removal	2,759	12,000	12,000	0
Professional Services-Prop Tax	6,300	12,600	12,600	0
Professional Services	2	10,000	10,000	0
Burn Trailer Grant Maintenance	2,800	3,000	3,000	0
Testing Materials & Training Props	5,652	10,000	10,000	0
Career Development Classes	6,646	26,000	26,000	0
Target Safety Online Training	0	6,195	6,195	0
Training & Education Classes-	1,265	10,000	10,000	0
District Sponsored Training-	14,685	60,000	60,000	0
Educational Courses/Conferences	0	2,200	2,200	0
Election Expense	47	18,000	18,000	0
Recruiting Costs	252	30,000	30,000	0
Strike Team Supplies	12,808	12,550	12,808	258
Community Emergency Response	4,974	11,000	11,000	0
Exercise Supplies/Maint.	4,306	9,100	8,842	(258)
Recognition Supplies	6,512	16,300	16,300	0
Other Special Departmental Exp	36,484	72,000	72,000	0
Public Education Supplies	3,510	9,500	9,500	0
CPR Supplies	759	3,000	3,000	0
LAFCO	9,744	10,500	9,744	(756)
Emergency Preparedness	5,465	8,500	13,500	5,000
Misc. Services & Supplies	18,193	38,700	38,700	0
Property & Liability Insurance	46,621	53,000	53,000	0
Total Operating Expense	830,266	2,481,703	2,481,703	0
Other Expense				
Bank Fees	2,335	5,000	5,000	0
Interest on County Teeter Account	14	100	100	0
County Tax Collection Fees	252	300	300	0
Total Other Expense	2,601	5,400	5,400	0
Total Expenditures	9,969,509	20,307,365	20,694,881	387,516
Excess of Revenues Over Expend	9,088,931	111,688	48,120	(63,568)
Fund Balance July 1, 2016			3,689,075	
Fund Balance Projected June 30, 2017			$3,737,195	

Attachment A

Moraga-Orinda Fire District
Capital Projects Fund
Statement of Revenues and Expenditures
July 1, 2016 through December 31, 2016

	Current Period Actual	Budget	Projected Actual FY 2016/17	Projected Variance
Revenue				
Fire Flow Tax	$1,076,738	$1,070,214	$1,076,738	$6,524
Investment Earnings	8,408	1,000	12,500	11,500
Impact Mitigation Fees	80,000	10,000	92,000	82,000
Lease Financing			2,860,000	2,860,000
Total Revenue	1,165,146	1,081,214	4,041,238	2,960,024
Expenditures				
Bank Fees	73	100	100	0
Fire Flow Tax Collection	12,106	11,500	12,106	606
Capital Contingency	13,823	150,000	150,000	0
Fire Fighting Equip	0	20,000	0	(20,000)
Apparatus/Vehicles	122,130	3,008,949	3,022,949	14,000
Buildings-Station #41	15,240	50,000	50,000	0
Buildings-Station #43	617,659	4,477,000	4,477,000	0
Misc. Equipment Expense	19,172	179,770	171,770	(8,000)
Transfers to Debt Service	175,086	362,165	362,165	0
Total Expend/Transfers	975,289	8,259,484	8,246,090	(13,394)
Revenues Under Expend	$189,857	($7,178,270)	(4,204,852)	$2,973,418
Fund Balance July 1, 2016			10,068,070	
Fund Balance Projected June 30, 2017			$5,863,218	

Attachment A

Moraga-Orinda Fire District
Debt Service Fund
Statement of Revenues and Expenditures
July 1, 2016 through December 31, 2016

	Current Period Actual	YTD Budget - Original	Projected Actual FY 2016/17	Projected Variance
Revenue				
Property Tax-Current Secured	$3,219,473	$3,219,473	$3,219,473	$0
Investment Earnings	2	0	3,000	3,000
Total Revenue	3,219,475	3,219,473	3,222,473	3,000
Expenditures				
Pension Oblig Bond Principal	2,100,000	2,100,000	2,100,000	0
Pension Oblig Bond Interest	484,547	914,283	914,283	0
Apparatus Lease Principal	41,491	83,359	83,359	0
Apparatus Lease Interest	3,118	5,860	5,860	0
Lease Station 43 Principal	100,000	200,000	200,000	0
Lease Station 43 Interest	30,477	72,946	72,946	0
Total Expenditures	2,759,632	3,376,448	3,376,448	0
Transfers In	175,086	362,165	362,165	0
Excess of Revenues Over Exp	$634,928	$205,190	208,190	$3,000
Fund Balance July 1, 2016			2,587,823	
Fund Balance Projected June 30, 2017			$2,796,013	

Attachment B

Moraga-Orinda Fire Protection District
Long Range Financial Plan
Draft Update
February 15, 2017 Version A - Pension Rate Stabilization Program contributions same as OPEB contributions

		PROJ 16/17	PROJ 17/18	PROJ 18/19	PROJ 19/20	PROJ 20/21	PROJ 21/22	PROJ 22/23	PROJ 23/24	PROJ 24/25	PROJ 25/26	PROJ 26/27	PROJ 27/28	PROJ 28/29	PROJ 29/30	PROJ 30/31	PROJ 31/32	ASSM	ASSM	ASSM	ASSM	ASSM	ASSM
1	**GENERAL FUND BALANCE, BEGINNING OF YEAR**	3,689,075	3,737,195	3,855,383	4,575,236	5,728,680	7,259,246	11,231,883	17,376,005	24,246,432	31,841,239	40,164,083	49,292,429	59,261,876	70,109,382	81,873,300	94,593,424	16/17	17/18	18/19	19/20	20/21	22+
2	**CAPITAL FUND BALANCE, BEGINNING OF YEAR**	10,068,070	5,863,218	5,841,378	5,881,489	5,002,095	4,425,510	3,605,756	2,058,809	2,521,141	2,978,689	2,330,315	2,775,877	3,214,236	905,863	1,334,869	1,759,559	16/17	17/18	18/19	19/20	20/21	22+
2a	**DEBT SERVICE FUND BALANCE, BEGINNING**	2,587,823	2,793,013	3,011,487	3,247,653	3,490,859	3,750,713	1,691,562	3,628	4,628	4,628	4,628	4,629	4,629	4,629	4,629	4,629						
3	**COMBINED UNRESTRICTED FUND BALANCE, BEGI**	**13,757,145**	**9,600,413**	**9,696,761**	**10,456,725**	**10,730,775**	**11,684,756**	**14,837,638**	**19,434,814**	**26,767,574**	**34,819,928**	**42,494,397**	**52,068,306**	**62,476,112**	**71,015,244**	**83,208,169**	**96,352,983**	NA	NA	NA	NA	NA	NA
3a	**PERCENT OF GENERAL FUND REVENUE**	18.02%	17.64%	20.11%	24.19%	29.45%	40.28%	56.54%	76.01%	96.17%	116.87%	138.17%	160.02%	182.36%	205.12%	228.26%	251.72%	NA	NA	NA	NA	NA	NA
4	**ANNUAL GENERAL FUND SURPLUS**	48,120	118,188	719,853	1,153,444	1,530,565	3,972,637	6,144,122	6,870,428	7,594,807	8,322,843	9,128,346	9,969,448	10,847,506	11,763,918	12,720,125	13,717,606	NA	NA	NA	NA	NA	NA
4a	**ANNUAL CAPITAL PROJECTS FUND SURPLUS (DE**	(4,204,852)	(21,840)	40,111	(879,394)	(576,584)	(819,755)	(1,546,947)	462,333	457,547	(648,374)	445,563	438,358	(2,308,373)	429,006	424,690	358,027	NA	NA	NA	NA	NA	NA
5	**GENERAL FUND REVENUES**																						
5a	PROPERTY TAX	18,575,410	19,666,559	20,524,773	21,429,539	22,373,670	25,577,432	28,400,633	29,536,658	30,718,124	31,946,849	33,224,723	34,553,712	35,935,861	37,373,295	38,868,227	40,422,956	HdL	5.7%	4.5%	4.5%	4.5%	4.0%
5b	USE OF MONEY & PROPERTY	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	Budget	0.0%	0.0%	0.0%	0.0%	0.0%
5c	INTERGOVERNMENTAL REVENUE	261,302	263,915	266,554	269,220	271,912	274,631	277,377	280,151	282,953	285,782	288,640	291,526	294,442	297,386	300,360	303,364	Budget	1.0%	1.0%	1.0%	1.0%	1.0%
5d	CHARGES FOR SERVICES/OTHER	909,169	918,261	927,443	936,718	946,085	955,546	965,101	974,752	984,500	994,345	1,004,288	1,014,331	1,024,474	1,034,719	1,045,066	1,055,517	Budget	1.0%	1.0%	1.0%	1.0%	1.0%
5e	AMBULANCE FEES	994,120	1,009,032	1,024,167	1,039,530	1,055,123	1,070,950	1,087,014	1,103,319	1,119,869	1,136,667	1,153,717	1,171,023	1,188,588	1,206,417	1,224,513	1,242,881	Budget	1.5%	1.5%	1.5%	1.5%	1.5%
5f	OTHER REVENUE (FEDERAL GRANTS)																	Budget	1.0%	1.0%	1.0%	1.0%	1.0%
5g	FIRE FLOW TAX																	Budget					
6	**TOTAL GENERAL FUND REVENUES**	20,743,001	21,860,767	22,745,938	23,678,007	24,649,790	27,881,558	30,733,125	31,897,880	33,108,446	34,366,643	35,674,368	37,033,592	38,446,365	39,914,817	41,441,166	43,027,717	NA	NA	NA	NA	NA	NA
7	**CAPITAL FUND REVENUES**	4,041,238	1,260,291	1,329,856	1,087,433	1,091,021	1,094,622	1,098,234	1,101,858	1,105,494	1,109,143	1,112,803	1,116,475	1,120,159	1,123,856	1,127,565	1,131,286	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
7a	**DEBT SERVICE FUND REVENUES**	3,219,473	3,376,281	3,543,473	3,709,744	3,884,311	1,730,869											NA	NA	NA	NA	NA	NA
8	**TOTAL REVENUES**	28,003,712	26,497,339	27,619,267	28,475,183	29,625,122	30,707,049	31,831,359	32,999,739	34,213,940	35,475,786	36,787,171	38,150,067	39,566,524	41,038,673	42,568,731	44,159,003	NA	NA	NA	NA	NA	NA
9	**GENERAL FUND EXPENDITURES**																						
9a	REGULAR SALARIES	8,015,911	8,496,866	8,624,319	8,839,927	9,060,925	9,287,448	9,519,634	9,757,625	10,001,566	10,251,605	10,507,895	10,770,592	11,039,857	11,315,853	11,598,750	11,888,719	Budget	6.0%	1.5%	2.5%	2.5%	2.5%
9b	TEMPORARY SALARIES	174,950	174,950	174,950	174,950	174,950	174,950	174,950	174,950	174,950	174,950	174,950	174,950	174,950	174,950	174,950	174,950	Budget	0.0%	0.0%	0.0%	0.0%	0.0%
9c	OVERTIME	1,985,000	2,104,100	2,135,662	2,189,053	2,243,779	2,299,874	2,357,371	2,416,305	2,476,713	2,538,630	2,602,096	2,667,149	2,733,827	2,802,173	2,872,227	2,944,033	Budget	6.0%	1.5%	2.5%	2.5%	2.5%
9c1	OVERTIME STRIKE TEAM	350,000	371,000	376,565	385,979	395,629	405,519	415,657	426,049	436,700	447,617	458,808	470,278	482,035	494,086	506,438	519,099	Budget	6.0%	1.5%	2.5%	2.5%	2.5%
9d	OTHER BENEFITS	412,309	412,309	412,309	412,309	412,309	412,309	412,309	412,309	412,309	412,309	412,309	412,309	412,309	412,309	412,309	412,309	Budget	0.0%	0.0%	0.0%	0.0%	0.0%
9f	WORKERS COMPENSATION	590,256	596,159	602,120	608,141	614,223	620,365	626,569	632,834	639,163	645,554	652,010	658,530	665,115	671,766	678,484	685,269	Budget	1.0%	1.0%	1.0%	1.0%	1.0%
9g	MEDICAL, DENTAL & VISION	1,767,352	1,785,026	1,802,876	1,820,905	1,839,114	1,857,505	1,876,080	1,894,841	1,913,789	1,932,927	1,952,256	1,971,779	1,991,496	2,011,411	2,031,526	2,051,841	Budget	1.0%	1.0%	1.0%	1.0%	1.0%
9h	OPERATING EXPENSES	2,487,103	2,549,281	2,613,013	2,678,338	2,745,296	2,813,929	2,884,277	2,956,384	3,030,294	3,106,051	3,183,702	3,263,295	3,344,877	3,428,499	3,514,211	3,602,067	Budget	2.5%	2.5%	2.5%	2.5%	2.5%
9j	CCCERA EMPLOYER PAYMENT	4,400,000	4,692,889	4,738,272	4,854,961	5,105,000	5,449,023	5,686,156	5,686,156	5,686,156	5,686,156	5,686,156	5,686,156	5,686,156	5,686,156	5,686,156	5,686,156	Budget	Actual	-0.3%	0.0%	1.4%	2.3%
9k	SINGLE ROLE PARAMEDIC IMPLEMENTATION																						
9m	OPEB FUNDING (INTO TRUST)	256,000	280,000	273,000	280,000	264,000	294,000	318,000	335,000	371,000	424,000	457,920	494,554	534,118	576,847	622,995	672,835	Budget	Actual	Actual	Actual	Actual	Actual
9n	PENSION RATE STABILIZATION (INTO TRUST)	256,000	280,000	273,000	280,000	264,000	294,000	318,000	335,000	371,000	424,000	457,920	494,554	534,118	576,847	622,995	672,835	Budget	Actual	Actual	Actual	Actual	Actual
10	**TOTAL GENERAL FUND EXPENDITURES**	20,694,881	21,742,579	22,026,085	22,524,563	23,119,225	23,908,921	24,589,003	25,027,453	25,513,639	26,043,800	26,546,022	27,064,145	27,598,859	28,150,899	28,721,042	29,310,112	NA	NA	NA	NA	NA	NA
11	**CAPITAL EXPENDITURES**	7,883,925	267,401	275,181	952,528	741,907	989,177	2,323,611	317,691	326,965	1,436,516	346,349	356,476	3,107,268	373,113	381,803	452,188	NA	NA	NA	NA	NA	NA
11a	**DEBT SERVICE FUND EXPENDITURES**	3,376,448	4,172,538	4,321,871	4,480,837	4,550,156	4,715,219	2,009,504	320,835	320,982	321,001	320,890	321,641	321,264	321,737	321,071							
12	**TOTAL EXPENDITURES**	31,955,254	26,182,517	26,623,137	27,957,928	28,411,287	29,613,318	28,922,118	25,665,978	26,161,586	27,801,317	27,213,261	27,742,261	31,027,392	28,845,749	29,423,916	29,762,299	NA	NA	NA	NA	NA	NA
13	**TRANSFERS OUT CAPITAL PROJECTS FUND**	(362,165)	(1,014,731)	(1,014,564)	(1,014,299)	(925,699)	(925,199)	(321,570)	(321,835)	(320,982)	(321,001)	(320,891)	(321,641)	(321,264)	(321,737)	(321,071)	(321,071)						
14	**TRANSFER IN DEBT SERVICE FUND**	362,165	1,014,731	1,014,564	1,014,299	925,699	925,199	321,570	321,835	320,982	321,001	320,891	321,641	321,264	321,737	321,071	321,071						
18	**GENERAL FUND BALANCE, END OF YEAR**	3,737,195	3,855,383	4,575,236	5,728,680	7,259,246	11,231,883	17,376,005	24,246,432	31,841,239	40,164,083	49,292,429	59,261,876	70,109,382	81,873,300	94,593,424	108,311,030	NA	NA	NA	NA	NA	NA
19	**CAPITAL FUND BALANCE, END OF YEAR**	5,863,218	5,841,378	5,881,489	5,002,095	4,425,510	3,605,756	2,058,809	2,521,141	2,978,689	2,330,315	2,775,877	3,214,236	905,863	1,334,869	1,759,559	2,117,586	NA	NA	NA	NA	NA	NA
19A	**DEBT SERVICE FUND BALANCE, END OF YEAR**	2,793,013	3,011,487	3,247,653	3,490,859	3,750,713	1,691,562	3,628	4,628	4,628	4,628	4,629	4,629	4,629	4,629	4,629	325,700	NA	NA	NA	NA	NA	NA
20	**COMBINED UNRESTRICTED FUND BALANCE, END**	9,600,413	9,696,761	10,456,725	10,730,775	11,684,756	14,837,638	19,434,814	26,767,574	34,819,928	42,494,397	52,068,306	62,476,112	71,015,244	83,208,169	96,352,983	110,428,616	NA	NA	NA	NA	NA	NA

*=Avg.

Attachment C

Moraga-Orinda Fire Protection District
Long Range Financial Plan
Draft Update
February 15, 2017 Version B - Pension Rate Stabilization Program contributions two times OPEB contributions

		PROJ 16/17	PROJ 17/18	PROJ 18/19	PROJ 19/20	PROJ 20/21	PROJ 21/22	PROJ 22/23	PROJ 23/24	PROJ 24/25	PROJ 25/26	PROJ 26/27	PROJ 27/28	PROJ 28/29	PROJ 29/30	PROJ 30/31	PROJ 31/32	ASSM	ASSM	ASSM	ASSM	ASSM	ASSM
1	**GENERAL FUND BALANCE, BEGINNING OF YEAR**	3,689,075	3,481,195	3,319,383	3,766,236	4,639,680	5,906,246	9,584,883	15,411,005	21,946,432	29,170,239	37,069,083	45,739,509	55,214,403	65,527,790	76,714,861	88,811,990	16/17	17/18	18/19	19/20	20/21	22+
2	**CAPITAL FUND BALANCE, BEGINNING OF YEAR**	10,068,070	5,863,218	5,841,378	5,881,489	5,002,095	4,425,510	3,605,756	2,058,809	2,521,141	2,978,689	2,330,315	2,775,877	3,214,236	905,863	1,334,869	1,759,559	16/17	17/18	18/19	19/20	20/21	22+
2a	**DEBT SERVICE FUND BALANCE, BEGINNING**	2,587,823	2,793,013	3,011,487	3,247,653	3,490,859	3,750,713	1,691,562	3,628	4,628	4,628	4,628	4,629	4,629	4,629	4,629	4,629						
3	**COMBINED UNRESTRICTED FUND BALANCE, BEGI**	**13,757,145**	**9,344,413**	**9,160,761**	**9,647,725**	**9,641,775**	**10,331,756**	**13,190,638**	**17,469,814**	**24,467,574**	**32,148,928**	**39,399,397**	**48,515,386**	**58,428,638**	**66,433,653**	**78,049,730**	**90,571,550**	NA	NA	NA	NA	NA	NA
3a	**PERCENT OF GENERAL FUND REVENUE**	16.78%	15.18%	16.56%	19.59%	23.96%	34.38%	50.14%	68.80%	88.11%	107.86%	128.21%	149.09%	170.44%	192.20%	214.31%	236.72%	NA	NA	NA	NA	NA	NA
4	**ANNUAL GENERAL FUND SURPLUS**	(207,880)	(161,812)	446,853	873,444	1,266,565	3,678,637	5,826,122	6,535,428	7,223,807	7,898,843	8,670,426	9,474,894	10,313,388	11,187,071	12,097,129	13,044,771	NA	NA	NA	NA	NA	NA
4a	**ANNUAL CAPITAL PROJECTS FUND SURPLUS (DEI**	(4,204,852)	(21,840)	40,111	(879,394)	(576,584)	(819,755)	(1,546,947)	462,333	457,547	(648,374)	445,563	438,358	(2,308,373)	429,006	424,690	358,027	NA	NA	NA	NA	NA	NA
5	**GENERAL FUND REVENUES**																						
5a	PROPERTY TAX	18,575,410	19,666,559	20,524,773	21,429,539	22,373,670	25,577,432	28,400,633	29,536,658	30,718,124	31,946,849	33,224,723	34,553,712	35,935,861	37,373,295	38,868,227	40,422,956	HdL	5.7%	4.5%	4.5%	4.5%	4.0%
5b	USE OF MONEY & PROPERTY	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	Budget	0.0%	0.0%	0.0%	0.0%	0.0%
5c	INTERGOVERNMENTAL REVENUE	261,302	263,915	266,554	269,220	271,912	274,631	277,377	280,151	282,953	285,782	288,640	291,526	294,442	297,386	300,360	303,364	Budget	1.0%	1.0%	1.0%	1.0%	1.0%
5d	CHARGES FOR SERVICES/OTHER	909,169	918,261	927,443	936,718	946,085	955,546	965,101	974,752	984,500	994,345	1,004,288	1,014,331	1,024,474	1,034,719	1,045,066	1,055,517	Budget	1.0%	1.0%	1.0%	1.0%	1.0%
5e	AMBULANCE FEES	994,120	1,009,032	1,024,167	1,039,530	1,055,123	1,070,950	1,087,014	1,103,319	1,119,869	1,136,667	1,153,717	1,171,023	1,188,588	1,206,417	1,224,513	1,242,881	Budget	1.5%	1.5%	1.5%	1.5%	1.5%
5f	OTHER REVENUE (FEDERAL GRANTS)																	Budget	1.0%	1.0%	1.0%	1.0%	1.0%
5g	FIRE FLOW TAX																	Budget					
6	**TOTAL GENERAL FUND REVENUES**	20,743,001	21,860,767	22,745,938	23,678,007	24,649,790	27,881,558	30,733,125	31,897,880	33,108,446	34,366,643	35,674,368	37,033,592	38,446,365	39,914,817	41,441,166	43,027,717	NA	NA	NA	NA	NA	NA
7	**CAPITAL FUND REVENUES**	4,041,238	1,260,291	1,329,856	1,087,433	1,091,021	1,094,622	1,098,234	1,101,858	1,105,494	1,109,143	1,112,803	1,116,475	1,120,159	1,123,856	1,127,565	1,131,286	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
7a	**DEBT SERVICE FUND REVENUES**	3,219,473	3,376,281	3,543,473	3,709,744	3,884,311	1,730,869											NA	NA	NA	NA	NA	NA
8	**TOTAL REVENUES**	28,003,712	26,497,339	27,619,267	28,475,183	29,625,122	30,707,049	31,831,359	32,999,739	34,213,940	35,475,786	36,787,171	38,150,067	39,566,524	41,038,673	42,568,731	44,159,003	NA	NA	NA	NA	NA	NA
9	**GENERAL FUND EXPENDITURES**																						
9a	REGULAR SALARIES	8,015,911	8,496,866	8,624,319	8,839,927	9,060,925	9,287,448	9,519,634	9,757,625	10,001,566	10,251,605	10,507,895	10,770,592	11,039,857	11,315,853	11,598,750	11,888,719	Budget	6.0%	1.5%	2.5%	2.5%	2.5%
9b	TEMPORARY SALARIES	174,950	174,950	174,950	174,950	174,950	174,950	174,950	174,950	174,950	174,950	174,950	174,950	174,950	174,950	174,950	174,950	Budget	0.0%	0.0%	0.0%	0.0%	0.0%
9c	OVERTIME	1,985,000	2,104,100	2,135,662	2,189,053	2,243,779	2,299,874	2,357,371	2,416,305	2,476,713	2,538,630	2,602,096	2,667,149	2,733,827	2,802,173	2,872,227	2,944,033	Budget	6.0%	1.5%	2.5%	2.5%	2.5%
9c1	OVERTIME STRIKE TEAM	350,000	371,000	376,565	385,979	395,629	405,519	415,657	426,049	436,700	447,617	458,808	470,278	482,035	494,086	506,438	519,099	Budget	6.0%	1.5%	2.5%	2.5%	2.5%
9d	OTHER BENEFITS	412,309	412,309	412,309	412,309	412,309	412,309	412,309	412,309	412,309	412,309	412,309	412,309	412,309	412,309	412,309	412,309	Budget	0.0%	0.0%	0.0%	0.0%	0.0%
9f	WORKERS COMPENSATION	590,256	596,159	602,120	608,141	614,223	620,365	626,569	632,834	639,163	645,554	652,010	658,530	665,115	671,766	678,484	685,269	Budget	1.0%	1.0%	1.0%	1.0%	1.0%
9g	MEDICAL, DENTAL & VISION	1,767,352	1,785,026	1,802,876	1,820,905	1,839,114	1,857,505	1,876,080	1,894,841	1,913,789	1,932,927	1,952,256	1,971,779	1,991,496	2,011,411	2,031,526	2,051,841	Budget	1.0%	1.0%	1.0%	1.0%	1.0%
9h	OPERATING EXPENSES	2,487,103	2,549,281	2,613,013	2,678,338	2,745,296	2,813,929	2,884,277	2,956,384	3,030,294	3,106,051	3,183,702	3,263,295	3,344,877	3,428,499	3,514,211	3,602,067	Budget	2.5%	2.5%	2.5%	2.5%	2.5%
9j	CCCERA EMPLOYER PAYMENT	4,400,000	4,692,889	4,738,272	4,854,961	5,105,000	5,449,023	5,686,156	5,686,156	5,686,156	5,686,156	5,686,156	5,686,156	5,686,156	5,686,156	5,686,156	5,686,156	Budget	Actual	-0.3%	0.0%	1.4%	2.3%
9k	SINGLE ROLE PARAMEDIC IMPLEMENTATION																						
9m	OPEB FUNDING (INTO TRUST)	256,000	280,000	273,000	280,000	264,000	294,000	318,000	335,000	371,000	424,000	457,920	494,554	534,118	576,847	622,995	672,835	Budget	Actual	Actual	Actual	Actual	Actual
9n	PENSION RATE STABILIZATION (INTO TRUST)	512,000	560,000	546,000	560,000	528,000	588,000	636,000	670,000	742,000	848,000	915,840	989,107	1,068,236	1,153,695	1,245,990	1,345,669	Budget	Actual	Actual	Actual	Actual	Actual
10	**TOTAL GENERAL FUND EXPENDITURES**	20,950,881	22,022,579	22,299,085	22,804,563	23,383,225	24,202,921	24,907,003	25,362,453	25,884,639	26,467,800	27,003,942	27,558,698	28,132,977	28,727,746	29,344,037	29,982,946	NA	NA	NA	NA	NA	NA
11	**CAPITAL EXPENDITURES**	7,883,925	267,401	275,181	952,528	741,907	989,177	2,323,611	317,691	326,965	1,436,516	346,349	356,476	3,107,268	373,113	381,803	452,188	NA	NA	NA	NA	NA	NA
11a	**DEBT SERVICE FUND EXPENDITURES**	3,376,448	4,172,538	4,321,871	4,480,837	4,550,156	4,715,219	2,009,504	320,835	320,982	321,001	320,890	321,641	321,264	321,737	321,071							
12	**TOTAL EXPENDITURES**	32,211,254	26,462,517	26,896,137	28,237,928	28,675,287	29,907,318	29,240,118	26,000,978	26,532,586	28,225,317	27,671,181	28,236,815	31,561,510	29,422,596	30,046,911	30,435,134	NA	NA	NA	NA	NA	NA
13	**TRANSFERS OUT CAPITAL PROJECTS FUND**	(362,165)	(1,014,731)	(1,014,564)	(1,014,299)	(925,699)	(925,199)	(321,570)	(321,835)	(320,982)	(321,001)	(320,891)	(321,641)	(321,264)	(321,737)	(321,071)	(321,071)						
14	**TRANSFER IN DEBT SERVICE FUND**	362,165	1,014,731	1,014,564	1,014,299	925,699	925,199	321,570	321,835	320,982	321,001	320,891	321,641	321,264	321,737	321,071	321,071						
18	**GENERAL FUND BALANCE, END OF YEAR**	3,481,195	3,319,383	3,766,236	4,639,680	5,906,246	9,584,883	15,411,005	21,946,432	29,170,239	37,069,083	45,739,509	55,214,403	65,527,790	76,714,861	88,811,990	101,856,761	NA	NA	NA	NA	NA	NA
19	**CAPITAL FUND BALANCE, END OF YEAR**	5,863,218	5,841,378	5,881,489	5,002,095	4,425,510	3,605,756	2,058,809	2,521,141	2,978,689	2,330,315	2,775,877	3,214,236	905,863	1,334,869	1,759,559	2,117,586	NA	NA	NA	NA	NA	NA
19A	**DEBT SERVICE FUND BALANCE, END OF YEAR**	2,793,013	3,011,487	3,247,653	3,490,859	3,750,713	1,691,562	3,628	4,628	4,628	4,628	4,629	4,629	4,629	4,629	4,629	325,700	NA	NA	NA	NA	NA	NA
20	**COMBINED UNRESTRICTED FUND BALANCE, END**	9,344,413	9,160,761	9,647,725	9,641,775	10,331,756	13,190,638	17,469,814	24,467,574	32,148,928	39,399,397	48,515,386	58,428,638	66,433,653	78,049,730	90,571,550	103,974,347	NA	NA	NA	NA	NA	NA

*=Avg.

Attachment C

Moraga-Orinda Fire Protection District
Long Range Financial Plan - Capital Expenditures
Draft Update
February 2017

	DESCRIPTION	**AGE**	**REPLACEMENT DATE**		**PROJ 17/18**	**PROJ 18/19**	**PROJ 19/20**	**PROJ 20/21**	**PROJ 21/22**	**PROJ 22/23**	**PROJ 23/24**	**PROJ 24/25**	**PROJ 25/26**	**PROJ 26/27**	**PROJ 27/28**	**PROJ 28/29**	**PROJ 29/30**	**PROJ 30/31**	**PROJ 31/32**
				2012 Costs															
	FACILITY EXPENDITURES																		
	STATION-41 (Fixed Asset Expenditures)																		
	STATION 41 RENOVATION			1,300,000			324,730	450,465	689,241										
	STATION-42 (Fixed Asset Expenditures)																		
	STATION-43 (Fixed Asset Expenditures)																		
	STATION-44 (Fixed Asset Expenditures)																		
	STATION-45 (Fixed Asset Expenditures)																		
	STATION-45 RECONSTRUCTION			6,000,000															
	TRAINING CLASSROOM BUILDING			300,000			344,606												
	CAPITAL IMPROVEMENTS				200,000	206,000	212,180	218,545	225,102	231,855	238,810	245,975	253,354	260,955	268,783	276,847	285,152	293,707	302,518
	TOTAL FACILITIES EXPENDITURES				**200,000**	**206,000**	**881,516**	**669,010**	**914,343**	**231,855**	**238,810**	**245,975**	**253,354**	**260,955**	**268,783**	**276,847**	**285,152**	**293,707**	**302,518**
	TOTAL APPARATUS EXPENDITURES/VEHICLE				**0**	**0**	**0**	**0**	**0**	**1,614,928**	**0**	**0**	**0**	**0**	**0**	**2,742,596**	**0**	**0**	**61,436**
	FIREFIGHTING CAPITAL EQUIPMENT				38,246	39,393	40,575	41,792	43,046	444,337	45,668	47,038	1,148,449	49,902	51,399	51,399	51,399	51,399	51,399
	IT CAPITAL (FIXED ASSETS) EXPENDITURES				17,084	17,597	18,124	18,668	19,228	19,805	20,399	21,011	21,642	22,291	22,960	22,960	22,960	22,960	22,960
	OTHER CAPITAL EXPENDITURES				12,071	12,191	12,313	12,436	12,561	12,686	12,813	12,941	13,071	13,201	13,333	13,467	13,601	13,737	13,875
	TOTAL CAPITAL				**$ 267,401**	**$ 275,181**	**$ 952,528**	**$ 741,907**	**$ 989,177**	**$ 2,323,611**	**$ 317,691**	**$ 326,965**	**$ 1,436,516**	**$ 346,349**	**$ 356,476**	**$ 3,107,268**	**$ 373,113**	**$ 381,803**	**$ 452,188**

NOTES: 1) 2% INFLATION FACTOR PER YEAR
2) APPARATUS EXPENDITURES FOR FY17/18 THROUGH FY21/22 ARE SHIFTED TO DEBT SERVICE EXPENDITURES
3) COST ESTIMATES FOR STATION 41 RENOVATION WILL BE UPDATED IN 2017 AS PART OF THE FACILITIES EVALUATION

Attachment C

MORAGA-ORINDA FIRE DISTRICT
APPARATUS & VEHICLE REPLACEMENT PLAN: 2017 - 2031

DRAFT: FEBRUARY 2017

	DESCRIPTION	AGE	REPLACE DATE	2017 COST	PROJ 17/18	PROJ 18/19	PROJ 19/20	PROJ 20/21	PROJ 21/22	PROJ 22/23	PROJ 23/24	PROJ 24/25	PROJ 25/26	PROJ 26/27	PROJ 27/28	PROJ 28/29	PROJ 29/30	PROJ 30/31	PROJ 31/32
	ENGINES - STRUCTURE PROTECTION																		
1996	ENGINE TYPE 1 SPARTAN 3D (REPLACE W/TRUCK)	21	2017	585,163															
1998	ENGINE TYPE 1 SPARTAN, HI TEC (REPLACE W/ 2017 PIERCE)	19	2017	585,163															
1998	ENGINE TYPE 1 SPARTAN, HI-TEC (REPLACE W/ 2017 PIERCE)	19	2017	585,163															
2008	ENGINE TYPE 1 PIERCE	9	2028	585,163												727,577			
2012	ENGINE TYPE 1 PIERCE	5	2032	585,163															
2017	ENGINE TYPE 1	0	2037	602,834															
2017	ENGINE TYPE 1	0	2037	602,834															
	ENGINES - WILDLAND																		
2002	ENGINE TYPE 3 WESTATES	15	2022	386,428						426,648									
2002	ENGINE TYPE 3 WESTATES	15	2022	386,428						426,648									
2008	ENGINE TYPE 3 PIERCE	9	2028	386,428												480,475			
2010	ENGINE TYPE 3 PIERCE	7	2028	386,428												480,475			
	AERIAL LADDER TRUCKS																		
1989	TRAINING TILLER TRUCK - SEAGRAVE 100'	28	TBD	30,000															
2001	AERIAL LADDER SPARTAN/LTI-93	16	N/A	1,110,000															
2017	TILLER TRUCK - 100'	0	2033	1,286,924															
	SPECIALIZED APPARATUS																		
1999	TECHNICAL RESCUE UNIT	18	TBD	300,000															
2009	WATER TENDERPIERCE-KENWORTH	8	2034	300,000															
2011	RESCUE BOAT	6	2030	30,000															39,584
2011	TRAILER RESCUE - ALL RISK	6	2030	16,561															21,852
	AMBULANCES																		
2002	AMBULANCE FORD/ROAD RESCUE	15	N/A	168,800															
2008	AMBULANCE BRAUN	9	2022	168,800						190,096									
2008	AMBULANCE BRAUN	9	2022	168,800						190,096									
2015	AMBULANCE NAVISTAR TERRASTAR LEADER	1	2028	212,277												263,940			
2015	AMBULANCE NAVISTAR TERRASTAR LEADER	1	2028	212,277												263,940			
2017	AMBULANCE	0	2028	180,645												209,882			
2017	AMBULANCE	0	2028	180,645												209,882			
	COMMAND VEHICLES																		
2007	COMMAND FORD EXPEDITION	10	2016	60,000															
2008	COMMAND CHEVY SUBURBAN	9	2020	60,000						66,245									
2008	COMMAND CHEVY SUBURBAN	9	2020	60,000						66,245									
2008	COMMAND-CHEVY SUBURBAN	9	2020	60,000						66,245									
2017	COMMAND CHEVY TAHOE	0	2028	52,048												64,715			
	SUPPORT VEHICLES																		
1994	SUPPORT - INT'L/ROAD RESCUE	23	TBD	200,000															
2011	CHEVY TAHOE (REPLACE W/ EXPLORER)	6	2022	34,700						38,312									
2012	FORD EXPLORER	5	2022	34,700						38,312									
2017	FORD EXPLORER	0	2028	33,546												41,710			
	UTILITY VEHICLES																		
2000	UTILITY FORD F250	17	2020	60,000						66,245									
2005	FORD RANGER	12	2020	18,769						19,918									
2005	FORD RANGER	12	2020	18,769						19,918									
	TOTAL APPARATUS EXPENDITURES/VEHICLE				**0**	**0**	**0**	**0**	**0**	**1,614,928**	**0**	**0**	**0**	**0**	**0**	**2,742,596**	**0**	**0**	**61,436**
	CAPITAL FUND BALANCE (PROJ), END OF YEAR WITH PURCHASES				**5,841,378**	**5,881,489**	**5,002,095**	**4,425,510**	**3,605,756**										

FIREFIGHTING/RESCUE APPARATUS
AMBULANES
COMMAND/SUPPORT/STAFF VEHICLES

Blue numbers denote lease financing
(Demotes cost savings)

Notes: 1) 2% Inflation Factor per year; 2) District will maintain 2 Reserve engines and 1 reserve truck in accordance with ISO standards.
3) APPARATUS EXPENDITURES FOR FY17/18 THROUGH FY21/22 ARE SHIFTED TO DEBT SERVICE EXPENDITURES

Moraga-Orinda Fire District

TO: Board of Directors

FROM: Kathleen Famulener, President

DATE: February 15, 2017

SUBJECT: Item 6.4 – Annual Audit and Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016

BACKGROUND

In January of 2017, the Board of Directors sent the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016 to the Ad Hoc Financial Reporting Committee with a review due at the February 15, 2017 Board meeting.

RECOMMENDATION

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

ATTACHMENTS

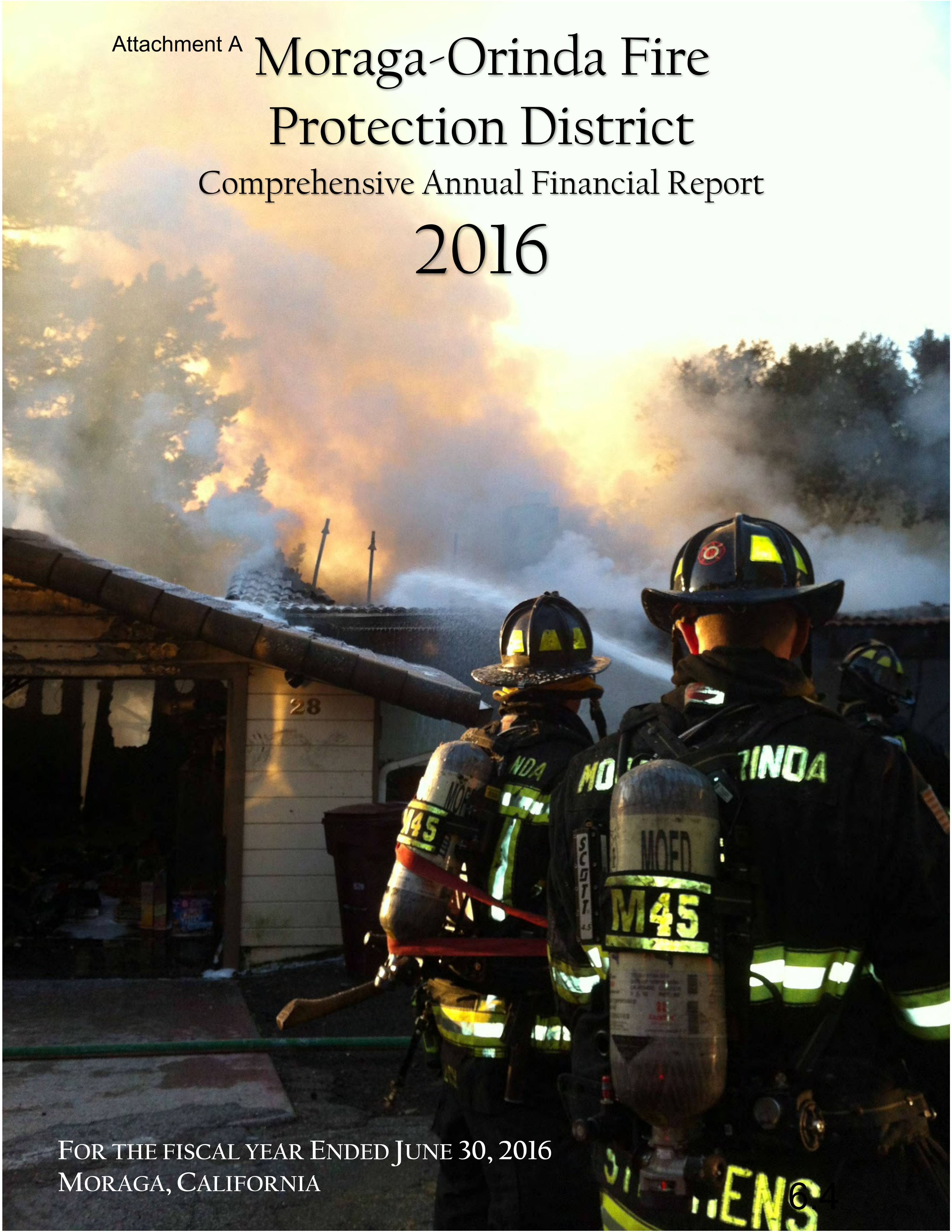
1) Attachment A – Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016.
2) Attachment B – Gann Appropriation Limit Schedule For the Year Ended June 30, 2016
3) Attachment C – Communication With Those Charged With Governance and Communication of Internal Control Related Matters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

Attachment A

Moraga-Orinda Fire Protection District

Comprehensive Annual Financial Report

2016



For the fiscal year Ended June 30, 2016
Moraga, California

6.4

Attachment A

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

6.4

Attachment A

Attachment A

MORAGA-ORINDA FIRE PROTECTION DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

DIRECTORY OF OFFICIALS

Board of Directors

Stephen L. Anderson
President

Kathleen Famulener
Secretary

Alex Evans
Director

Fred Weil
Vice President

Brad Barber
Treasurer

Principal Staff

Stephen Healy
Fire Chief

Grace Santos
District Secretary/District Clerk

Kathy Leonard
Fire Marshal

Gloriann Sasser
Administrative Services Director

Dennis Rein
Emergency Preparedness Coordinator

Felipe Barreto
Battalion Chief

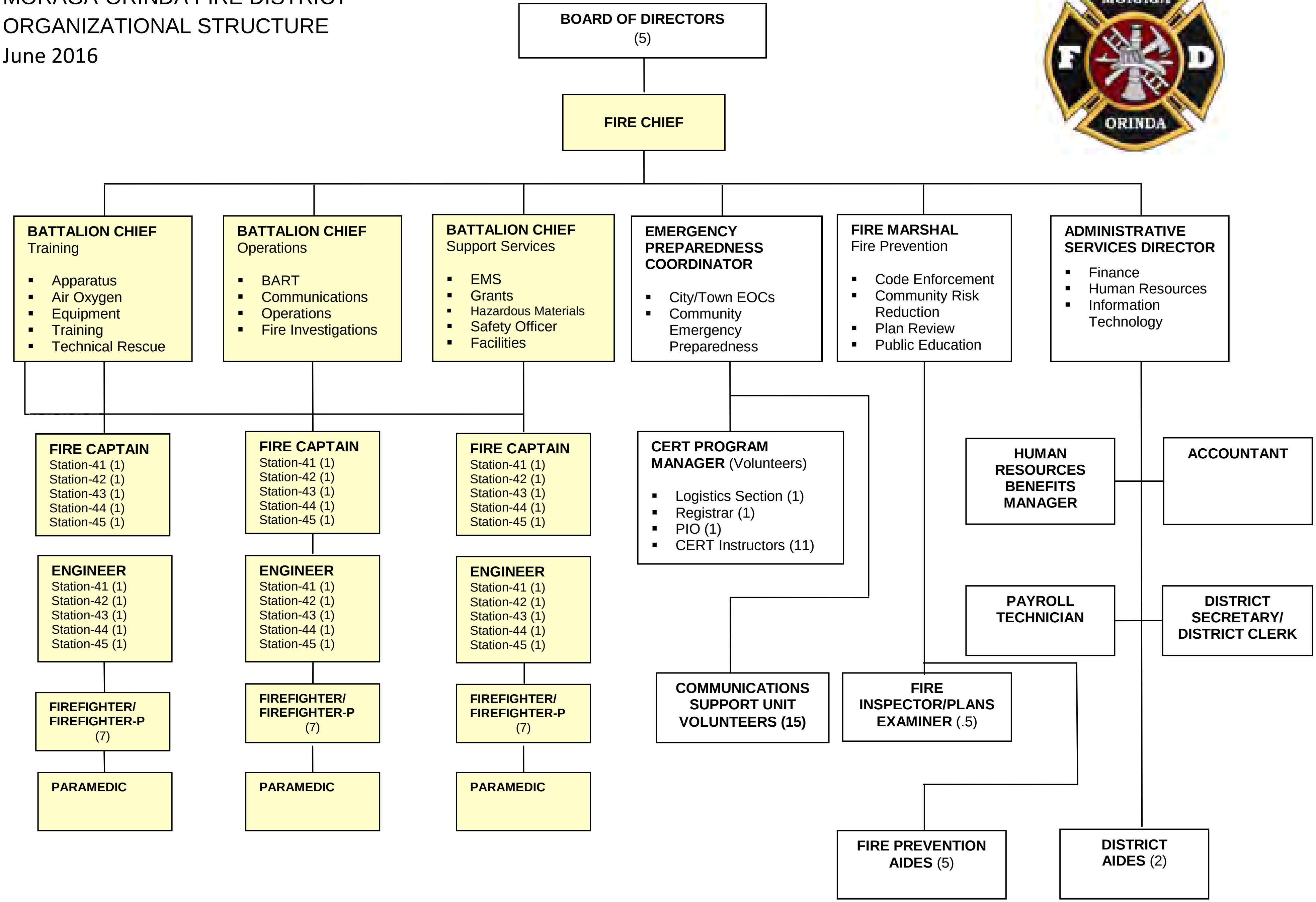
Jerry Lee
Battalion Chief

Sean Perkins
Battalion Chief

Attachment A

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

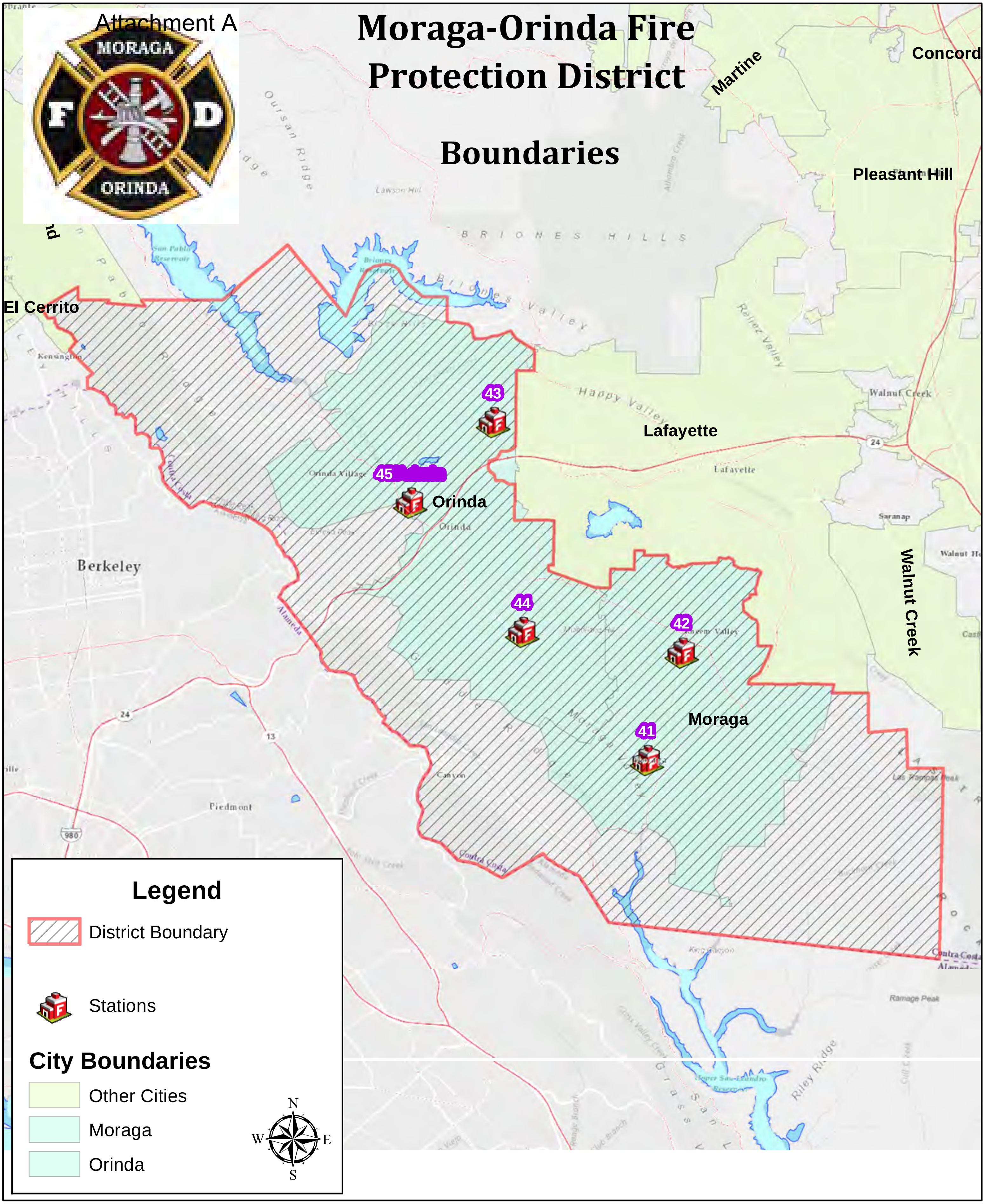
DISTRICT SECRETARY/ DISTRICT CLERK

DISTRICT AIDES (2)

Attachment A

Moraga-Orinda Fire Protection District

Boundaries



Miles
0 0.5 1 2 3 4

6.4

Attachment A

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

Attachment A

Moraga-Orinda Fire District

December 14, 2016

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

Members of the Board:

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

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

The District

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

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

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

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

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

Attachment A

Acknowledgements

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

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

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

Sincerely,

Stephen Healy
Fire Chief

Gloriann Sasser, CPA
Administrative Services Director

Attachment A

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

Jeffrey R. Esser

Executive Director/CEO

Attachment A

JJACPA, Inc.
A Professional Accounting Services Corp.

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.

November 29, 2016

JJACPA, Inc.
Dublin, California

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

Annual Report Overview

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

Government-wide Financial Statements

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

The 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:

Attachment A

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	21,017,031	22,531,167
Capital assets, net	8,327,292	9,466,042
Total assets	45,567,812	40,459,614
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)	(40,934,410)	(35,158,896)
Total net position	($19,951,225)	($22,880,074)

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

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

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

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

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

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

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

	2016	2015
Expenses		
Fire protection - operations	$20,386,873	$19,888,172
Interest	1,079,259	1,041,717
Total expenses	21,466,132	20,929,889
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	2,928,849	2,532,254
Net position - beginning	(22,880,074)	9,799,099
Prior period adjustment	-	(35,211,427)
Net position - ending	($19,951,225)	($22,880,074)

Expenses

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

Program Revenues

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

General Revenues

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

Government Activities – Governmental Funds

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

Analysis – General Fund

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

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

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.

Attachment A

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:	
Prepaid items	19,833,461
Capital assets, net	8,327,292
Total noncurrent assets	28,160,753
Total assets	45,567,812
Deferred outflows - Pension plan	12,186,885
Total assets and deferred outflows	$ 57,754,697
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)	(40,934,410)
Total net position	(19,951,225)
Total liabilities, deferred inflows, and net position	$ 57,754,697

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

Attachment A

Moraga-Orinda Fire Protection District

Statement of Activities

For the year ended June 30, 2016

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	2016
Governmental activities:				
Fire protection - operations	$ 20,386,873	$ 1,303,760	$ 436,499	$ (18,646,614)
Interest on long-term debt	1,079,259	-	-	(1,079,259)
Total governmental activities	$ 21,466,132	$ 1,303,760	$ 436,499	$ (19,725,873)
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				2,928,849
Net position:				
Net position - beginning				(22,880,074)
Net position - ending				$ (19,951,225)

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

Attachment A

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.

Attachment A

Moraga-Orinda Fire Protection District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2016

Total fund balances reported on the governmental funds balance sheet		$ 16,344,968
Amounts reported for governmental activities in the Statement of Net Position are different from those reported in the Governmental Funds due to the following:		
CAPITAL ASSETS		
Capital assets amount reported in governmental activities are not current assets or financial resources and therefore are not reported in the Governmental Funds balance sheet.		8,327,292
LONG-TERM ASSETS AND LIABILITIES		
Prepaid pension, net of accumulated amortization, is not a current asset and therefore is not reported in the Governmental Funds balance sheet.		19,833,461
Pension obligations result in deferred outflows and inflows of resources associated with the actuarial value of contributions, assets, and liabilities		
Deferred outflows	12,186,885	
Deferred inflows	(6,529,982)	5,656,903
Long-term liabilities is not due and payable in the current period and therefore is not reported in the Governmental Funds balance sheet.		
Interest payable	(496,738)	
Net pension obligation	(39,299,357)	
Compensated absences	(524,429)	
Net OPEB obligation	(6,816,633)	
Long term debt	(22,976,692)	(70,113,849)
Net position of governmental activities		$(19,951,225)

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

Attachment A

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:				
Prepaid items	-	-	19,833,461	19,833,461
Capital assets, net	-	-	8,327,292	8,327,292
Total noncurrent assets	-	-	28,160,753	28,160,753
Total assets	17,407,059	-	28,160,753	45,567,812
Deferred outflows	-	-	12,186,885	12,186,885
Total assets and deferred outflows	$ 17,407,059	$ -	$ 40,347,638	$ 57,754,697
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	(50,687,851)	(40,934,410)
Total fund balances/net position	16,344,968	-	(36,296,193)	(19,951,225)
Total liabilities, deferred inflows, and net position	$ 17,407,059	$ -	$ 40,347,638	$ 57,754,697

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

Attachment A

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.

This page intentionally blank

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.

Attachment A

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

Attachment A

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	(1,926,872)	9,990
ACCRUAL OF NON-CURRENT LIABILITIES		
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in net pension obligation	(10,686,510)	
Change in deferred outflows of resources	11,809,118	
Change in deferred inflows of resources	(526,912)	
Change in long-term compensated absences	(52,691)	
Change in interest payable	12,017	
Change in Net OPEB obligation	(260,776)	294,246
Change in net position of governmental activities		$ 2,928,849

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

Attachment A

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.

This page intentionally blank

Attachment A

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

Attachment A

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.

Attachment A

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.

Attachment A

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. PREPAID ITEMS

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

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

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

Attachment A

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.

Attachment A

7. LONG-TERM LIABILITIES, Continued

The following is the debt service obligations of the District:

Year Ending	Pension Obligation Bond		2016 Lease/Purchase Agreement	
June 30	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	Capital Lease		Total	
June 30	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)	(40,934,410)
Total	$(19,951,225)

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.

Attachment A

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

Attachment A

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	-

Attachment A

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%
Short-Term Govt/Credit	24.00%	0.20%
U.S. Treasury	2.00%	0.30%
Real Estate	7.00%	4.45%
Cash & Equivalents	1.00%	-0.46%
Risk Diversifying Strategies	2.00%	4.30%
Private Credit	17.00%	6.30%
Private Equity	17.00%	8.10%
Total	100.00%	

Attachment A

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.

Attachment A

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.

Attachment A

13. NEW ACCOUNTING PRONOUNCEMENTS, Continued

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

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

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

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

13. NEW ACCOUNTING PRONOUNCEMENTS, Continued

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

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

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

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

Attachment A

This page intentionally blank

Attachment A

Required Supplementary Information

Attachment A

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.

Attachment A

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.

Attachment A

This page intentionally blank

Attachment A

MORAGA

F D

ORINDA

Supplementary Information

Attachment A

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

Attachment A

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

This page intentionally blank

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.

Attachment A

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

Attachment A

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

Attachment A

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

Attachment A

2011	2012	2013	2014	2015	2016
$ 17,199,159	$ 17,298,393	$ 18,285,971	$ 19,149,488	$ 19,914,942	$ 20,386,873
1,188,000	1,262,063	1,356,223	273,867	-	
1,351,267	1,289,602	1,225,394	1,151,010	1,041,717	1,079,259
19,738,426	19,850,058	20,867,588	20,574,365	20,956,659	21,466,132
$ 19,738,426	$ 19,850,058	$ 20,867,588	$ 20,574,365	$ 20,956,659	$ 21,466,132
$ 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)	$(17,961,054)	$(19,725,873)
$(18,342,892)	$(18,607,741)	$(19,412,048)	$(17,763,544)	$(17,961,054)	$(19,725,873)
$ 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	$ 2,505,484	$ 2,928,849
$ (120,320)	$ (512,470)	$ (1,757,201)	$ 1,144,185	$ 2,505,484	$ 2,928,849

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

Attachment A

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)

Revenues:	2007	2008	2009	2010
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%

Attachment A

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

Attachment A

This page intentionally blank

Attachment A

Moraga-Orinda Fire Protection District

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

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

Source: HdL, Coren & Cone

Notes:

Rate per $100 of assessed value

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

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

Attachment A

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

Attachment A

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

Attachment A

	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%

Attachment A

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	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

Attachment A

Moraga-Orinda Fire Protection District

Direct and Overlapping Debt

June 30, 2016

	Total Debt	Percent Applicable [1]	Net Bonded Debt
2015-16 Assessed Valuation	$ 9,564,841,881		
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

This page intentionally blank

Attachment A

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

Attachment A

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%

Attachment A

Moraga-Orinda Fire Protection District

Demographic and Economic Statistics

Last Ten Calendar Years

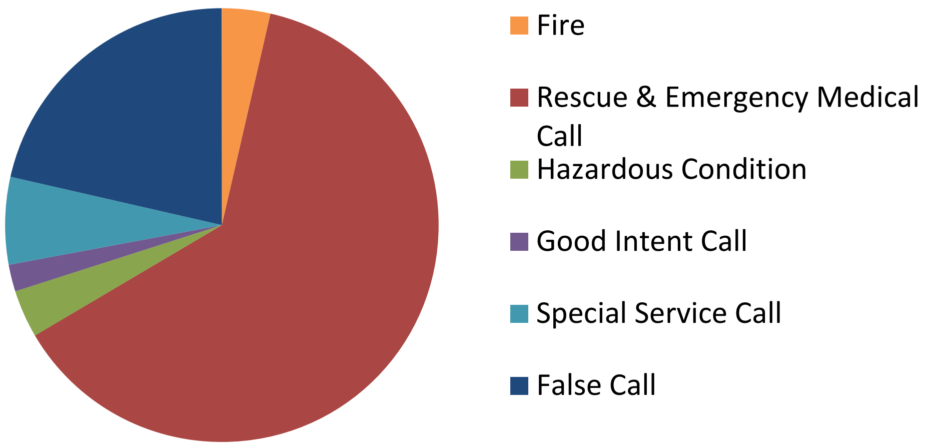
Calendar Year	Town of Moraga Population	City of Orinda Population	Total Population	Per Capita Personal Income	Personal Income (Thousands)	Unemployment Rate
2007	16,165	17,517	33,682	75,061	2,528,205	1.7%
2008	16,138	17,542	33,680	75,441	2,540,853	2.3%
2009	16,204	17,669	33,873	74,250	2,515,070	4.0%
2010	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

Attachment A

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

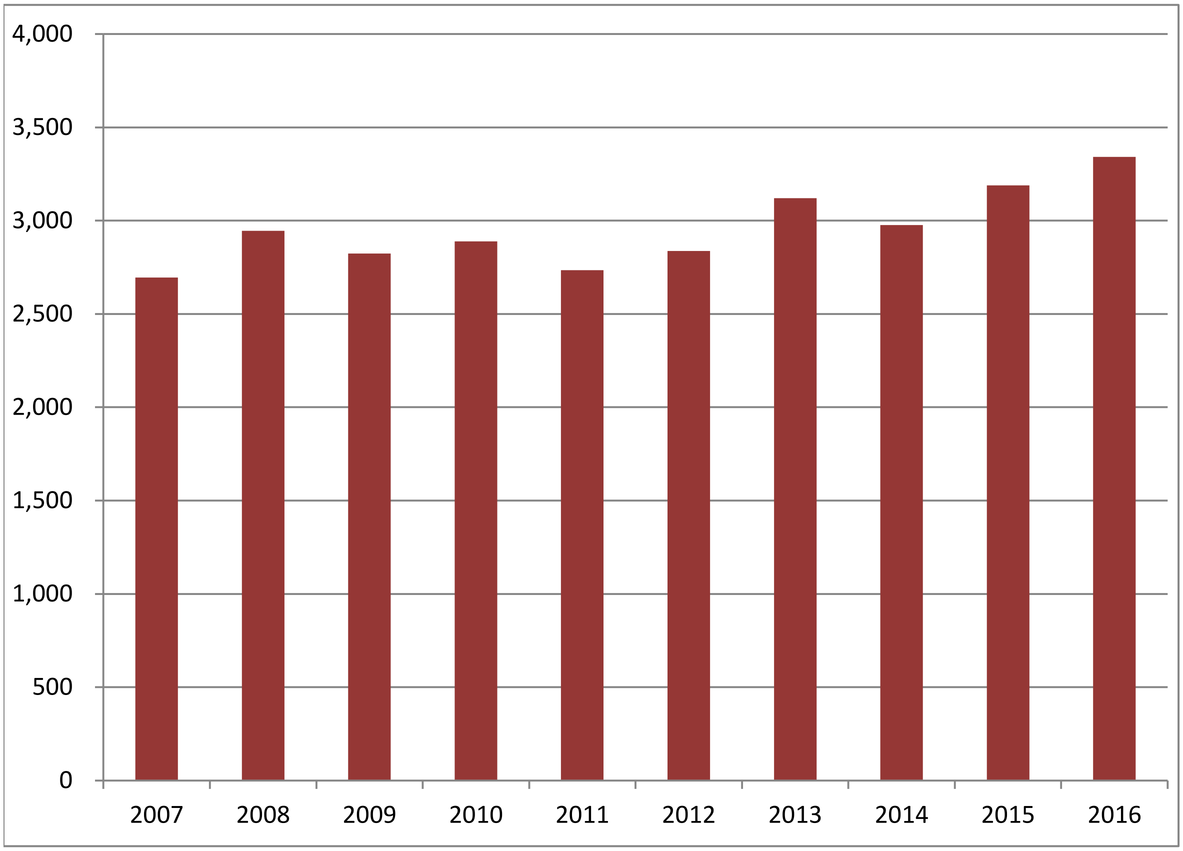
Category	Number of Incidents	Percent of Total Responses
Fire	120	3.6%
Rescue & Emergency Medical Call	2,102	62.9%
Hazardous Condition	119	3.6%
Good Intent Call	67	2.0%
Special Service Call	217	6.5%
False Call	716	21.4%
Total	3,341	100.0%



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

Attachment A

JJACPA, Inc.
A Professional Accounting Services Corp.

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

Independent Auditor's Report

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

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

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

JJACPA, Inc.

November 29, 2016

JJACPA, Inc.
Dublin, CA

Attachment B

MORAGA-ORINDA FIRE PROTECTION DISTRICT

GANN APPROPRIATIONS LIMIT SCHEDULE

FOR THE YEAR ENDED

JUNE 30, 2016

Attachment B

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

Table of Contents

JJACPA, Inc.
A Professional Accounting Services Corp.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

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

The procedures performed and our findings were as follows:

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

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

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

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

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

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

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

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

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

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

JJACPA, Inc.

May 17, 2016

JJACPA, Inc.
Dublin, CA.

Attachment B

Moraga-Orinda Fire Protection District

Gann Appropriations Limit Schedule
For the year ended June 30, 2016

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

Attachment C

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

Attachment C

JJACPA, Inc.

A Professional Accounting Services Corp.

November 29, 2016

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

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

Our Responsibility in Relation to the Financial Statement Audit

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

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

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

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

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

Significant Accounting Estimates

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

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

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

Financial Statement Disclosures

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

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

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

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

Disagreements with Management

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

Representations Requested from Management

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

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

Other Information in Documents Containing Audited Financial Statements

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

Attachment C

Communication of Internal Control Related Matters

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

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

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

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

Very truly yours,

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

Attachment C

Moraga-Orinda Fire District

November 29, 2016

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

Dear Mr. Arch:

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

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

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

Financial Statements

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

   b. Oversee the services by designating an individual who possesses suitable skill, knowledge, or experience;
   c. Evaluate the adequacy and results of the services performed; and
   d. Accept responsibility for the results of the services.

6. Significant assumptions used by us in making accounting estimates are reasonable.
7. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
8. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
9. The effects of uncorrected misstatements summarized in the attached schedule6 and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
10. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements which codifies FASB Accounting Standards CodificationTM (ASC) 450, Contingencies, and we have not consulted a lawyer concerning litigation, claims, or assessments.
11. With regard to items reported at fair value:
    a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
    b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
    c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
    d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
12. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
13. All funds and activities are properly classified.
14. All funds that meet the quantitative criteria in GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and GASB Statement No. 37, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
15. All net position components and fund balance classifications have been properly reported.
16. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
17. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
18. All interfund and intra-entity transactions and balances have been properly classified and reported.
19. Special items and extraordinary items have been properly classified and reported.

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

Information Provided

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

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

Stephen Healy, Fire Chief

Gloriann Sasser, Administrative Services Director

TO: Board of Directors

FROM: Gloriann Sasser, Administrative Services Director

DATE: February 7, 2017

SUBJECT: Item 6.5 – Audit Services Contract for Fiscal Year 2016/17

BACKGROUND

The District is required to contract with an independent certified public accounting firm to conduct the annual external audit of financial statements. The District's contract with the current accounting firm of JJACPA, Inc. covered the audits for FY 2013/14, 2014/15 and 2015/16. The current contract ends with the audit of the financial statements as of June 30, 2016. The District has the option to renew with JJACPA, Inc. for up to two subsequent years.

RECOMMENDED ACTION

1) Provide direction to staff regarding the audit contract for fiscal year 2016/17.