



# Moraga-Orinda Fire District

## Board of Directors

REGULAR MEETING

March 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
- 1.4. Pledge of Allegiance

### 2. PUBLIC COMMENT

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

### 3. CONSENT AGENDA

#### 3.1. **Meeting Minutes – February 15, 2017**

Staff Recommendation: Receive and File

#### 3.2. **Monthly Incident Report for February 2017**

Staff Recommendation: Receive and File

#### 3.3. **Monthly Check/Voucher Register for February 2017**

Staff Recommendation: Receive and File

#### 3.4. **Monthly Financial Report for January 2017**

Staff Recommendation: Receive and File

#### 3.5. **Approval of Contract with Delta Dental of California**

Staff Recommendation: 1) Authorize a contract with Delta Dental of California for the period April 1, 2017 through March 31, 2018.

### 4. REGULAR AGENDA

#### 4.1. **Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015**

Staff will present information to the Board regarding the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015.

Staff Recommendation: 1) Receive the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015.

#### 4.2. **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) Discuss; 2) Deliberate; 3) Approve 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.

- 4.3. **Termination of Ad Hoc Financial Reporting Committee**  
Discuss the termination of the Ad Hoc Financial Reporting Committee.  
Staff Recommendation: 1) Discuss; 2) Deliberate; 3) Terminate the Ad Hoc Financial Reporting Committee
- 4.4. **Approve Establishment of an Ad Hoc Committee to Recruit and Negotiate Contract with District Financial Auditor**  
Discuss the establishment of an Ad Hoc Committee to recruit and negotiate a contract with District financial auditor.  
Staff Recommendation: 1) Discuss 2) Deliberate 3) Approve establishment of an ad hoc committee to recruit and negotiate the contract for District Financial Auditor.
- 4.5. **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) Deliberate; 3) Provide Direction to Staff
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. ANNOUNCEMENTS
  - 6.1. **Brief information only reports related to meetings attended by a Director at District expense**  
(Government Code Section 53232.3(d))
  - 6.2. **Questions and informational comments from Board members and Staff**
  - 6.3. **District Updates for January & February 2017**
7. CLOSED SESSION
  - 7.1. **Conference with Labor Negotiator**  
(Government Code Section 54957.6)  
Agency Designated Representative: Stephen Healy  
Employee Organization: International Association of Firefighters IAFF, Local 1230
  - 7.2. **Conference with Labor Negotiator**  
(Government Code Section 54957.6)  
Agency Designated Representative: Stephen Healy  
Employee Organization: Local 2700 United Clerical, Technical & Specialized Employees
  - 7.3. **Conference with Labor Negotiator**  
(Government Code Section 54957.6)  
Agency Designated Representative: Stephen Healy  
Employee Organization: Moraga-Orinda Fire Chief Officer's Association (MOFCOA)
  - 7.4. **Conference with Labor Negotiator**  
(Government Code Section 54957.6)  
Agency Designated Representative: Stephen Healy  
Employee Organization: Unrepresented Employees
  - 7.5. **Conference with Legal Counsel – Existing Litigation**  
(Paragraph (1) of subdivision (d) of Section 54956.9)  
Name of case: *Nowicki v. Contra Costa County Employees' Retirement Association et al.*,  
U.S. District Court, California Northern District Case No. 3:17-cv-00629-EDL

8. RECONVENE THE MEETING

8.1. Call the Meeting to Order

9. REPORT OF CLOSED SESSION ACTION

10. 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.

11. 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 March 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, District Clerk



# Moraga-Orinda Fire Protection District

## BOARD OF DIRECTORS REGULAR BOARD MEETING MINUTES

February 15, 2017

### 1. Opening Ceremonies

The Board of Directors convened in Open Session at 7:00 P.M. on February 15, 2017 at the Hacienda Mosaic Room, 2100 Donald Drive, Moraga, California. President Famulener called the meeting to order.

Present were the following Directors and Staff:

President Famulener	Director Jorgens	Grace Santos, District Clerk
Director Anderson	Stephen Healy, Fire Chief	
Director Barber	Gloriann Sasser, Admin Services Director	
Director Jex	Jennifer Faught, Legal Counsel	

### 2. Public Comment

There were no comments from the public.

### 3. Celebration of Life Award

Michelle Voos and Jesse Allured, from the Contra Costa EMS Agency, recognized the heroic efforts of the Moraga-Orinda Fire District. Ms. Voos told of the survival and remarkable recovery of Matthew Scanlan.

Mr. Allured showed a brief video from the 2016 Survivors' Reunion Luncheon. Mr. Scanlan said a few words and gave his heartfelt thanks to MOFD and its firefighters. Mr. Allured presented a "Celebration of Life" plaque to Mr. Scanlan, and recognized Firefighter Mark DeWeese for exemplary teamwork in saving a life. On behalf of Contra Costa EMS Director Pat Frost and the agency, Mr. Allured thanked the Board for the impact that they make so that the MOFD firefighters can do their jobs. He stated that MOFD is always professional and shows integrity second to none.

### 4. Consent Agenda

Motion by Director Anderson and seconded by Director Barber to receive and file Items 4.1 Meeting Minutes, 4.2 Monthly Incident Report, 4.3 Monthly Check/Voucher Register, 4.4 Quarterly Treasurer's Report and 4.5 Quarterly Ambulance Billing Report. Said motion carried a unanimous 5-0 roll-call vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

### 5. Committee Reports

#### 5.1 Finance Committee

Director Anderson stated that the Finance Committee met on February 7, 2017. The Committee reviewed the budget and Long Range Financial Plan (LRFP) and did not make any material changes. They reviewed the Pension Stabilization Trust and received good input from the community. Those who attended the meeting were all in agreement. Based upon the input at the meeting, the Finance Committee decided to recommend the second most aggressive investment strategy and have it passively managed. The LRFP was addressed and some changes were made to some of the assumptions, making it a little more realistic. The issue of the auditor was not addressed at the meeting. The Finance Committee is waiting for the input from the Finance Reporting Ad Hoc Committee before they address the issue.

Director Barber felt that the meeting was very productive and everyone seemed to agree on everything. The Committee made a reasoned recommendation reflecting the District's current financial health. Other districts who set up similar pension stabilization funds do so with the expectation that it is a rainy-day fund, like cash in the bank. Our projections

are sufficiently robust and positive that in the event of a reasonable downturn, we could fund what we need without having to go into a rainy-day fund. It gives us the opportunity to do something that is better for the long-term health of the district and for the financial health of current and future retirees by making sure we have the resources available in the long-run.

President Famulener commented that it would make more sense to move directly to Item 6.1 since they were already discussing the issue. The other Board members agreed.

## 6. Regular Calendar

### 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**

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.

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.

ASD Sasser stated that Finance Committee requested two versions of the LRFP to be prepared – one that shows a contribution the same as OPEB, and one with a contribution of twice of OPEB. Because Andrew Brown, from HighMark Capital, had not yet arrived, ASD Sasser suggested that they continue discussion and make note of any questions that the investor would need to answer.

Director Jorgens asked if the Finance Committee saw the two scenarios of the LRFP. ASD Sasser stated that the only LRFP version presented at the Finance Committee meeting was the one with the equal contributions.

Director Anderson stated that it would be appropriate to look at the LRF attachment in Item 6.3 to understand the proposed changes.

ASD Sasser stated that there are two versions in Item 6.3 Attachment B is Version A – Pension Rate Stabilization Program contributions same as OPEB contributions, and Attachment C is version B – Pension Rate Stabilization Program contributions two times OPEB contributions. The Board has to decide how much to contribute for the current fiscal year 2016/17. Under Version A, with a contribution of \$256,000, the General Fund on line 4 is projected to have a surplus of approximately \$48,000. That includes a \$256,000 contribution to the pension fund. In the next version, if you double that, the General Fund will be projected to have a deficit of \$208,000. The General Fund has sufficient fund balance to use some of the \$208,000 worth of reserves and still be above the 10% minimum fund balance requirement.

Director Jorgens asked ASD Sasser to clarify that if we doubled the number, we could do so and still have the 10% cushion that we are legally supposed to have. ASD Sasser said that was correct. Director Anderson stated that the District is not legally required to provide a 10% cushion. President Famulener added that it was a Board resolution.

Director Barber asked what would the Board need to put into the pension stabilization fund to make up for a shortfall in return from CCCERA. Rather than just choose \$256,000 or \$512,000, maybe choose \$256,000 now because it is in the budget, but for subsequent years, look at a number that we derive from what we think the problem is going to be and see if that still fits in our plan. Director Barber anticipates that it will be a bigger number, particularly in the out years.

Director Anderson stated that part of the charter of the two ad hoc committees is to establish, and only for the purpose of the LRF, what our unfunded liabilities are. When we have that information, we as a Board can do what Director Barber is suggesting because we will know what the shortfall is. We will know what CCCERA is projecting, whether it is right or wrong. We will have real numbers that we can realistically work with. We do not have those numbers right now because we do not truly know what our absolute unfunded liabilities are.

Director Barber stated that he would hate to take money out of the District's reserves only to put it into a different kind of reserve. He likes having very healthy reserves, even if they do not have an opportunity to earn significant income, whereas the pension stabilization trust has the opportunity to grow.

Director Jex stated that it is a critical thing that we meaningfully fund them. When you look at the liability that we have reported by CCCERA, and even what we do on the post-retiree benefit program, those numbers are huge and probably not going to get smaller. A meaningfully fund, even if we doubled it, is not meaningful. He suggested that we plan for a meaningful contribution when putting the budget together for the next fiscal year, and take action to see that it is done. Place a meaningful contribution of a couple million dollars a year into one, and a million into the other.

Director Jorgens asked if the Board puts in a certain amount tonight and finds out that it was better to put in a bigger number, would there be any reason why we could not do it later. Director Anderson stated that the Board has the ability to make changes anytime during the year and HighMark Capital is prepared to handle that. Whether it is meaningful or not, Director Anderson stated that the key is to begin to do this.

Director Jex had no objection to making the contribution this year. He stated that he does not like going into the reserve for other purposes to do it, but feels it appropriate to make some contribution to establish it.

Director Jorgens asked how much the District could put in without dipping into the reserve. ASD Sasser stated that the Board could do \$256,000 plus an additional \$48,000. We have done \$256,000 already into the OPEB trust, and now we are discussing putting another \$256,000 into the pension trust. The Board could do approximately \$300,000 and not use reserves.

The Board agreed to put in \$300,000 for the pension contribution.

Motion by Director Barber and seconded by Director Jorgens to 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 \$300,000 to the PARS trust in fiscal year 2016/17. Said motion carried a unanimous 5-0 roll-call vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

## **5.2 Pension Review Ad Hoc Committee**

Director Barber stated that the Pension Review Ad Hoc Committee met. The committee met with Professor Sarah Anzia of the Goldman School of Public Policy at UC Berkeley, who is an expert on state and local finance, public pensions, public employment laws and regulations to try to get a better understanding of the circumstance and how this fits into the CCCERA pension and the issues facing other public agencies.

The committee also met with Joe Nation, former assemblyman and now with the Public Policy Institute at Stanford University, an expert in public pensions. He and his colleagues run a business that analyzes for cities, counties and special districts the funding needs of their pensions. The committee does not recommend to use them but it might be useful to do so in the long run.

The committee called CCCERA to try to understand better the relationship of this MOFD to CCCERA, and what our legal and financial obligations and liabilities are to in the event of future changes in the financial markets. The committee spent some time reading handbooks for employees at CCCERA. They began to try to understand the implications of the 37 Act CERL, which is the legislation that established county and special district pension funds. Director Barber stated that he would like to understand the act well enough to be able to vote in an informed way when the time comes. He wants to understand better what the obligations and liabilities are for an unpooled member of CCCERA. Director Barber stated that the committee needs to do more research and currently has no recommendations.

Director Barber stated that it would be good to have a presentation from CCCERA, or someone who is truly an expert and experienced in these matters, to give Board members a better understanding of the obligations and practical aspects of how the pension plan operates, how CCCERA operates, and what our obligations are as directors.

Director Jex asked if they found out what the actual rate of return they have been earning versus what they are using with their discount rate. Director Barber stated that Director Jorgens spoke to them and that CCCERA was well below their targeted discount rate for the last several years.

President Famulener thinks that everyone would like to hear from a CCCERA representative and asked if the committee would find an expert willing to do a presentation.

### **5.3 Financial Reporting Ad Hoc Committee**

Director Jorgens reported that the committee met and had their first meeting with Chief Healy and ASD Sasser on January 25, 2017.

Director Jorgens reported that everyone has the same objective, which is to make sure our financial statements reflect reality and comply with the GASB rules. The committee is currently struggling with whether there is a prepaid asset on our balance sheet in addition to a net pension liability. They met with staff to go over their ideas. They discussed the early implementation of GASB 74, and with feedback from the outside actuary, it was going to cost several thousand dollars and delay us by several weeks. The committee decided that it was not a wise thing to do.

Director Jex stated that in the implementation that number in the balance sheet now shows a liability of \$6M, but under the implementation next year that number will add probably anywhere from \$10M-\$20M in 2018.

Director Jorgens reported that the committee did a lot of research with outside folks, CCCERA accountants and auditors, Contra Costa County accountants and auditors, and other outside auditors. He feels that District staff and auditor have a different opinion than that of the committee. The committee offered a proposal to solve the issue. GASB offers an official process for providing guidance in the application of standards. Michelle Czerkawski was on the internal GASB staff as a manager who guided the development of GASB 68 over the five-year period. The GASB 68 implementation guide describes her as the project manager and primary staff author and she is probably the most knowledgeable in the country. She offered to provide implementation guidance and recommends that the District first submit the data appropriate for the various positions, and then have all the appropriate parties (staff, auditor, and ad hoc committee) on a single call. Their staff would provide guidance for the proper implementation of GASB 68. She is the ultimate authority that wrote the rules and tells everyone how to implement them. The Financial Reporting Ad Hoc Committee asked staff to prepare and arrange for the call and get the appropriate guidance from what they think is a definitive source.

President Famulener stated that there are some other opinions on the issue and staff has gone to the national level to get a different opinion.

Director Jorgens stated the national level is the GASB staff, and there is no other authority. District staff went to the people who provide the Certificate of Excellence, which is an organization you can join, and not the governing body that determines the rules.

President Famulener stated that the Board needs to receive the CAFR and have it on the books. It can be edited later if the Board wants to do so.

Director Anderson stated that there is a middle ground. From an accounting aspect, there are differences of opinions. He is convinced that the Board will be underreporting the unfunded liabilities based on the CAFR as it exists now, but he is not convinced that the Board should delay receiving the CAFR as it is written now. What they should do is receive the CAFR and note that the Board believes the opinion from the ad hoc committee is that the District is underreporting its unfunded liabilities.

Director Jorgens moved that the Board delay action on this until next month.



Director Jex stated that there is a simple view of what the issue is and it is not something to be ignored. In his view, there are two years out there that are false, misleading and inadequate. He stated that GASB 68 was implemented incorrectly. What you are doing is if you borrowed \$30M and you end up turning it over to CCCERA to meet an obligation. They picked it up and showed it as an asset, just like your other donations, and it is netted against your net pension liability on the books that they gave you.

President Famulener asked if there were not two different equally valid ways of reporting GASB 68. Directors Jex and Jorgens stated that there are not.

Director Jex stated that all the auditors that they spoke to, including the largest in the County, wrote off \$300M.

Director Jorgens stated that the County is one of the largest members of CCCERA and they wrote it off, contrary to what our accountant said. He did not categorize CCCERA as the proper kind of organization. He specifically said that the question 272, which was given by a local person here to GASB as the exact example for pension assets is why they developed the last question in the GASB implementation guideline. It applies to all kinds of pension funds, not just the cost sharing, the agent multiple employer, or the single employer – it applies to all of them. In ASD Sasser's June 3, 2015 report to the Board, it said that the prepaid asset should go away and be netted in the net pension liability, which is exactly what all the other auditors that we talked to said.

Director Jorgens stated that ASD Sasser was right and that it is interesting that we changed a \$20M current asset to a \$20M long-term asset in one year. Maybe there was a question about what the proper classification for it was. It should have been written off and made a pre-paid item in 2014, and if we publish the CAFR or put it on our website and say that it is accurate, we will then be materially misstating a fact by \$20M. Director Jorgens stated that he, as a Board member, and the entire Board, should be nervous about the idea that we are materially misrepresenting the financial status of our company and something that we agree is public. The only fair way to do that is to go to the advisor from GASB and have them make a determination so that we all feel comfortable that we got the right answer.

President Famulener asked if it is staff's position that there are two ways to report GASB 68, that we just chose a less conservative way to report it, but that both ways are correct. ASD Sasser stated that when she implemented GASB 68 in 2015, she followed the California Commission on Municipal Accounting's white paper. During the implementation there were a lot of meetings, it was brand new, it was very complex, and there were a lot of different issues around different agencies. For example, there were several series of meetings at CCCERA with all of CCCERA member agencies, as well as the agency auditors, and CCCERA auditor. There were a lot of different webinars and seminars that were put on by different CPA firms across the state that ASD Sasser participated in. There were many discussions and a lot of questions on the 250 page document. ASD Sasser followed the recommended standard at the time, which was to follow the CCMA white paper. ASD Sasser did the journal entries the way they said to do them, she gave the journal entries and all the backup to the auditor during the audit. The auditor audited it with no audit adjustments, and the CAFR was produced. ASD Sasser pointed out that the CAFR was also reviewed by the Government Finance Officers Association (GFOA). She spoke with the GFOA Technical Director who clarified that the CAFR was reviewed by three different individuals – two qualified reviewers from outside of California and an in-house staff person at GFOA. When you get the award, GFOA produces a document with several different sections. The GFOA Director told ASD Sasser that if we had implemented it wrong, they would tell her, and if something were deficient, we would not have gotten

the award. They would have told us if GASB 68 was implemented incorrectly. The CAFR was audited by the District's auditor and it was reviewed by the GFOA.

Director Jorgens stated that the Financial Reporting Ad Hoc Committee talked to Contra Costa County's outside auditor, which has several different offices outside the state. There are 11 counties in California that had prepaid pension obligations and 100% of those wrote off the assets in accordance with the way ASD Sasser had told the Board back on June 3, 2015. Director Jorgens looked at places all across the country that had prepaid pension bond assets and they all wrote them off in 2015.

Director Jex stated that the disclosure in terms of showing the net pension liability is all in there. The problem is that you cannot count the same asset twice, which is why they wrote it off. Because in calculating the net pension obligation, those funds are shown as an asset on CCCERA's books, not ours. So they report to us the net liability, which is all the assets we've given to them, payments that we've made to the contributions by the employee, or whatever it is that's gone into CCCERA to fund it. The assets associated with that reduce our pension liability to a net pension liability.

Director Barber stated that he feels this to be a highly technical matter and nothing that he has heard so far has educated him well enough to feel that he can make a well-educated judgement. He asked if deferring action on this matter until after the conversation with the personnel from GASB would cause a problem.

Director Jex stated that the issue is the auditor, who has taken a position and may refuse to sign a report, which was the ad hoc committee's concern when they met with staff. They want to proceed in a way that we would not have to have it re-audited by somebody else, therefore deferring it even further.

Director Barber stated that GASB might say that the auditor was correct all along. President Famulener agreed and stated that GASB may say that there are two different ways to do it.

Director Jex stated that there are not two different ways, just one right way.

President Famulener suggested speaking with the woman at GASB, and then schedule another board meeting in two weeks.

Director Jorgens stated that they went through everything with District Counsel Bakker in front of the staff and the conclusion from him was that it was not something that we needed to hurry on and we specifically should not hurry and do it improperly.

President Famulener stated that the Board could hold a special meeting in two weeks if this can get done. Director Jorgens agreed. Director Jex stated that once the decision is made, it will take some time for staff – they would have to go back and restate 2014, 2015 and 2016. It is not a simple matter in terms of the time required to get the disclosure and the presentation correctly.

President Famulener asked if the CAFRs that have been received and posted on MOFD's website can be changed if the GASB person says to change it. Director Jex stated that it has to all be done at one time.

Director Anderson said that he does not understand why they could not have a minority opinion. You can produce a financial statement and have an opinion that they have been reviewed, however, we are of the opinion that there is a potential that the net pension liability is not \$20M, it's \$40M, or whatever it actually is.

Director Jorgens stated that the auditor would not sign it, and he has to. Otherwise, it does not meet the criteria because we have creditors, including new ones.

Director Jex stated that if there were a financial statement that the auditor or any public agency knew was incorrect, they would sue you. The liability is so horrendous and he could not be involved with it. He would not be able to serve on the Board if you put out a financial statement that we know is incorrect.

Director Jorgens stated that the Board does not need to have a special meeting until the report is ready to be received, which may not happen in two weeks. If it was not done properly, it will take however long staff and the outside auditor think it will take to get it done.

ASD Sasser stated that she would have to work with the auditor and it depends on his schedule, but she will make it a priority and do it as quickly as possible.

Director Jex stated that the implementation guides and recommendations are that you have to go back and restate 2015 and 2014. It should have been implemented and reflected as a prior period adjustment going back beyond 2015. There is not a lot of math but there are numbers involved.

Director Anderson stated if we go that route, we might need a new auditor. If the individual who audited this agrees to that change, then it is just a matter of time. We cannot take and recast our prior financial statements with a brand new auditor without him doing some research.

President Famulener stated that she cannot believe that the District's auditor would not go along with whatever GASB says.

Director Barber stated that he does not understand what the harm would be in trying to get the advice from GASB now and reconvening as soon as possible after that.

President Famulener suggested that staff schedule a special meeting in two weeks. If we do not have the GASB answer or if there is a problem, we can always cancel the meeting.

Director Anderson stated that he would like to listen in on the conference call with the GASB experts. Jennifer Fraught stated that the definition of a meeting in the Brown Act is the majority of the members at the same time, place and location to hear, discuss or deliberate on any action item or any item of business that is within the subject matter jurisdiction. If you have a majority hearing the conference call, it will be a meeting that needs to be noticed within 24 hours.

Chief Healy stated that it might be better for the auditor to have it in the form of an ad hoc committee meeting. He supported the idea of scheduling a special meeting in a couple weeks – on Wednesday, March 1, 2017. The Board took a short break at 8:45 P.M. to check their calendars for availability.

President Famulener reconvened the meeting at 8:54 P.M. She announced that all Board members are available to attend a special meeting on March 1, 2017. On the agenda would be the closed session items, an update from the Financial Reporting Ad Hoc Committee, an item to receive the CAFR (if the GASB issue has been resolved), and the audit services contract.

**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**

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.

President Famulener asked to remove this item and include it on next month's meeting agenda. Director Anderson agreed and stated that there are currently enough committees and a lot of work to do.

Motion by Director Famulener and seconded by Director Jorgens that Item 6.2 be dropped from the agenda this evening and placed on the March 15, 2017 agenda. Said motion carried a 4-1 roll-call vote (Ayes: Barber, Famulener, Jex and Jorgens; Noes: Anderson).

**6.3 Mid-Year Budget Review 2016/17, Approve Budget Adjustments and Long Range Financial Plan Update**

Staff 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.

Director Jex thought that the budget was clearly explained in the documents that were given to the Board. The overtime number stood out to Director Jex and he had some discussion with management about it. The number is literally 25% of salaries and the equivalent of what would be another 15 additional people. He recommended that the committee that handles the 2017/2018 budget look into it. Director Jex stated that if we save a million dollars from that, by either tweaking some additional staffing or whatever it might be, we could then budget a meaningful number to go into the post-employment benefit funding. The committee can look at how we might make some changes that would still allow us to make a substantial contribution and include it in the budget.

President Famulener stated that when we pay overtime, we are not paying benefits. If we hire more employees, we look at a whole new set of benefits and pension obligations. The number is not as big as it looks off the top.

Director Anderson stated that the Chief well documented the staffing levels in both the Strategic and Business Plans. We are well aware of the overtime costs, which have been a result of a lot of effort due to the 2008 debacle.

Director Jex commented that we need to budget and plan for a major contribution or it will not happen. We need to generate the resources to do it.

Director Jorgens asked if ASD Sasser made an assumption about the financing plan for the purchase of the ambulances and fire engine in the budget, and when it would be brought to the Board. ASD Sasser stated that it was included and the plan is to issue a lease financing for the apparatus purchase earlier this year. In order to do that, we issue Requests for Proposals (RFP) from different banks and they bid on it to get the most competitive rates. There are 18 months from when the resolution was passed to do this, which we will do in the near future.

President Famulener commented that the District could not apply for any loans unless we have a CAFR on the books.

Director Jorgens stated that the District should not want to do that anyway. We do not have to get a bid to be able to do the rough math and see whether it is a good idea or not. If we have an option of borrowing money for almost zero and we are earning zero on the capital balance that we have, why would you not use some of the capital balance, which you can use as just cash. Borrow the money from our plan at almost zero instead of paying any interest rate that regardless of how attractive it may be. Every alternative would be worse than just using the cash that we have.

President Famulener stated that there were some that lived through when the District almost had to “turn the lights out”, and we are a little skittish about touching the capital account.

Motion by Director Jorgens and seconded by Director Jex to accept the following as amended:

- Approve an increase in the General Fund revenue budget in the amount of \$323,948
- Approve an increase in General Fund expenditure appropriations in the amount of \$431,516
- Approve an increase in the Capital Projects Fund revenue budget in the amount of \$2,960,024
- Approve a decrease in the Capital Projects Fund expenditure appropriations in the amount of \$13,394
- Approve an increase in the Debt Service Fund revenue budget in the amount of \$3,000.

Said motion carried a unanimous 5-0 roll-call vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

#### **6.4 Annual Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016**

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.

President Famulener stated that it has already been announced that Items 6.4 and 6.5 would be discussed at a special meeting on March 1, 2017. Counsel stated that a separate vote was not necessary.

**6.5 Audit Services Contract for Fiscal Year 2016/17**

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.

Director Jorgens stated that if the beginning of the process is to put out an RFP for an auditor, there is nothing that should preclude us from doing that. President Famulener agreed and directed staff to begin the RFP process. Director Jorgens suggested including an option that they may need to go back and do the two prior audits.

Director Anderson commented on whether we want to start the RFP process given we are going to be asking the current auditor to possibly accept changes that he may not be willing to sign off on. Director Jex stated that they were hoping to re-engage the auditor, get him to agree, understand why adjustments need to be made, and then reflect it.

President Famulener suggested putting Item 6.5 off until the March 1, 2017 meeting.

**7. Announcements**

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

There was nothing to report.

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

Chief Healy stated that he sent an invitation to the Board an invitation for the retirement reception for Janet Keeter, the City Manager for the City of Orinda, on February 16, 2017. February 21, 2017 will be her last City Council meeting, where he will be presenting Ms. Keeter with a proclamation and plaque from the District.

Director Barber asked staff if it would it be possible for East Bay Municipal Utility District (EBMUD) to give an update on their efforts to identify the costs associated with improvements. Chief Healy said that he sent them an email, but has not heard back. He stated he would follow up with them. Director Barber asked for a report, if any, at a subsequent meeting.

Fire Captain Mike Lacy gave a slideshow presentation on calls for service during the last few months. There were approximately 400 calls between District engines, trucks, rescues and ambulance crews. The presentation included information on incidents such as the Miner Road sinkhole, the landslide at Van Tassel, accidents in Moraga and Lafayette, automatic aid to two structure fires in Lafayette, a tree that crashed into a house, a vehicle that crashed into a house, and a large tree that fell onto the freeway. The Board thanked Captain Lacy for the presentation.

**8. Adjournment**

At 9:30 P.M., President Famulener called for adjournment of the regular meeting.



Grace Santos  
Secretary to the Board

### 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...

	February, 2017			Totals
	Structure Fires	All Other Types	EMS / Rescue	
Incident Totals	1	117	136	254
Median Turnout	1.40	1.65	1.42	1.55
Median Resp Time	7.34	5.62	5.79	5.77
Resp Time (90th%)	8.23	12.35	10.18	10.89

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

		February, 2017			
		Incident Totals	Median Turnout	Median Resp Time	Resp Time (90th%)
Orinda	EMS / Rescue	56	1.35	5.15	8.80
	All Other Types	18	1.98	5.51	11.97
	Totals for City	74	1.38	5.20	9.28
Moraga	EMS / Rescue	44	1.30	3.95	6.61
	All Other Types	15	1.57	4.88	5.62
	Totals for City	59	1.33	4.37	6.10
Lafayette	EMS / Rescue	13	1.68	6.90	8.60
	Structure Fires	1	0.93	6.45	6.45
	All Other Types	1	1.00	8.63	8.63
	Totals for City	15	1.55	6.90	8.63
Overall Total		148	1.38	5.15	8.50

### Response Totals By Incident Type

	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Total
All Others (Alarms / Pub Service / Etc.)	104	83	101	112	108	72	118	112	104	119	117	118	1,268
EMS / Rescue	162	157	158	163	157	120	133	144	158	166	190	118	1,826
Structure Fires	2	2	2	5	2	2	1	1	2	2	2	1	24
Veg Fires			3	4	5		2	1					15
Vehicle Accidents	29	15	22	10	12	13	16	22	11	24	21	17	212
<b>Grand Total</b>	<b>297</b>	<b>257</b>	<b>286</b>	<b>294</b>	<b>284</b>	<b>207</b>	<b>270</b>	<b>280</b>	<b>275</b>	<b>311</b>	<b>330</b>	<b>254</b>	<b>3,345</b>

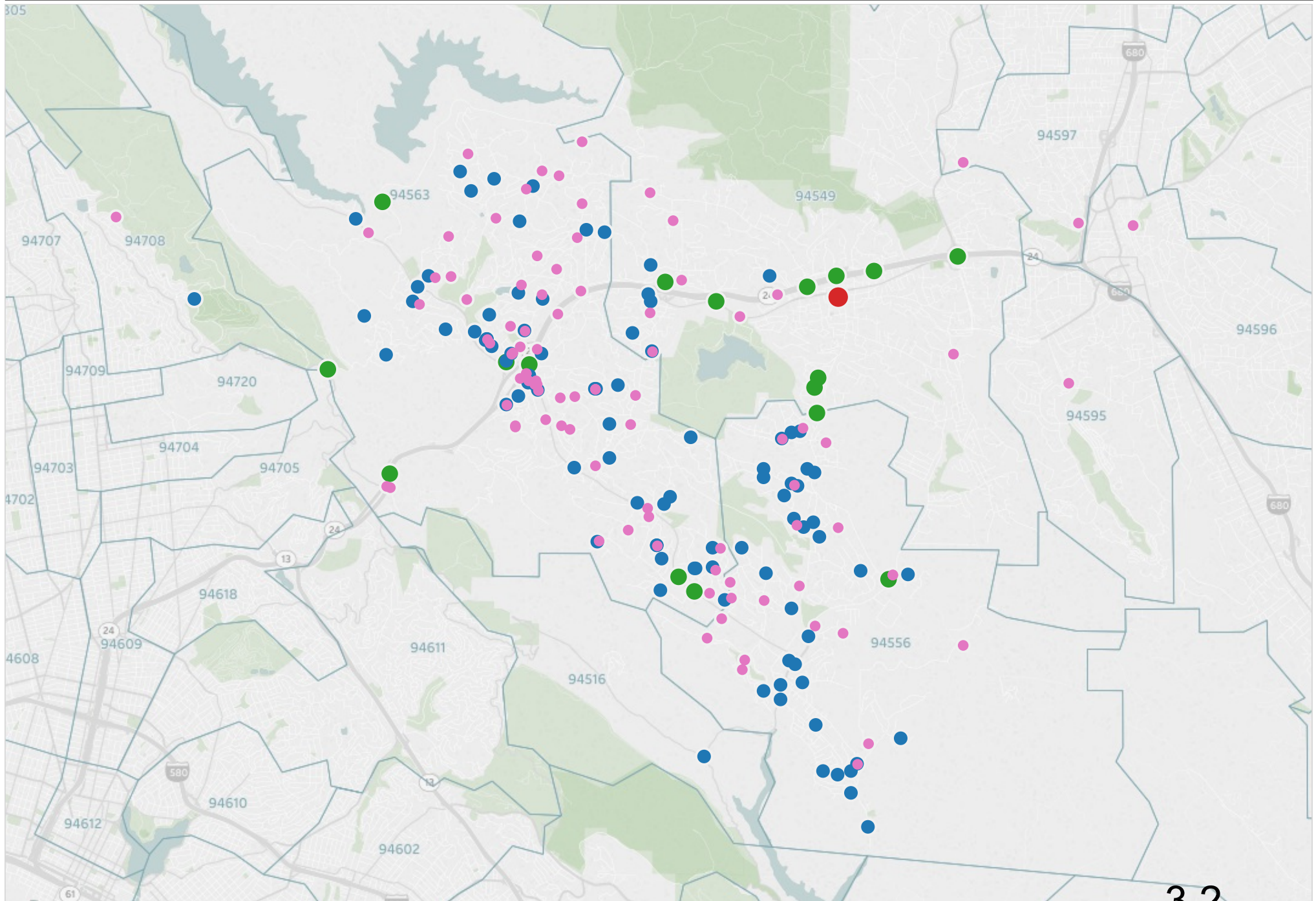
**Incident Types**

■ All Others (Alarms / Pub Service / Etc.) ■ EMS / Rescue

■ Vehicle Accidents

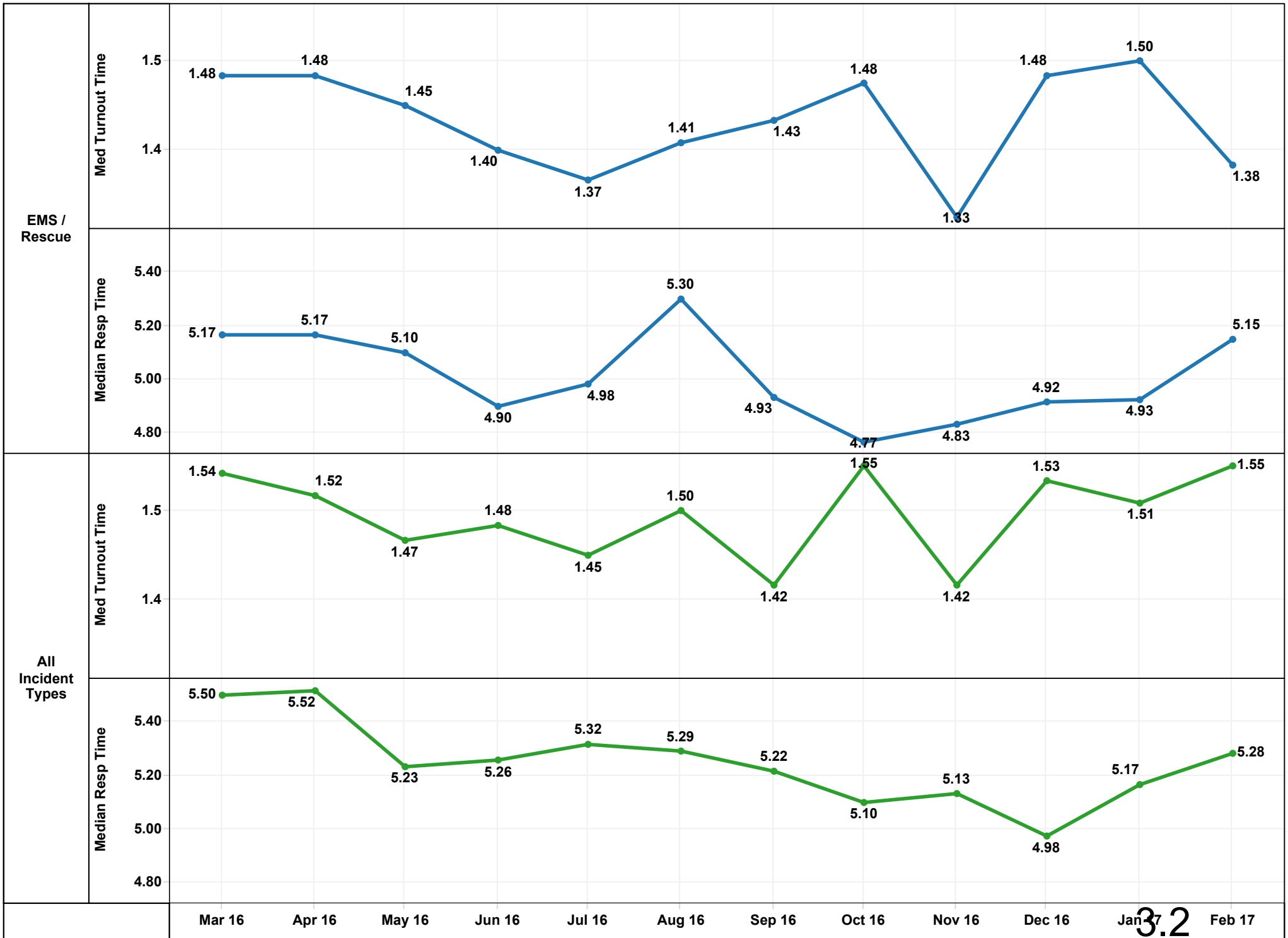
■ Structure Fires

**Incident Location Map for MOFD February 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



3.2

Moraga-Orinda Fire District  
 Check/Voucher Register - Check Register  
 From 2/1/2017 Through 2/28/2017

Check Number	Check Date	Name	Check Amount	Transaction Description
24436	2/2/2017	ADT Security Services	65.73	Services 02/9/17-03/08/17- Station 45
24437	2/2/2017	A T and T Mobility	1,219.99	Phone Acct #287016079073 12/16/16-01/15/17
24438	2/2/2017	Bandwidth.com, Inc.	412.24	Service 02/1/17-02/28/17
24439	2/2/2017	Bound Tree Medical, LLC	2,824.12	Misc supplies
24440	2/2/2017	FASIS - Calif Bank and Trust	176,564.00	3rd Qtr FY16/17 Workers Comp
24441	2/2/2017	Contra Costa Health Services	160.00	Paramedic-Initial accreditation-Dulli and Wilson
24442	2/2/2017	Comcast	86.28	8155 40 005 0208428 Station 41-01/29/17-02/28/17
24443	2/2/2017	Stephen Healy	54.79	Reimb. lunch mtg-Board agenda
24444	2/2/2017	Lafayette Automotive Supply	6.39	5 lamp bulbs
	2/2/2017	Lafayette Automotive Supply	15.13	Car headlights-K. Leonard
24445	2/2/2017	Office Depot	74.00	Cleaning supplies and binder clips and signature tags
24446	2/2/2017	Staples Advantage	81.13	Misc. supplies-Station 45
24447	2/2/2017	Lucas Trumpf	365.00	Instructor 1
24448	2/2/2017	Christina Vargas	150.00	Reimb. SPHR recertification
24449	2/2/2017	Wildland Resource Management Inr	5,500.00	Annual dues-2017-HEF Membership
24450	2/2/2017	Wittman Enterprises, LLC	4,038.95	December 2016
24451	2/2/2017	World Point ECC, Inc.	769.80	CPR supplies
24452	2/16/2017	ADP, Inc.	952.78	HR/Benefit Workforce processing& Payroll fees ending 1/31/17
24453	2/16/2017	AFSCME Council 57	169.83	Period Ending 01/31/17
24454	2/16/2017	Air Exchange Inc.	773.99	Wireless system for engine & medic bay doors
24455	2/16/2017	Airgas USA, LLC	203.49	Tank Rental-Station 41- #2118770 -January 2017
	2/16/2017	Airgas USA, LLC	31.57	Tank Rental-Station 44- #2902766 -January 2017
	2/16/2017	Airgas USA, LLC	227.77	Tank Rental-Station 45- #2867225 -January 2017
24456	2/16/2017	Jacob Airola	44.15	Reimb. mileage and meal-CERT TTT class 1/27/17-1/29/17
24457	2/16/2017	Allied Propane Services, Inc	338.39	Commercial propane 01/26/17
24458	2/16/2017	ALSCO - American Linen Divison	1,100.70	January 2017 linen
24459	2/16/2017	American Fidelity	2,086.14	Period ending 1/31/17
	2/16/2017	American Fidelity	1,078.68	Supplemental deductions-Period Ending 01/31/17
24460	2/16/2017	American Messaging	150.12	Paging Service February 2017
24461	2/16/2017	Arrow International, Inc.	2,414.53	EZ IO needles
24462	2/16/2017	County of Contra Costa	720.00	Station 41 alerting system repair
24463	2/16/2017	Contra Costa Federal Credit Union	805.00	Period Ending 01/31/17
24464	2/16/2017	Comcast	86.21	8155 40 006 0191002 Station 44-02/14/16-03/13/17
	2/16/2017	Comcast	86.21	8155 40 006 0191028 Station 43-02/14/17-03/13/17
24465	2/16/2017	County Clerk	4,609.76	Election cost-11/8/16
24466	2/16/2017	Dell Financial Services	302.46	Rental & Admin Fee 03/01/17-03/31/17 A/C #001-8402535-009
24467	2/16/2017	Department of Consumer Affairs	120.00	CPA license renewal-2017
24468	2/16/2017	East Bay Times	331.20	Subscription 1/28/17-7/14/17
	2/16/2017	East Bay Times	110.40	Subscription 1/28/17-7/14/17 Station 41
	2/16/2017	East Bay Times	110.40	Subscription 1/28/17-7/14/17 Station 42
24469	2/16/2017	EBMUD	148.06	Water 12/02/16-02/02/17 3/4" meter
	2/16/2017	EBMUD	419.74	Water 12/02/16-02/02/17 6" meter
24470	2/16/2017	Emergency Access Controls	8,186.38	Station 45 new Alerting System and installation
24471	2/16/2017	Employment Development Dept.	1,859.00	UI-10/01/16-12/31/16
24472	2/16/2017	Far Western Trophy & Award	83.77	Retirement plaque-J. Keeter
24473	2/16/2017	Government Finance Officer's Asso	160.00	Annual membership-G. Sasser 3/1/17-2/28/18
24474	2/16/2017	HdL Coren & Cone	3,150.00	Contract services-Property taxes 01/01/17-03/31/17
24475	2/16/2017	Herff Jones	822.16	Service years pins

Moraga-Orinda Fire District  
 Check/Voucher Register - Check Register  
 From 2/1/2017 Through 2/28/2017

Check Number	Check Date	Name	Check Amount	Transaction Description
24476	2/16/2017	HomeTeam Pest Defense, LLC	42.90	Pest Control A/C #1133175 Inv. 49736545
	2/16/2017	HomeTeam Pest Defense, LLC	46.80	Pest Control A/C #916501 Inv. 49735954
24477	2/16/2017	Hunt & Sons, Inc.	2,317.96	Fuel A/C #72371
	2/16/2017	Hunt & Sons, Inc.	1,473.02	Fuel A/C #72372
	2/16/2017	Hunt & Sons, Inc.	702.57	Fuel A/C #72375
24478	2/16/2017	IAFF Local 1230 Dues	7,834.90	Period Ending 01/31/17
24479	2/16/2017	IAFF Local 1230 Insurance	1,864.19	Period Ending 01/31/17
24480	2/16/2017	Kronos Incorporated	90.00	Telestaff upgrade
	2/16/2017	Kronos Incorporated	2,343.75	Workforce Telestaff Global Access V6
24481	2/16/2017	Lafayette Automotive Supply	94.54	Anti-freeze
	2/16/2017	Lafayette Automotive Supply	5.33	Auto lamp
24482	2/16/2017	L.N. Curtis & Sons	545.62	2 Flash Hoods
	2/16/2017	L.N. Curtis & Sons	152.25	PPE repairs
	2/16/2017	L.N. Curtis & Sons	407.66	Structure boots-Gehling
	2/16/2017	L.N. Curtis & Sons	402.38	Structure boots-Keena
	2/16/2017	L.N. Curtis & Sons	406.73	Structure boots-Lacy
	2/16/2017	L.N. Curtis & Sons	4,988.82	Structure coats and pants-Wilson and Dulli
	2/16/2017	L.N. Curtis & Sons	291.45	Versitol cleaner
	2/16/2017	L.N. Curtis & Sons	506.77	Wildland pants-Leach and Trumpf
	2/16/2017	L.N. Curtis & Sons	103.79	Yellow ladder cap replacement
24483	2/16/2017	Matt Lopez	50.00	Shoes
24484	2/16/2017	Moraga-Orinda Professional Firefigt	530.00	Period Ending 01/31/17
24485	2/16/2017	National Construction Rentals	34.26	Overhead meter pole-0002 monthly rental- 01/24/17-02/20/17
24486	2/16/2017	Pacific Gas & Electric	1,137.23	01/04/17-02/01/17 Station 44
	2/16/2017	Pacific Gas & Electric	943.14	01/04/17-02/01/17 Station 45 Electric
	2/16/2017	Pacific Gas & Electric	429.91	01/05/17-02/02/17 Admin
	2/16/2017	Pacific Gas & Electric	921.35	01/05/17-02/02/17 Station 41
	2/16/2017	Pacific Gas & Electric	810.25	01/05/17-02/02/17 Station 42 Electric
	2/16/2017	Pacific Gas & Electric	304.44	01/06/17-02/03/17 Station 42 Gas
24487	2/16/2017	PODS Enterprises, LLC	227.49	Container rental 02/12/17-03/11/17
24488	2/16/2017	Premier COMP Medical Group, Inc.	815.00	1 Annual Exam and 2 Annual Labs
24489	2/16/2017	Reinholdt Engineering Construction	459.15	Station 45 fuel tank vapor testing
24490	2/16/2017	Republic Services	638.32	February 2017 Trash A/C#302100093245
	2/16/2017	Republic Services	81.56	February 2017 Trash A/C#302100094052
	2/16/2017	Republic Services	432.82	February 2017 Trash A/C#302100095331
	2/16/2017	Republic Services	81.56	February 2017 Trash A/C#302100108522
24491	2/16/2017	Shred-it	66.00	January 2017 pick-up
24492	2/16/2017	Smart Clean Building Maintenance	245.00	February 2017 cleaning service
	2/16/2017	Smart Clean Building Maintenance	250.00	Special tile cleaning in entry, kitchen and rest rooms
24493	2/16/2017	Snowy River EMS Productions LLC	2,205.00	PHTLS recert class 1/30/17- 9 students
24494	2/16/2017	SoftwareOne	11,801.63	Microsoft EA #56527243 11/1/2016-10/31/2017
24495	2/16/2017	Staples Advantage	223.93	Misc. supplies-Station 42
24496	2/16/2017	Stewart Enterprises II	10,968.14	Services 1/18/17-2/13/17
24497	2/16/2017	Terracon Consultants, Inc	455.00	Services through 02/04/17
24498	2/16/2017	Verizon Wireless	1,118.55	Account 623714059-00001 Service 12/24/16-01/23/17
24499	2/24/2017	ADT Security Services	42.99	Services 03/4/17-04/03/17- Admin bldg. burglar system
	2/24/2017	ADT Security Services	40.33	Services 03/4/17-04/03/17- Admin bldg. camera
24500	2/24/2017	Airgas USA, LLC	779.27	Oxygen-Station 41- #2118770
24501	2/24/2017	City of Alameda	20,000.00	Firefighter Recruit Academy 2016-02 10/3/16-2/2/17

Moraga-Orinda Fire District  
Check/Voucher Register - Check Register  
From 2/1/2017 Through 2/28/2017

Check Number	Check Date	Name	Check Amount	Transaction Description
24502	2/24/2017	Bartel Associates, LLC	975.00	Consulting Services OPEB Valuation-through December 2016
24503	2/24/2017	Biomedical Waste Disposal	79.00	Feb. 2017 Medical Waste A/C #0349
	2/24/2017	Biomedical Waste Disposal	79.00	Feb. 2017 Medical Waste A/C #0350
24504	2/24/2017	Blue Cross of California	18.10	Refund overpayment-Claim 16294GD9686
24505	2/24/2017	Bound Tree Medical, LLC	359.38	Blankets
	2/24/2017	Bound Tree Medical, LLC	(14.82)	Credit carryover 9/14/16
	2/24/2017	Bound Tree Medical, LLC	478.52	IV start kits
	2/24/2017	Bound Tree Medical, LLC	5,818.19	Misc supplies
	2/24/2017	Bound Tree Medical, LLC	120.16	Restraint straps
24506	2/24/2017	Definitive Networks, Inc.	15,486.00	Service coverage for December 2016
	2/24/2017	Definitive Networks, Inc.	15,466.00	Service coverage for January 2017
24507	2/24/2017	Elk Grove Ford	27,008.56	2017 Ford Explorer 2WD
24508	2/24/2017	Humana Health Care Plans	65.04	Refund overpayment- Claim #358521887
24509	2/24/2017	Kaiser	1,270.00	Refund overpayment- Claim #201634779671400
24510	2/24/2017	Lafayette Automotive Supply	10.18	Halogen lamps-E43
24511	2/24/2017	Mike Marquardt	72.41	Reimb. mileage and toll to Search & Rescue class 2/14/17
24512	2/24/2017	Michael Martinez	200.00	Paramedic licence renewal-M. Martinez
24513	2/24/2017	Meyers,Nave,Riback,Silver,Wilson	6,673.59	January 2017-Client Matter 1025.001
	2/24/2017	Meyers,Nave,Riback,Silver,Wilson	168.53	January 2017-Client Matter 1025.005
24514	2/24/2017	Minuteman Press	864.83	ISO rating postcards
24515	2/24/2017	Office Depot	146.84	Copy paper, pens and cleaning supplies
24516	2/24/2017	Patricia Mills	98.89	Refund overpayment-Run # 15-434383 11/28/15
24517	2/24/2017	Paymentus Group, Inc.	31.15	Credit card fees-January 2017
24518	2/24/2017	PLIC- SBD Grand Island	116.55	March 2017
24519	2/24/2017	Principia Engineering, Inc.	15,609.50	Consulting services 01/01/17-01/31/17
24520	2/24/2017	Safeway, Inc	5.59	Water for meeting 2/15/17
24521	2/24/2017	Staples Advantage	91.85	Misc. supplies-Station 41
	2/24/2017	Staples Advantage	254.62	Misc. supplies-Station 42
	2/24/2017	Staples Advantage	44.14	Misc. supplies-Station 43
	2/24/2017	Staples Advantage	185.07	Misc. supplies-Station 44
	2/24/2017	Staples Advantage	334.83	Misc. supplies-Station 45
24522	2/24/2017	Verizon Wireless	56.28	12-lead modem wireless 01/11/17-02/10/17
AP-3	2/2/2017	Pacific-Mountain Contractors of CA	23,329.66	Contractor services through 01/31/17
CC-05	2/16/2017	CCCERA Retirement	147,349.39	CCCERA retirement payment-Jan. contributions
CP033	2/9/2017	Calif. Public Employees'	166,245.57	CalPers Health Ins
DD033	2/9/2017	Delta Dental Plan of Calif.	15,729.16	Delta Dental ACH payment
M50603	2/15/2017	Pierce Manufacturing, Inc.	2,492,591.19	Purchase 2 Pierce Arrow XT Pumpers & 1 Aerial XT
Report Total			<u>3,242,202.14</u>	

**Moraga-Orinda Fire District**  
Statement of Revenues and Expenditures - Capital Projects Fund Actual to Budget-16/17  
From 7/1/2016 Through 1/31/2017

		Current Period Actual	YTD Budget - Original	YTD Budget Variance - Original	Percent Total Budget Remaining - Original
<b>Revenue</b>					
<b>Taxes</b>					
Fire Flow Tax	4066	1,076,738.44	1,070,214.00	6,524.44	0.61%
Total Taxes		1,076,738.44	1,070,214.00	6,524.44	0.61%
<b>Use of Money &amp; Property</b>					
Investment Earnings	4181	9,105.49	1,000.00	8,105.49	810.55%
Total Use of Money & Property		9,105.49	1,000.00	8,105.49	810.55%
<b>Charges for Service</b>					
Impact Mitigation Fees	4743	82,000.00	10,000.00	72,000.00	720.00%
Total Charges for Service		82,000.00	10,000.00	72,000.00	720.00%
Total Revenue		1,167,843.93	1,081,214.00	86,629.93	8.01%
<b>Expenditures</b>					
<b>Other Expense</b>					
Bank Fees	7510	73.00	100.00	27.00	27.00%
Fire Flow Tax Collection Fees	7531	12,105.68	11,500.00	(605.68)	(5.27)%
Capital Contingency-Facilities, ...	7700	14,397.54	150,000.00	135,602.46	90.40%
Fire Fighting Equip-Fixed Asset ...	7701	0.00	20,000.00	20,000.00	100.00%
Apparatus/Vehicles-Fixed Asset...	7703	122,130.20	3,008,949.00	2,886,818.80	95.94%
Buildings-Station #41-Fixed Ass...	7705	15,239.88	50,000.00	34,760.12	69.52%
Buildings-Station #43-Fixed Ass...	7706	711,272.94	4,477,000.00	3,765,727.06	84.11%
Misc. Equipment Expense	7709	19,172.42	179,770.00	160,597.58	89.34%
Transfers to Debt Service Fund	7999	175,085.96	362,165.00	187,079.04	51.66%
Total Other Expense		1,069,477.62	8,259,484.00	7,190,006.38	87.05%
Total Expenditures		1,069,477.62	8,259,484.00	7,190,006.38	87.05%
Excess of Revenues Over/ (Under) Expenditures		98,366.31	(7,178,270.00)	7,276,636.31	(101.37)%

**Moraga-Orinda Fire District**  
Statement of Revenues and Expenditures - General Fund Actual to Budget 16/17  
From 7/1/2016 Through 1/31/2017

		Current Period Actual	Total Budget \$ - Original	Total Budget \$ Variance - Original	Percent Total Budget Remaining - Original
<b>Revenue</b>					
<b>Taxes</b>					
Property Tax-Current Secured	4010	17,554,923.37	17,556,871.00	(1,947.63)	(0.01)%
Property Tax-Supplemental	4011	150,841.32	300,000.00	(149,158.68)	(49.72)%
Property Tax-Unitary	4013	212,125.50	203,699.00	8,426.50	4.14%
Property Tax-Curr Unsecured	4020	567,696.30	605,000.00	(37,303.70)	(6.17)%
Prop Tax- Prior Secured	4030	(46,762.34)	(61,010.00)	14,247.66	(23.35)%
Prop Tax-Prior Supplement	4031	(29,560.43)	(25,262.00)	(4,298.43)	17.02%
Prop Tax Prior Unsecured	4035	<u>13,793.05</u>	<u>(10,000.00)</u>	<u>23,793.05</u>	<u>(237.93)%</u>
<b>Total Taxes</b>		<u>18,423,056.77</u>	<u>18,569,298.00</u>	<u>(146,241.23)</u>	<u>(0.79)%</u>
<b>Use of Money &amp; Property</b>					
Investment Earnings	4181	<u>611.08</u>	<u>0.00</u>	<u>611.08</u>	<u>0.00%</u>
<b>Total Use of Money &amp; Property</b>		<u>611.08</u>	<u>0.00</u>	<u>611.08</u>	<u>0.00%</u>
<b>Intergovernmental Revenue</b>					
Homeowners Relief Tax	4385	77,203.90	158,000.00	(80,796.10)	(51.14)%
CA FF JAC Training Funds	4440	0.00	25,091.00	(25,091.00)	(100.00)%
Other/In Lieu of Taxes	4580	0.00	902.00	(902.00)	(100.00)%
Measure H-Emerg Med Ser Subsid	4896	0.00	86,592.00	(86,592.00)	(100.00)%
<b>Total Intergovernmental Revenue</b>		<u>77,203.90</u>	<u>270,585.00</u>	<u>(193,381.10)</u>	<u>(71.47)%</u>
<b>Charges for Service</b>					
Permits	4740	614.00	2,364.00	(1,750.00)	(74.03)%
Plan Review	4741	205,776.00	170,000.00	35,776.00	21.04%
Inspection Fees	4742	22,791.00	24,000.00	(1,209.00)	(5.04)%
Weed Abatement Charges	4744	4,908.76	6,774.00	(1,865.24)	(27.54)%
CPR/First Aid Classes	4745	1,751.50	2,000.00	(248.50)	(12.43)%
Reports/ Photocopies	4746	112.00	350.00	(238.00)	(68.00)%
Other Charges for Service	4747	<u>7,788.00</u>	<u>8,650.00</u>	<u>(862.00)</u>	<u>(9.97)%</u>
<b>Total Charges for Service</b>		<u>243,741.26</u>	<u>214,138.00</u>	<u>29,603.26</u>	<u>13.82%</u>
<b>Charges for Service - Ambulance</b>					
Ambulance Service Fees	4898	525,375.52	1,048,120.00	(522,744.48)	(49.87)%
Ambulance Service Fee Reimbursements	4899	(52,842.33)	(67,980.00)	15,137.67	(22.27)%
Ambulance Collection Recovery Payments	4900	964.70	3,000.00	(2,035.30)	(67.84)%
<b>Total Charges for Service - Ambulance</b>		<u>473,497.89</u>	<u>983,140.00</u>	<u>(509,642.11)</u>	<u>(51.84)%</u>
<b>Other Revenue</b>					
Other Revenue-Strike Team Recovery	4971	118,949.59	332,718.00	(213,768.41)	(64.25)%
Other Revenue & Financing Sources	4972	0.00	46,174.00	(46,174.00)	(100.00)%
Other Revenue-Misc.	4974	1,551.82	1,000.00	551.82	55.18%
Misc Rebates & Refunds	4975	1,515.17	1,000.00	515.17	51.52%
Sale of Surplus Property	4980	<u>6,918.18</u>	<u>1,000.00</u>	<u>5,918.18</u>	<u>591.82%</u>
<b>Total Other Revenue</b>		<u>128,934.76</u>	<u>381,892.00</u>	<u>(252,957.24)</u>	<u>(66.24)%</u>
<b>Total Revenue</b>		<u>19,347,045.66</u>	<u>20,419,053.00</u>	<u>(1,072,007.34)</u>	<u>(5.25)%</u>
<b>Expenditures</b>					
<b>Salaries &amp; Benefits</b>					
Permanent Salaries	5011	4,629,780.55	8,015,911.00	3,386,130.45	42.24%
Temporary Salaries	5013	89,118.75	174,950.00	85,831.25	49.06%
Overtime	5014	1,161,188.00	1,860,025.00	698,837.00	37.57%
Deferred Compensation	5015	75,473.38	105,887.00	30,413.62	28.72%

**Moraga-Orinda Fire District**  
Statement of Revenues and Expenditures - General Fund Actual to Budget 16/17  
From 7/1/2016 Through 1/31/2017

		Current Period Actual	Total Budget \$ - Original	Total Budget \$ Variance - Original	Percent Total Budget Remaining - Original
Overtime - Strike Team	5016	333,095.48	276,730.00	(56,365.48)	(20.37)%
Contract Services	5018	60,140.30	100,000.00	39,859.70	39.86%
Worker's Compensation Recovery	5019	(87,071.36)	(40,000.00)	47,071.36	(117.68)%
Payroll Taxes -FICA,SUI	5042	96,759.93	166,110.00	69,350.07	41.75%
Payroll Processing Fees	5043	8,621.63	20,000.00	11,378.37	56.89%
Retirement Contributions	5044	2,571,449.48	4,440,332.00	1,868,882.52	42.09%
Life/Health Insurance-Permanent Employees	5060	583,286.71	1,107,452.00	524,165.29	47.33%
Employee's-Health Insurance Contribution	5061	(106,123.73)	(262,140.00)	(156,016.27)	59.52%
Retiree Health Insurance	5062	682,187.69	1,300,000.00	617,812.31	47.52%
Retiree-Health Insurance Contribution	5063	(194,647.92)	(430,000.00)	(235,352.08)	54.73%
Unemployment Insurance	5064	6,960.37	10,000.00	3,039.63	30.40%
Retiree-Health OPEB Contribution	5065	256,000.00	256,000.00	0.00	0.00%
Vision Insurance	5066	9,736.28	13,000.00	3,263.72	25.11%
Workers' Compensation Insurance	5070	353,128.00	706,005.00	352,877.00	49.98%
<b>Total Salaries &amp; Benefits</b>		<b>10,529,083.54</b>	<b>17,820,262.00</b>	<b>7,291,178.46</b>	<b>40.92%</b>
<b>Operating Expense</b>					
Office Supplies	6100	12,294.81	18,150.00	5,855.19	32.26%
Postage	6101	2,789.05	8,500.00	5,710.95	67.19%
Books & Periodicals	6102	1,606.35	6,850.00	5,243.65	76.55%
Printer Ink Cartridges	6103	2,107.63	7,500.00	5,392.37	71.90%
Telephone/Communication	6110	21,716.59	45,000.00	23,283.41	51.74%
Dispatch/Comm Center Services w/ AVL MDT	6111	0.00	170,000.00	170,000.00	100.00%
Utilities- Sewer	6120	3,061.80	3,800.00	738.20	19.43%
Utilities-Garbage	6121	8,814.34	14,870.00	6,055.66	40.72%
Utilities-PG&E	6122	31,358.58	67,040.00	35,681.42	53.22%
Utilities-Water	6123	5,733.69	15,120.00	9,386.31	62.08%
Utilities-Medical Waste	6124	1,264.00	2,150.00	886.00	41.21%
Small Tools & Instruments	6130	2,344.54	21,250.00	18,905.46	88.97%
Minor Equipment/Furniture	6131	881.64	2,000.00	1,118.36	55.92%
Computer Equipment & Supplies	6132	1,049.13	10,000.00	8,950.87	89.51%
Gas Power Chain Saw/Other Equipmen	6133	6,515.84	12,000.00	5,484.16	45.70%
Fire Trail Grading	6135	13,320.00	20,500.00	7,180.00	35.02%
Fire Fighting Equipment & Supplies	6137	2,282.84	12,300.00	10,017.16	81.44%
Fire Fighting Equipment-Hoses & Nozzles	6138	10,346.75	16,500.00	6,153.25	37.29%
Fire Fighting Equipment-Class A Foam	6139	0.00	1,500.00	1,500.00	100.00%
Medical & Lab Supplies	6140	47,333.39	110,000.00	62,666.61	56.97%
Food Supplies	6150	2,083.43	8,500.00	6,416.57	75.49%
Safety Clothing & Personal Supplies	6160	15,648.44	65,000.00	49,351.56	75.93%

**Moraga-Orinda Fire District**  
Statement of Revenues and Expenditures - General Fund Actual to Budget 16/17  
From 7/1/2016 Through 1/31/2017

		Current Period Actual	Total Budget \$ - Original	Total Budget \$ Variance - Original	Percent Total Budget Remaining - Original
Non-Safety Clothing & Personal Supplies	6161	500.00	2,000.00	1,500.00	75.00%
Household Expense	6170	7,064.46	22,825.00	15,760.54	69.05%
Household Expense-Linen	6171	7,626.87	15,330.00	7,703.13	50.25%
Public & Legal Notices	6190	1,138.64	4,750.00	3,611.36	76.03%
Dues, Memberships & Professional Fees	6200	8,756.50	19,790.00	11,033.50	55.75%
EMT/Paramedic Licensure Fees	6201	1,560.00	5,500.00	3,940.00	71.64%
Rent & Leases (Equipment)	6250	30,077.88	42,950.00	12,872.12	29.97%
Computer Software & Maintenance	6251	38,451.12	78,875.00	40,423.88	51.25%
Website Development & Maintenance	6252	1,620.00	1,700.00	80.00	4.71%
EPA ID# Verification Fee	6264	150.00	200.00	50.00	25.00%
CCC HazMat Plan (CUPA)	6265	2,519.00	3,000.00	481.00	16.03%
BAAQMD & Environmental Health Fees	6266	617.00	750.00	133.00	17.73%
Air Monitor Maintenance & Replacement	6269	0.00	2,000.00	2,000.00	100.00%
Maintenance -- Equipment	6270	30,461.53	67,975.00	37,513.47	55.19%
Central Garage Repairs	6271	56,458.67	160,000.00	103,541.33	64.71%
Central Garage Gasoline & Oil	6272	24,688.90	80,000.00	55,311.10	69.14%
Central Garage Tires	6273	3,262.16	15,000.00	11,737.84	78.25%
Service/Repair Fuel System Dispensers	6274	0.00	4,500.00	4,500.00	100.00%
Aerial Ladder & Pump Testing	6275	0.00	800.00	800.00	100.00%
Smog Inspections	6276	368.00	500.00	132.00	26.40%
Air Compressor Quarterly Service	6278	0.00	1,500.00	1,500.00	100.00%
Hydro Test SCBA & Oxy Cylinder	6279	964.96	2,000.00	1,035.04	51.75%
Tank Testing	6280	710.00	3,000.00	2,290.00	76.33%
Maintenance -- Building	6281	38,147.13	64,660.00	26,512.87	41.00%
Maintenance -- Grounds	6282	3,234.64	12,650.00	9,415.36	74.43%
Meetings & Travel Expenses	6303	12,591.52	34,200.00	21,608.48	63.18%
Employee Assistance Program	6309	2,205.93	4,300.00	2,094.07	48.70%
Medical - Pre-Emp Processing and Annual Exams	6311	31,496.24	43,000.00	11,503.76	26.75%
Ambulance Billing Administration Fees	6312	19,930.00	60,000.00	40,070.00	66.78%
Outside Attorney Fees	6313	28,170.80	96,000.00	67,829.20	70.66%
Outside CPR Instructors	6314	2,220.00	3,500.00	1,280.00	36.57%
CCC County Tax Administration Fee	6316	0.00	175,000.00	175,000.00	100.00%
Professional Services	6317	16,462.32	41,773.00	25,310.68	60.59%
Professional Services - Labor Negotiator	6318	0.00	10,000.00	10,000.00	100.00%
Professional Services - Technology	6319	79,030.00	262,000.00	182,970.00	69.84%
Professional Services - Pre-Employment Investigations	6320	44,906.31	15,000.00	(29,906.31)	(199.38)%



**Moraga-Orinda Fire District**  
Statement of Revenues and Expenditures - General Fund Actual to Budget 16/17  
From 7/1/2016 Through 1/31/2017

		Current Period Actual	Total Budget \$ - Original	Total Budget \$ Variance - Original	Percent Total Budget Remaining - Original
Professional Services - Promotional Exams & Recruitment	6321	18,077.10	29,000.00	10,922.90	37.67%
Professional Services-OPEB Actuarial Valuation	6322	12,139.00	13,000.00	861.00	6.62%
Exterior Hazard Removal	6323	2,758.75	12,000.00	9,241.25	77.01%
Professional Services-Prop Tax Audit & Forecasting	6326	6,300.00	12,600.00	6,300.00	50.00%
Professional Services	6327	2.29	10,000.00	9,997.71	99.98%
Burn Trailer Grant Maintenance	6352	2,800.00	3,000.00	200.00	6.67%
Testing Materials & Training Props	6354	10,532.34	10,000.00	(532.34)	(5.32)%
Career Development Classes	6357	7,400.00	26,000.00	18,600.00	71.54%
Target Safety Online Training	6359	6,000.00	6,195.00	195.00	3.15%
Training & Education Classes-Paramedic & EMT CE	6360	1,265.00	10,000.00	8,735.00	87.35%
District Sponsored Training-Mandated	6361	14,685.20	60,000.00	45,314.80	75.52%
Educational Courses/Conferences Board	6377	580.00	2,200.00	1,620.00	73.64%
Election Expense	6465	47.09	18,000.00	17,952.91	99.74%
Recruiting Costs	6470	252.48	30,000.00	29,747.52	99.16%
Strike Team Supplies	6474	13,965.53	12,550.00	(1,415.53)	(11.28)%
Community Emergency Response Team	6475	5,012.74	11,000.00	5,987.26	54.43%
Exercise Supplies/Maint.	6476	4,334.43	9,100.00	4,765.57	52.37%
Recognition Supplies	6478	7,063.37	16,300.00	9,236.63	56.67%
Other Special Departmental Exp	6479	46,548.58	72,000.00	25,451.42	35.35%
Public Education Supplies	6480	3,532.38	9,500.00	5,967.62	62.82%
CPR Supplies	6481	2,702.85	3,000.00	297.15	9.90%
LAFCO	6482	9,743.86	10,500.00	756.14	7.20%
Emergency Preparedness Expense	6484	7,867.07	8,500.00	632.93	7.45%
Misc. Services & Supplies	6490	18,192.50	38,700.00	20,507.50	52.99%
Property & Liability Insurance	6540	46,620.92	53,000.00	6,379.08	12.04%
<b>Total Operating Expense</b>		<u>936,366.90</u>	<u>2,481,703.00</u>	<u>1,545,336.10</u>	<u>62.27%</u>
<b>Other Expense</b>					
Bank Fees	7510	2,500.49	5,000.00	2,499.51	49.99%
Interest on County Teeter Account	7520	13.93	100.00	86.07	86.07%
County Tax Collection Fees	7530	251.79	300.00	48.21	16.07%
<b>Total Other Expense</b>		<u>2,766.21</u>	<u>5,400.00</u>	<u>2,633.79</u>	<u>48.77%</u>
<b>Total Expenditures</b>		<u>11,468,216.65</u>	<u>20,307,365.00</u>	<u>8,839,148.35</u>	<u>43.53%</u>
<b>Excess of Revenues Over/ (Under) Expenditures</b>		<u>7,878,829.01</u>	<u>111,688.00</u>	<u>7,767,141.01</u>	<u>6,954.32%</u>

**Moraga-Orinda Fire District**  
Statement of Revenues and Expenditures - Debt Service Fund Actual to Budget-16/17  
From 7/1/2016 Through 1/31/2017

		Current Period Actual	Total Budget \$ - Original	Total Budget \$ Variance - Original	Percent Total Budget Remaining - Original
<b>Revenue</b>					
<b>Taxes</b>					
Property Tax-Current Secured	4010	3,219,473.00	3,219,473.00	0.00	0.00%
<b>Total Taxes</b>		<b>3,219,473.00</b>	<b>3,219,473.00</b>	<b>0.00</b>	<b>0.00%</b>
<b>Use of Money &amp; Property</b>					
Investment Earnings	4181	120.23	0.00	120.23	0.00%
<b>Total Use of Money &amp; Property</b>		<b>120.23</b>	<b>0.00</b>	<b>120.23</b>	<b>0.00%</b>
<b>Other Revenue</b>					
Transfers In	4999	175,085.96	362,165.00	(187,079.04)	(51.66)%
<b>Total Other Revenue</b>		<b>175,085.96</b>	<b>362,165.00</b>	<b>(187,079.04)</b>	<b>(51.66)%</b>
<b>Total Revenue</b>		<b>3,394,679.19</b>	<b>3,581,638.00</b>	<b>(186,958.81)</b>	<b>(5.22)%</b>
<b>Expenditures</b>					
<b>Other Expense</b>					
Pension Obligation Bond Principal Payment	7900	2,100,000.00	2,100,000.00	0.00	0.00%
Pension Obligation Bond Interest Payment	7901	914,283.00	914,283.00	0.00	0.00%
Apparatus Lease Principal Payment	7902	41,490.67	83,359.00	41,868.33	50.23%
Apparatus Lease Interest Payment	7903	3,118.49	5,860.00	2,741.51	46.78%
Lease Agreement Station 43 Principal	7906	100,000.00	200,000.00	100,000.00	50.00%
Lease Agreement Station 43 Interest	7907	30,476.80	72,946.00	42,469.20	58.22%
<b>Total Other Expense</b>		<b>3,189,368.96</b>	<b>3,376,448.00</b>	<b>187,079.04</b>	<b>5.54%</b>
<b>Total Expenditures</b>		<b>3,189,368.96</b>	<b>3,376,448.00</b>	<b>187,079.04</b>	<b>5.54%</b>
<b>Excess of Revenues Over/ (Under) Expenditures</b>		<b>205,310.23</b>	<b>205,190.00</b>	<b>120.23</b>	<b>0.06%</b>



# Moraga-Orinda Fire District

**TO:** Board of Directors  
**FROM:** Gloriann Sasser, Administrative Services Director  
**DATE:** March 15, 2017  
**SUBJECT:** Item 3.5 – Authorize Contract with Delta Dental of California for the Period April 1, 2017 through March 31, 2018

---

## **Background**

The District provides dental insurance to employees and retirees. The District has contracted with Delta Dental of California since 1998. The current contract expires March 31, 2017.

Delta Dental provided renewal information that reflects a 3% rate increase as follows:

Total Monthly Cost	Current Rates 2016-2017	New Rates 2016-2017
One party	\$54.33	\$55.96
Two party	\$95.88	\$98.76
Three +	\$146.35	\$150.74

The District pays a fixed amount per employee and retiree for dental insurance. The rate increase is entirely borne by employees and retirees. Employer and employee monthly costs are as follows:

	Employer Cost	Employee Cost
One party	\$51.20	\$4.76
Two party	\$90.12	\$8.64
3+	\$136.35	\$14.39

Total annual cost is projected to be \$200,000. Staff recommends the Board authorize a contract with Delta Dental of California.

## **Staff Recommendation**

- 1) Authorize a contract with Delta Dental of California for the period April 1, 2017 through March 31, 2018.



# Moraga-Orinda Fire District

**TO:** Board of Directors  
**FROM:** Gloriann Sasser, Administrative Services Director  
**DATE:** March 15, 2017  
**SUBJECT:** Item 4.1 – Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015

---

## **BACKGROUND**

In January 2017 the Board established an Ad Hoc Financial Reporting Committee. The Committee reviewed the Comprehensive Annual Financial Report. It has been determined the Statement of Net Position (Attachment A page 11) prepaid items should be reduced from \$21,760,333 to \$150,767. The write off of \$23,125,586 in the prior period adjustment resulted in increasing the unrestricted deficit to (\$56,768,462).

## **RECOMMENDATION**

Receive the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015

## **ATTACHMENTS**

- 1) Attachment A – Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015

# MORAGA-ORINDA FIRE PROTECTION DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

## 2015



FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
MORAGA, CALIFORNIA

MORAGA-ORINDA FIRE  
PROTECTION DISTRICT  
MORAGA, CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
PREPARED BY THE ADMINISTRATIVE SERVICES DIVISION



**Moraga Orinda Fire District, California  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Table of Contents**

---

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Table of Contents .....	i
Directory of Officials .....	iii
Organizational Chart .....	iv
District Map .....	v
Stations and Facilities .....	vi
Letter of Transmittal .....	vii
GFOA Award .....	xi
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report .....	1
Management's Discussion and Analysis (Required Supplementary Information) .....	3
<b>Basic Financial Statements:</b>	
<b><i>Government-Wide Financial Statements:</i></b>	
Statement of Net Position .....	11
Statement of Activities .....	12
<b><i>Fund Financial Statements:</i></b>	
<b>Governmental Funds:</b>	
Balance Sheet .....	13
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position .....	14
Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position .....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	16
Reconciliation of Fund Basis Statements to Government-wide Statement of Activities .....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	20
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual – General Fund .....	21



**Moraga Orinda Fire District, California  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Table of Contents**

---

	<u>Page</u>
<b>Basic Financial Statements, Continued:</b>	
<b>Notes to Basic Financial Statements .....</b>	<b>23</b>
<b>Required Supplementary Information:</b>	
Schedule of Contributions .....	54
Schedule of the District's Proportionate Share of the Net Pension Liability .....	55
<b>Supplementary Information:</b>	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Debt Service Fund .....	58
Statement of Revenues, Expenditures, and Changes in Fund Balances – Capital Projects Fund .....	59

<b>STATISTICAL SECTION (unaudited)</b>
--

Net Position by Component.....	62
Changes in Net Position.....	64
Fund Balances, Governmental Funds .....	66
Changes in Fund Balances, Governmental Funds.....	68
Assessed Value and Actual Value of Taxable Property .....	70
Direct and Overlapping Property Tax Rates.....	72
Principal Property Taxpayers .....	74
Property Tax Levies and Collections .....	76
Ratio of Outstanding Debt by Type .....	77
Direct and Overlapping Debt .....	78
Legal Bonded Debt Margin.....	80
Demographic and Economic Statistics .....	82
Emergency Response Detail Analysis.....	83
Total Emergency Responses .....	84





# MORAGA-ORINDA FIRE PROTECTION DISTRICT

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

### DIRECTORY OF OFFICIALS

#### **Board of Directors**

Alex Evans  
President

Steve Anderson  
Vice President

Fred Weil  
Secretary

Kathleen Famulener  
Treasurer

Brad Barber  
Director

#### **Principal Staff**

Stephen Healy  
Fire Chief

Felipe Barreto  
Battalion Chief

Grace Santos  
District Secretary/District Clerk

Jerry Lee  
Battalion Chief

Kathy Leonard  
Fire Marshal

Sean Perkins  
Battalion Chief

Gloriann Sasser  
Administrative Services Director

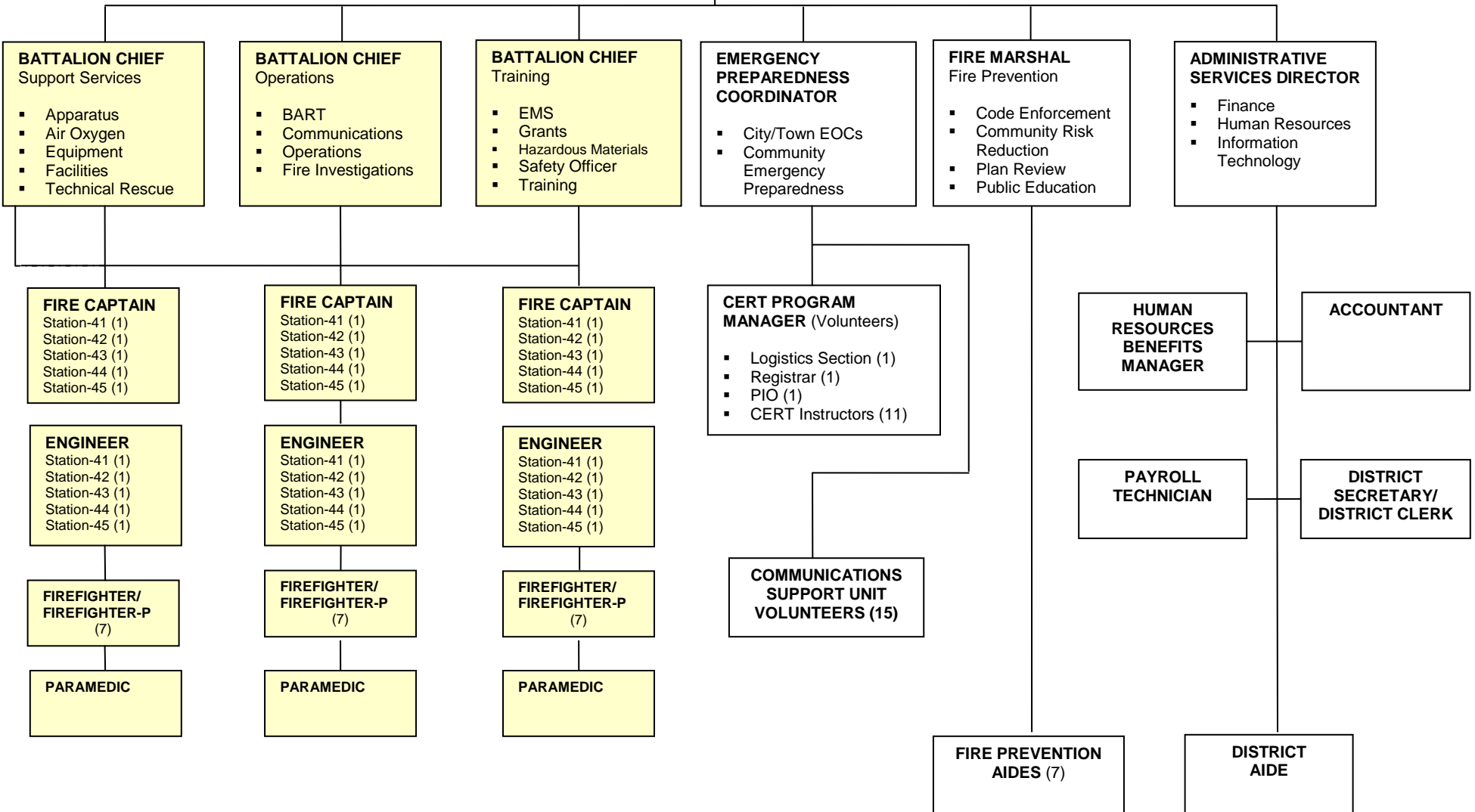
Dennis Rein  
Emergency Preparedness Coordinator

MORAGA-ORINDA FIRE PROTECTION DISTRICT  
 ORGANIZATIONAL STRUCTURE 2015



**BOARD OF DIRECTORS**  
(5)

**FIRE CHIEF**



**BATTALION CHIEF**  
Support Services

- Apparatus
- Air Oxygen
- Equipment
- Facilities
- Technical Rescue

**BATTALION CHIEF**  
Operations

- BART
- Communications
- Operations
- Fire Investigations

**BATTALION CHIEF**  
Training

- EMS
- Grants
- Hazardous Materials
- Safety Officer
- Training

**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)

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

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

**CERT PROGRAM MANAGER (Volunteers)**

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

**HUMAN RESOURCES BENEFITS MANAGER**

**ACCOUNTANT**

**ENGINEER**  
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)

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

**COMMUNICATIONS SUPPORT UNIT VOLUNTEERS (15)**

**PAYROLL TECHNICIAN**

**DISTRICT SECRETARY/DISTRICT CLERK**

**FIREFIGHTER/FIREFIGHTER-P (7)**

**FIREFIGHTER/FIREFIGHTER-P (7)**

**FIREFIGHTER/FIREFIGHTER-P (7)**

**FIRE PREVENTION AIDES (7)**

**DISTRICT AIDE**

**PARAMEDIC**

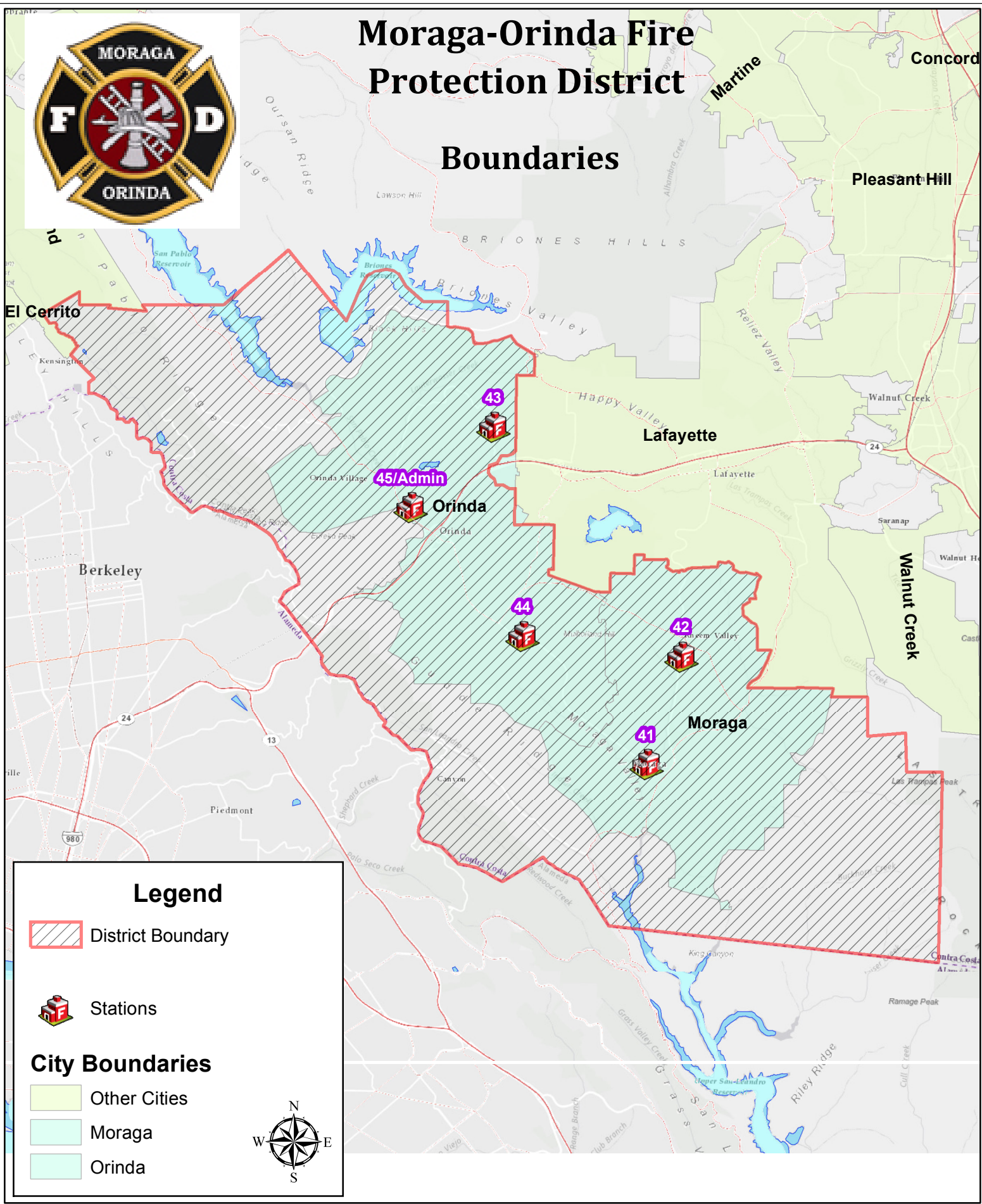
**PARAMEDIC**

**PARAMEDIC**



# Moraga-Orinda Fire Protection District

## Boundaries




### Legend

 District Boundary

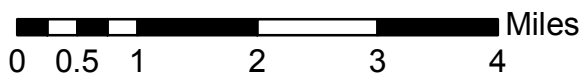
 Stations

### City Boundaries

 Other Cities

 Moraga

 Orinda





# STATIONS & FACILITIES



ADMINISTRATION  
1280 Moraga Way, Moraga



STATION 41  
1280 Moraga Way, Moraga



STATION 42  
555 Moraga Road, Moraga



STATION 43  
20 Via Las Cruces, Orinda



STATION 44  
295 Orchard Road, Orinda



Station 45  
33 Orinda Way, Orinda





# Moraga-Orinda Fire District

November 18, 2015

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, 2015. This is the second 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. Two special Board committees provided oversight this year: Finance and Facilities.

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 72 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, 2015, unrestricted fund balance in the General Fund was 9.3% of budgeted General Fund revenue. Although the District did not meet the fund balance minimum at June 30, 2015, significant progress has been made toward this goal. 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 OMB Circular A-133. 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 required for fiscal year 2014-15.

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

- **Balanced Budget** – The primary goal in 2014/15 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 \$1.4M 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 and use of Fire Flow Tax revenue. The General Fund is now sustainable.
- **Station 46** - The District continued discussions with a neighboring fire district to provide a joint fire station on the border of the two districts. In July 2013 the District purchased property on which to build the proposed joint fire station,

Station 46. A joint agreement was negotiated. However, prior to final agreement it was decided the two agencies would continue to operate separate fire stations.

- 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 made the first annual contribution to the trust account in the amount of \$84,000. The establishment of the account significantly reduces the District's net OPEB liability and strengthens the District's financial position.
- SAFER Grant - The District continued to administer the second year of a two-year Federal Emergency Management Agency Staffing for Adequate Fire and Emergency Response (SAFER) grant in the amount of \$1,157,612. The SAFER grant provided funding for two years for the hiring of four firefighter/paramedics.

## 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, 2014. This was the first year that the District achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

## Acknowledgements

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

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

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

Sincerely,



Stephen Healy  
Fire Chief



Gloriann Sasser, CPA  
Administrative Services Director





Government Finance Officers Association

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

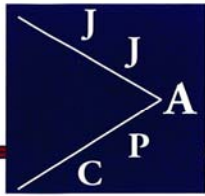
Presented to

**Moraga-Orinda Fire Protection District  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO



**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, 2015, 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, 2015, 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.

### ***Implementation of New Accounting Standards***

As disclosed in the Note 1(L) to the financial statements, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the fiscal year 2015.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

*JJACPA, Inc.*  
**JJACPA, Inc.**  
**Dublin, California**

November 3, 2015, except as to Note 4, which is as of March 1, 2017



# Moraga-Orinda Fire Protection District Comprehensive Annual Financial Report For the year ended June 30, 2015

## Management's Discussion and Analysis

---

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, 2015. The Management's Discussion and Analysis (MD&A) describes the significant changes from the prior year that occurred in general operations and discusses the activities during the year for capital assets and long-term debt. The discussion concludes with a description of currently known facts, decisions and conditions that are expected to impact the financial position of the District's operations. We encourage the reader to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal.

### Annual Report Overview

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

### Government-wide Financial Statements

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

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

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

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

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

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

### Fund Financial Statements

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



# Moraga-Orinda Fire Protection District Comprehensive Annual Financial Report For the year ended June 30, 2015

## Management's Discussion and Analysis, Continued

---

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:



**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Management's Discussion and Analysis, Continued**

---

Governmental Activities

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Cash and investments	\$5,649,645	\$3,712,115
Restricted cash and investments	2,812,760	2,205,621
Other assets	900,244	24,138,685
Capital assets, net	9,466,042	9,930,092
Total assets	<u>18,850,048</u>	<u>39,986,513</u>
Deferred outflows – pension plan	<u>377,767</u>	
Other liabilities	3,331,251	3,378,744
Long-term liabilities	<u>54,383,134</u>	<u>26,808,670</u>
Total liabilities	<u>57,714,385</u>	<u>30,187,414</u>
Deferred inflows – pension plan	<u>6,003,070</u>	
Net Position:		
Net investment in capital assets	9,466,042	9,930,092
Restricted	2,812,780	2,206,339
Unrestricted (deficit)	<u>(56,768,462)</u>	<u>(2,337,332)</u>
Total net position	<u><u>(\$44,489,640)</u></u>	<u><u>\$9,799,099</u></u>

The District's total liabilities exceeded total assets by \$38,864,337 as of June 30, 2015. A portion of the net position (-21%) reflects its investment in capital assets (land, buildings, improvements, equipment and vehicles.)

An additional portion of the District's net position (-6%) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of net position of (\$56,768,462) is unrestricted but as a deficit, will reduce the District's ability to meet its ongoing obligations to its citizens and creditors. The District has an unrestricted net position deficit as of June 30, 2015 and 2014.

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

- Cash and investments increased \$1,937,530 from the prior year. This was primarily due to receipts that exceeded disbursements.
- Restricted cash with fiscal agent increased \$607,139 due to the issuance of a capital lease to purchase two ambulances and increased transfers to the fiscal agent prior to the payment of debt service requirements.
- Other assets decreased \$23,238,441 primarily due to the implementation of GASB 68. The prepaid pension contribution is included in the net pension obligation.



**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Management's Discussion and Analysis, Continued**

- Capital assets decreased \$464,050 due to less capital purchases during the year compared to depreciation expense.
- Deferred outflows of resources related to the pension plan increased \$377,767 due to implementation of GASB 68 which requires recognition of deferred outflows of resources to smooth large movements in the net pension liability.
- Long-term liabilities increased \$27,574,464 primarily due to implementation of GASB 68 and the recording of the net pension obligation on the Statement of Net Position.
- Deferred inflows of resources related to the pension plan increased \$6,003,070 due to implementation of GASB 68 which requires recognition of deferred inflows of resources to smooth large movements in the net pension liability.
- Net investment in capital assets decreased \$464,050 due to less capital purchases during the year compared to depreciation expense.
- 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 \$2,388,226 and money held in a restricted account due to the issuance of a capital lease to purchase two ambulances in the amount of \$424,554. Funds for the Taxable Pension Obligation Bonds are held with the Trustee at Wells Fargo Bank. Funds for the ambulance purchases are held in escrow at Deutsche Bank.
- 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 (\$56,768,462) of unrestricted net deficit as of June 30, 2015.

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.

	2015	2014
<u>Expenses</u>		
Fire protection - operations	\$18,372,152	\$19,423,355
Interest	1,041,717	1,151,010
Total expenses	19,413,869	20,574,365
<u>Revenues</u>		
Program revenues:		
Charges for services	1,180,935	1,037,735
Operating grants & contributions	1,814,670	1,773,086
Total program revenues	2,995,605	2,810,821
General revenues:		
Property taxes	19,235,847	17,670,263
Fire flow taxes	1,068,288	1,071,747
Investment earnings	1,996	209
State and federal grants	160,407	165,510



**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Management's Discussion and Analysis, Continued**

---

Total general revenues	20,466,538	18,907,729
Change in net position	4,048,274	1,144,185
Net position - beginning	9,799,099	8,654,914
Prior period adjustment	(58,337,013)	
Net position - ending	<u>(\$44,489,640)</u>	<u>\$9,799,099</u>

---

**Expenses**

Fire protection – operations expenses totaled \$18,372,152 for fiscal year 2014-2015. This was a decrease over the prior year of \$777,336 primarily due to the elimination of the prepaid pension contribution amortization.

**Program Revenues**

Program revenues classified as “Charges for Services” in the amount of \$1,180,935 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 \$1,814,670 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 \$1,565,584 or 8.9%. In addition, the District collects a fire flow tax, which amounted to \$1,068,288 in 2014-2015.

**Government Activities – Governmental Funds**

At June 30, 2015, the District's governmental funds reported combined fund balances of \$8,663,372. This is an increase of \$2,445,776 compared to the prior year. Unassigned fund balance of \$1,809,814 is available for spending at the District's discretion. The rest of the District's fund balance is either nonspendable, restricted or assigned to indicate that it is 1) not in spendable form \$150,767, 2) legally required to be maintained intact \$2,812,780 or 3) assigned for particular purposes \$3,890,011.

**Analysis – General Fund**

The General Fund is the chief operating fund of the District. During the current fiscal year, fund balance increased \$1,394,615. Unassigned fund balance at June 30, 2015, which is available for spending at the District's discretion, was \$1,809,814.

General Fund revenues increased \$2,004,844 or 11.3% over the prior fiscal year. This was primarily due to an increase in property tax revenue and due to the Board's decision to use fire flow tax revenue in the General Fund. General Fund expenditures increased \$1,101,853 from





# Moraga-Orinda Fire Protection District Comprehensive Annual Financial Report For the year ended June 30, 2015

## Management's Discussion and Analysis, Continued

---

the prior fiscal year. Salaries and benefits increased \$1,358,661 primarily due to increased overtime and increased retirement contribution costs. Overtime increased \$507,401 or 32.9% due to increased seasonal staffing due to the severe drought conditions. Retirement contribution costs increased \$1,409,459 or 45.4% due to increased retirement contribution rates. Also, services and supplies expenditures decreased \$256,808 or 12.5% primarily due to decreased safety clothing expenditures and decreased costs for legal services.

### Debt Service Fund

The Debt Service Fund, a major governmental fund, had an increase in fund balance during the current year of \$182,587 to bring the year end fund balance to \$2,388,226. 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 \$2,388,226 is legally restricted and may only be used to meet the District's bond obligations.

### Capital Projects Fund

The Capital Projects Fund accounts for some of 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 \$868,574. This was primarily due to capital lease proceeds, impact mitigation fees received from developers and fire flow tax that exceeded expenditures. The fund reports restricted fund balance of \$424,554 and committed fund balance of \$3,890,011 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.



# Moraga-Orinda Fire Protection District Comprehensive Annual Financial Report For the year ended June 30, 2015

## Management's Discussion and Analysis, Continued

---

### 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 \$20,420,000. The District's bonds payable decreased \$1,630,000 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, 2015, the District's net investment in capital assets totaled \$9,466,042, which is a decrease of \$464,050 over the net investment in capital asset balance at June 30, 2014. 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 purchased a mobile firefighter ventilation training prop for \$98,900 to use for training purposes. The District received a federal Assistance to Firefighters Grant for the purchase of this new training equipment.
- The District continued the development process for Station 46 at a cost of \$31,264
- The District began development of new fire prevention software at a cost of \$25,066

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 2014/15. Faced with unprecedented fiscal challenges two years ago, the District continued to strengthen the financial health of the District. The District adopted a balanced budget for fiscal year 2014/15. Unassigned fund balance in the General Fund was \$1,809,814 at June 30, 2015.

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.



## **Moraga-Orinda Fire Protection District Comprehensive Annual Financial Report For the year ended June 30, 2015**

### **Management's Discussion and Analysis, Continued**

---

The District continued to address its unfunded liability for retiree health insurance. During 2014/15 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 costs. The District made the first annual contribution to the trust account in the amount of \$84,000. 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 the drought conditions 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 6 years into the recovery since the last recession, which ended in 2009. As a result of the last recession, the District experienced decreased property tax revenue and increased retirement costs. Prudent levels of fund balance reserves are necessary to help the District adjust when the next economic downturn occurs.

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

#### **Financial Contact**

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



# Moraga-Orinda Fire Protection District

## Statement of Net Position

June 30, 2015

	<b>Governmental Activities</b>
	<b>2015</b>
<b>ASSETS</b>	
<b>Current assets:</b>	
Cash and investments	\$ 5,649,645
Restricted cash and investments	2,812,760
Receivables, net	749,477
Prepaid items	150,767
Other assets	21,357
<b>Total current assets</b>	<u>9,384,006</u>
<b>Noncurrent assets:</b>	
Capital assets, net	9,466,042
<b>Total noncurrent assets</b>	<u>9,466,042</u>
<b>Total assets</b>	<u>18,850,048</u>
<b>Deferred outflows - Pension plan</b>	377,767
<b>Total assets and deferred outflows</b>	<u>\$ 19,227,815</u>
<b>LIABILITIES</b>	
<b>Current liabilities:</b>	
Accounts payable and accrued liabilities	\$ 148,610
Salaries and benefits payable	572,024
Interest payable	508,755
Compensated absences - current portion	165,000
Current portion of long-term liabilities	1,936,862
<b>Total current liabilities</b>	<u>3,331,251</u>
<b>Noncurrent liabilities:</b>	
Net pension obligation	28,612,847
Compensated absences	306,738
Net OPEB obligation	6,555,857
Due after one year	18,907,692
<b>Total noncurrent liabilities</b>	<u>54,383,134</u>
<b>Total liabilities</b>	<u>57,714,385</u>
<b>Deferred inflows - Pension plan</b>	6,003,070
<b>NET POSITION</b>	
Net investment in capital assets	9,466,042
Restricted for:	
Debt service	2,388,226
Equipment purchases	424,554
Unrestricted (deficit)	(56,768,462)
<b>Total net position</b>	<u>(44,489,640)</u>
<b>Total liabilities, deferred inflows, and net position</b>	<u>\$ 19,227,815</u>

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



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

For the year ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				2015
<b>Governmental activities:</b>				
Fire protection - operations	\$ 18,372,152	\$ 1,180,935	\$ 1,814,670	\$ (15,376,547)
Interest on long-term debt	1,041,717	-	-	(1,041,717)
<b>Total governmental activities</b>	<b>\$ 19,413,869</b>	<b>\$ 1,180,935</b>	<b>\$ 1,814,670</b>	<b>\$ (16,418,264)</b>
General revenues:				
Taxes:				
Property taxes				19,235,847
Fire flow taxes				1,068,288
Investment earnings				1,996
State and federal grants				160,407
Total general revenues				20,466,538
Change in net position				4,048,274
Net position:				
Net position - beginning				9,799,099
Prior period adjustment				(58,337,013)
Net position - beginning, as adjusted				(48,537,914)
Net position - ending				\$ (44,489,640)

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



# Moraga-Orinda Fire Protection District

## Balance Sheet

Governmental Funds

June 30, 2015

	<u>Major Funds</u>			<b>Total Governmental Fund</b>
	<b>General Fund</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
<b>ASSETS</b>				
Cash and investments	\$ 1,739,388	\$ -	\$ 3,910,257	\$ 5,649,645
Restricted cash and investments	-	2,388,206	424,554	2,812,760
Receivables:				
Taxes	179,515	-	-	179,515
Interest	16	20	37	73
Ambulance billing	368,683	-	-	368,683
Other receivable	201,206	-	-	201,206
Prepaid items	150,767	-	-	150,767
Other assets	21,357	-	-	21,357
<b>Total assets</b>	<b>\$ 2,660,932</b>	<b>\$ 2,388,226</b>	<b>\$ 4,334,848</b>	<b>\$ 9,384,006</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 128,327	\$ -	\$ 20,283	\$ 148,610
Salaries and benefits payable	572,024	-	-	572,024
<b>Total liabilities</b>	<b>700,351</b>	<b>-</b>	<b>20,283</b>	<b>720,634</b>
<b>Fund balances:</b>				
Nonspendable for prepaid items	150,767	-	-	150,767
Restricted for debt service	-	2,388,226	-	2,388,226
Restricted for equipment purchase	-	-	424,554	424,554
Committed for capital projects	-	-	3,859,847	3,859,847
Committed for encumbrances	-	-	30,164	30,164
Unassigned	1,809,814	-	-	1,809,814
<b>Total fund balances</b>	<b>1,960,581</b>	<b>2,388,226</b>	<b>4,314,565</b>	<b>8,663,372</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,660,932</b>	<b>\$ 2,388,226</b>	<b>\$ 4,334,848</b>	<b>\$ 9,384,006</b>

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



**Moraga-Orinda Fire Protection District**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
June 30, 2015

---

---

**Total fund balances reported on the governmental funds balance sheet**     \$ 8,663,372

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. 9,466,042

**LONG-TERM ASSETS AND LIABILITIES**

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

Deferred outflows	377,767	
Deferred inflows	(6,003,070)	(5,625,303)

Long-term debt is not due and payable in the current period and therefore is not reported in the Governmental Funds

Interest payable	(508,755)	
Net pension obligation	(28,612,847)	
Compensated absences	(471,738)	
Net OPEB obligation	(6,555,857)	
Capital lease obligation	(424,554)	
Pension Obligation Bond Payable	(20,420,000)	(56,993,751)

**Net position of governmental activities** \$ (44,489,640)

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



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

Governmental Activities

June 30, 2015

	Governmental		Changes in GAAP	Statement of Net Position
	Funds Balance Sheet	Reclass		
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and investments	\$ 5,649,645	\$ -	\$ -	\$ 5,649,645
Restricted cash and investments	2,812,760	-	-	2,812,760
Receivables (net)	749,477	-	-	749,477
Prepaid items	150,767	-	-	150,767
Other assets	21,357	-	-	21,357
<b>Total current assets</b>	<b>9,384,006</b>	<b>-</b>	<b>-</b>	<b>9,384,006</b>
<b>Noncurrent assets:</b>				
Capital assets, net	-	-	9,466,042	9,466,042
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>9,466,042</b>	<b>9,466,042</b>
<b>Total assets</b>	<b>9,384,006</b>	<b>-</b>	<b>9,466,042</b>	<b>18,850,048</b>
<b>Deferred outflows</b>	<b>-</b>	<b>-</b>	<b>377,767</b>	<b>377,767</b>
<b>Total assets and deferred outflows</b>	<b>\$ 9,384,006</b>	<b>\$ -</b>	<b>\$ 9,843,809</b>	<b>\$ 19,227,815</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable & accrued liabilities	\$ 148,610	\$ -	\$ -	\$ 148,610
Salaries and benefits payable	572,024	-	-	572,024
Interest payable	-	-	508,755	508,755
Compensated absences	-	-	165,000	165,000
Current portion of long-term liabilities	-	-	1,936,862	1,936,862
<b>Total current liabilities</b>	<b>720,634</b>	<b>-</b>	<b>2,610,617</b>	<b>3,331,251</b>
<b>Noncurrent liabilities:</b>				
Net pension obligation	-	-	28,612,847	28,612,847
Compensated absences	-	-	306,738	306,738
Net OPEB obligation	-	-	6,555,857	6,555,857
Due after one year	-	-	18,907,692	18,907,692
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>54,383,134</b>	<b>54,383,134</b>
<b>Total liabilities</b>	<b>720,634</b>	<b>-</b>	<b>56,993,751</b>	<b>57,714,385</b>
<b>Deferred inflows</b>	<b>-</b>	<b>-</b>	<b>6,003,070</b>	<b>6,003,070</b>
<b>FUND BALANCES/NET POSITION</b>				
<b>Fund balances:</b>				
Nonspendable	150,767	(150,767)	-	-
Restricted	2,812,780	(2,812,780)	-	-
Committed	3,890,011	(3,890,011)	-	-
Unassigned	1,809,814	(1,809,814)	-	-
<b>Net position:</b>				
Invested in capital assets, net of related debt	-	-	9,466,042	9,466,042
Restricted	-	2,812,780	-	2,812,780
Unrestricted	-	5,850,592	(62,619,054)	(56,768,462)
<b>Total fund balances/net position</b>	<b>8,663,372</b>	<b>-</b>	<b>(53,153,012)</b>	<b>(44,489,640)</b>
<b>Total liabilities, deferred inflows, and net position</b>	<b>\$ 9,384,006</b>	<b>\$ -</b>	<b>\$ 9,843,809</b>	<b>\$ 19,227,815</b>

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





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

For the year ended June 30, 2015

	Major Funds			Totals
	General Fund	Debt Service	Capital Projects	
<b>REVENUES:</b>				
Property taxes	\$ 16,314,923	\$ 2,920,924	\$ -	\$ 19,235,847
Fire flow taxes	696,300	-	371,988	1,068,288
Use of money and property	416	130	1,450	1,996
Intergovernmental	821,159	-	129,510	950,669
Charges for services	273,205	-	-	273,205
Charges for services - Ambulance	907,730	-	-	907,730
Other revenues	798,753	-	-	798,753
Impact mitigation fees	-	-	225,655	225,655
<b>Total revenues</b>	<b>19,812,486</b>	<b>2,921,054</b>	<b>728,603</b>	<b>23,462,143</b>
<b>EXPENDITURES:</b>				
Current:				
Fire protection:				
Salaries	7,250,708	-	-	7,250,708
Overtime	2,048,524	-	-	2,048,524
Benefits	6,358,501	-	-	6,358,501
OPEB Contribution	84,000	-	-	84,000
Retiree health insurance	885,770	-	-	885,770
Service and supplies	1,791,726	-	18,469	1,810,195
Capital outlay	-	-	266,114	266,114
Debt service:				
Principal	-	1,630,000	-	1,630,000
Interest and fiscal charges	-	1,108,467	-	1,108,467
<b>Total expenditures</b>	<b>18,419,229</b>	<b>2,738,467</b>	<b>284,583</b>	<b>21,442,279</b>
<b>REVENUES OVER EXPENDITURES</b>	<b>1,393,257</b>	<b>182,587</b>	<b>444,020</b>	<b>2,019,864</b>
<b>OTHER FINANCING SOURCES:</b>				
Lease proceeds	-	-	424,554	424,554
Proceeds from sales of assets	1,358	-	-	1,358
<b>Total other financing sources</b>	<b>1,358</b>	<b>-</b>	<b>424,554</b>	<b>425,912</b>
<b>Net change in fund balances</b>	<b>1,394,615</b>	<b>182,587</b>	<b>868,574</b>	<b>2,445,776</b>
<b>FUND BALANCES:</b>				
Beginning of year	565,966	2,205,639	3,445,991	6,217,596
End of year	\$ 1,960,581	\$ 2,388,226	\$ 4,314,565	\$ 8,663,372

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

*This page intentionally left blank.*





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

For the year ended June 30, 2015

---

<u>Functions/Programs</u>	<u>Fund Based Totals</u>	<u>Debt Service</u>	<u>Depreciation</u>
<b>Governmental activities:</b>			
Fire protection - operations	\$ 18,436,340	\$ (25,305)	\$ 656,349
Capital outlay	266,114	-	-
Debt service	2,738,467	(1,696,750)	-
Lease proceeds	(424,554)	424,554	-
<b>Total governmental activities</b>	<u>\$ 21,016,367</u>	<u>\$ (1,722,055)</u>	<u>\$ 656,349</u>

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

---



---

<b>Capital Asset (Additions)/ Retirements</b>	<b>OPEB</b>	<b>Pension</b>	<b>Government- wide Totals</b>
\$ 73,815	\$ 204,230	\$ (973,277)	\$ 18,372,152
(266,114)	-	-	-
-	-	-	1,041,717
-	-	-	-
<u>\$ (192,299)</u>	<u>\$ 204,230</u>	<u>\$ -</u>	<u>\$ 19,413,869</u>



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

For the year ended June 30, 2015

---

---

<b>Net change in fund balances - total governmental funds</b>		\$ 2,445,776
Amounts reported for governmental activities in the Statement of Activities are different because of the following:		
<b>CAPITAL ASSETS TRANSACTIONS</b>		
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	192,299	
Depreciation expense	<u>(656,349)</u>	(464,050)
<b>LONG TERM DEBT PAYMENTS</b>		
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		(424,554)
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		1,630,000
<b>ACCRUAL OF NON-CURRENT LIABILITIES</b>		
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 pension benefit obligation	973,277	
Change in long-term compensated absences	25,305	
Change in interest payable	66,750	
Change in Net OPEB obligation	<u>(204,230)</u>	861,102
<b>Change in net position of governmental activities</b>		<u><u>\$ 4,048,274</u></u>

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



**Moraga-Orinda Fire Protection District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget to Actual - General Fund**  
 For the year ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance With Amended Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 15,724,916	\$ 16,105,501	\$ 16,314,923	\$ 209,422
Fire flow taxes	696,300	696,300	696,300	-
Use of money and property	70	14	416	402
Intergovernmental	1,039,019	900,692	821,159	(79,533)
Charges for services	187,850	269,904	273,205	3,301
Charges for services - Ambulance	837,700	945,000	907,730	(37,270)
Other revenues	396,500	556,453	798,753	242,300
<b>Total revenues</b>	<b>18,882,355</b>	<b>19,473,864</b>	<b>19,812,486</b>	<b>338,622</b>
<b>EXPENDITURES:</b>				
Current:				
Fire protection:				
Salaries	8,028,042	7,372,100	7,250,708	121,392
Overtime	1,036,500	2,151,419	2,048,524	102,895
Benefits	6,862,734	6,521,370	6,358,501	162,869
OPEB contribution	-	84,000	84,000	-
Retiree health insurance	920,000	882,000	885,770	(3,770)
Service and supplies	2,035,599	2,083,840	1,791,726	292,114
<b>Total expenditures</b>	<b>18,882,875</b>	<b>19,094,729</b>	<b>18,419,229</b>	<b>675,500</b>
<b>REVENUES OVER EXPENDITURES</b>	<b>(520)</b>	<b>379,135</b>	<b>1,393,257</b>	<b>1,014,122</b>
<b>OTHER FINANCING SOURCES:</b>				
Proceeds from sales of assets	1,000	1,000	1,358	358
<b>Total other financing sources</b>	<b>1,000</b>	<b>1,000</b>	<b>1,358</b>	<b>358</b>
<b>Net change in fund balances</b>	<b>480</b>	<b>380,135</b>	<b>1,394,615</b>	<b>1,014,480</b>
<b>FUND BALANCES:</b>				
Beginning of year	565,966	565,966	565,966	-
End of year	<b>\$ 566,446</b>	<b>\$ 946,101</b>	<b>\$ 1,960,581</b>	<b>\$ 1,014,480</b>

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

*This page intentionally left blank.*





# Moraga-Orinda Fire Protection District Comprehensive Annual Financial Report For the year ended June 30, 2015

## Notes to Basic Financial Statements

---

### 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.

#### 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





**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

---

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

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 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.



# Moraga-Orinda Fire Protection District Comprehensive Annual Financial Report For the year ended June 30, 2015

## Notes to Basic Financial Statements, Continued

---

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

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 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



# Moraga-Orinda Fire Protection District Comprehensive Annual Financial Report For the year ended June 30, 2015

## Notes to Basic Financial Statements, Continued

---

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

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 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.



**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

---

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

*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 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.



**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

---

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

**L. Implementation of GASB Statements 68 and 71 related to Pension**

The GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

In addition, the GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date" The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, "Accounting and Financial Reporting for Pensions". The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

In implementing these Statements, 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 Employee's 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 or 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 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.



**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

---

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

**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.



**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

---

**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.

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.



**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

---

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

**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.





**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

---

**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 2014-2015, 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.



**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

---

**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.



**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

---

---

**2. CASH AND INVESTMENTS**

At June 30, 2015, the District's cash and investments consisted of the following stated at fair value:

	Balance
Cash in bank	\$ 172,008
Cash with Contra Costa County	771,674
Petty cash	200
State of California Local Agency Investment Fund	4,705,763
Total cash equivalents and investments pooled	<u>5,649,645</u>
Restricted cash with fiscal agent – Money market account	2,812,760
Total cash and investments	<u>\$ 8,462,405</u>

California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. During the year ended June 30, 2015, the District's permissible investments included the following instruments:

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

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

*Credit risk* – The State of California Local Agency Investment Fund is not rated. As of June 30, 2015 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 1.18% 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.



**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

---

**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 0.97% 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. As of June 30, 2015, the District had no funds exposed to custodial credit risk because they did not exceed the \$250,000 Federal Deposit Insurance Corporation's insurance limits. 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.

*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.

At June 30, 2015, the carrying amount of the District's deposits in financial institutions was \$246,456. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance. Any deposits exceeding this threshold are 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.

**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 \$21,495,234,784 of which the District had a balance of \$4,705,763, which approximated market value and was managed by the State Treasurer. Of the total invested, 99.03% was invested in non-derivative financial products and 0.97% 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.



**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

---

---

**3. ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30, 2015:

	Balance June 30, 2015
Taxes	\$179,515
Interest	73
Ambulance billing	368,683
Other receivable	201,206
Total accounts receivable	<u>\$749,477</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	24.0%
Businesses	49.2%
Other	26.8%

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

**4. PRIOR PERIOD ADJUSTMENT FOR 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. Prior to the implementation of GASB 68 the District recorded this payment as a prepaid item. As part of the implementation of GASB 68, the \$23,125,586 prepaid item was reclassified as a prior period adjustment.

The following is a reconciliation of the total net position as previously reported at July 1, 2014, to the restated net position.

	<b>Governmental Activities</b>
Net Position at June 30, 2014	\$ 9,799,099
Adjustment:	
Prepaid Item	(23,125,586)
Adoption of GASB 68, pensions	(35,211,427)
Total Adjustments	<u>(58,337,013)</u>
Net Position at July 1, 2014, as adjusted	<u>\$ (48,537,914)</u>



**Moraga-Orinda Fire Protection District**  
**Comprehensive Annual Financial Report**  
**For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<b>Governmental activities:</b>				
<b>Nondepreciable assets:</b>				
Land	\$ 1,273,750	\$ -	\$ -	\$ 1,273,750
Construction in Progress	626,036	59,429	-	685,465
<b>Total nondepreciable assets</b>	<u>1,899,786</u>	<u>59,429</u>	<u>-</u>	<u>1,959,215</u>
<b>Depreciable assets:</b>				
Buildings	6,824,013	-	-	6,824,013
Improvements	787,469	24,991	-	812,460
Equipment	1,551,706	107,879	(57,718)	1,601,867
Vehicles	5,936,800	-	(10,000)	5,926,800
<b>Total depreciable assets</b>	<u>15,099,988</u>	<u>132,870</u>	<u>(67,718)</u>	<u>15,165,140</u>
<b>Total</b>	<u>16,999,774</u>	<u>192,299</u>	<u>(67,718)</u>	<u>17,124,355</u>
<b>Accumulated depreciation:</b>				
Buildings	\$ 3,276,211	\$ 171,531	\$ -	\$ 3,447,742
Improvements	206,896	51,809	-	258,705
Equipment	311,223	126,947	(57,718)	380,452
Vehicles	3,275,352	306,062	(10,000)	3,571,414
<b>Total accumulated depreciation</b>	<u>7,069,682</u>	<u>656,349</u>	<u>(67,718)</u>	<u>7,658,313</u>
<b>Total net capital assets</b>	<u>\$ 9,930,092</u>	<u>\$ (464,050)</u>	<u>\$ -</u>	<u>\$ 9,466,042</u>

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

	Fiscal Year Ended June 30, 2015
Fire protection - operations	\$ 656,349
<b>Total</b>	<u>\$ 656,349</u>

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consisted of the following at June 30, 2015:

	Balance June 30, 2015
Accounts payable and accrued liabilities	\$148,610
Salaries and benefits payable	572,024
<b>Total</b>	<u>\$720,634</u>



**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES, Continued**

These amounts resulted in the following concentrations in payables:

Vendors	20.6%
Employees	79.4%

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 and compensated absences. The following is a summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
Pension obligation bonds	\$22,050,000	\$ -	\$(1,630,000)	\$ 20,420,000	\$ 1,855,000
Capital lease obligations	-	424,554	-	424,554	81,862
Compensated absences	497,043	139,275	(164,580)	471,738	165,000
	<u>\$22,547,043</u>	<u>\$ 563,829</u>	<u>\$(1,794,580)</u>	<u>\$ 21,316,292</u>	<u>\$ 2,101,862</u>

**Pension Obligation Bonds**

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

The following is the debt service obligation related to the Pension Obligation Bonds:

Year Ending June 30	Principal	Interest
2016	\$1,855,000	\$1,017,509
2017	2,100,000	914,284
2018	2,360,000	797,878
2019	2,640,000	667,378
2020	2,945,000	521,609
2021-2023	8,520,000	582,554
Total	<u>\$20,420,000</u>	<u>\$4,501,212</u>
Due within one year	\$1,855,000	\$1,017,509
Due after one year	18,565,000	3,483,703
Total	<u>\$20,420,000</u>	<u>\$4,501,212</u>



**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

**7. LONG-TERM LIABILITIES, Continued**

**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 with the following maturity schedule:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 81,862	\$ 7,356
2017	83,359	5,859
2018	84,883	4,335
2019	86,435	2,783
2020	88,015	1,203
Total	<u>\$ 424,554</u>	<u>\$ 21,536</u>
Due within one year	\$ 81,862	\$ 7,356
Due after one year	<u>342,692</u>	<u>14,180</u>
Total	<u>\$ 424,554</u>	<u>\$ 21,536</u>

**Compensated Absences**

The District records employee vacations and other leave for which it is expected that employees will be paid compensated absences. As of June 30, 2015, the District had a compensated absences balance of \$471,738.

**8. NET POSITION/FUND BALANCES**

**Net Position**

As of June 30, 2015, net position is as follows:

<u>Net Position</u>	<u>June 30, 2015</u>
Net investment in capital assets	\$9,466,042
Restricted	2,812,780
Unrestricted (deficit)	(56,768,462)
Total	<u>\$(44,489,640)</u>

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





**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

---

---

**8. NET POSITION/FUND BALANCES, Continued**

**Fund Balance**

As of June 30, 2015, the District's Nonspendable, Restricted and Committed fund balances are as follows:

<u>Fund Balances</u>	<u>June 30, 2015</u>
Nonspendable for prepaid items	\$ 150,767
Restricted for debt service	2,388,226
Restricted for equipment purchase	424,554
Committed for capital projects	3,859,847
Committed for encumbrances	30,164
Unassigned	1,809,814
Total	<u>\$ 8,663,372</u>

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

**Nonspendable**

- **Prepaid items** - used to segregate that portion of fund balance to indicate that prepaid amounts do not represent available, spendable resources even though they are components of assets.

**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.
- **Equipment Purchase** – represents amounts restricted for the purchase of two ambulances.

**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.
- **Encumbrances** – used to represent that portion of fund balance committed for encumbrances.

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.



## Moraga-Orinda Fire Protection District Comprehensive Annual Financial Report For the year ended June 30, 2015

### Notes to Basic Financial Statements, Continued

---

#### 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.

##### 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



**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

**9. RISK MANAGEMENT, Continued**

injury and property damage and uninsured/underinsured motorists and medical expenses of up to \$10,000. There is no deductible for the District.

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

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

**10. PENSION PLAN**

**A. General Information about the Pension Plan**

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

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



**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

**10. PENSION PLAN, Continued**

The Plan's provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<b>Safety</b>	<b>Non-Safety</b>
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	15.90% – 22.35%	8.65% - 14.84%
Required employer contribution rates	80.03%	35.03%
	65.83% new hires	28.50% new hires
Monthly benefits as percentage of annual salary	3%	2%
	2.7% new hires	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, 2015 was 80.03 percent and 35.03 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, 2015 and 2014 were \$4,517,403, and \$3,107,945, respectively, which were equal to the required contributions for each year.

<u>Fiscal Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2015	\$4,517,403	100%	\$ 0
2014	3,107,945	100%	0

These contributions approximated 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, 2015, the District reported a liability of \$28,612,847 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014 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, 2014, the District's proportion was 2.393%, which was unchanged from its proportion measured as of December 31, 2013.

**E.** For the year ended June 30, 2015, the District recognized pension expense of \$3,107,945.



**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

**10. PENSION PLAN, Continued**

At June 30, 2015, 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	\$ 2,588,302	\$ -
Differences between actual and expected economic experience	-	3,438,484
Changes in assumptions	-	1,416
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of the contributions	(2,210,535)	2,307,439
Net differences between projected and actual earnings on plan investments	-	255,731
Total	<u>\$ 377,767</u>	<u>\$ 6,003,070</u>

\$377,767 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, 2016. 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	\$ (1,282,649)
2017	(1,660,416)
2018	(1,660,416)
2019	(1,021,823)
2020	-
Thereafter	-

**F. Actuarial Assumptions** - The Total Pension Liabilities as of December 31, 2014 and December 31, 2013 were determined by actuarial valuations as of December 31, 2013 and December 31, 2012, respectively. The actuarial assumptions used were based on the results of an experience study for the period January 1, 2010 through December 31, 2012. They are generally the same as the assumptions used in the December 31, 2013 and the December 31, 2014 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 for both the December 31, 2013 and December 31, 2012 actuarial valuations:

Inflation	3.25%
Salary Increases	General 4.75% to 13.50% and Safety 4.75% to 14.00%, varying by service, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation



**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

**10. PENSION PLAN, Continued**

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Large Cap U.S. Equity	13.60%	6.09%
Small Cap U.S. Equity	5.80%	6.79%
Developed International Equity	17.60%	6.66%
Emerging Markets Equity	5.60%	8.02%
U.S. Core Fixed Income	16.10%	0.83%
International Bonds	3.30%	0.69%
High Yield Bonds	5.00%	3.32%
Inflation-Indexed Bonds	1.66%	0.73%
Long Duration Fixed Income	5.00%	1.45%
Real Estate	12.50%	4.83%
Commodities	1.67%	4.71%
Private Equity	10.00%	8.95%
Alternative Investment (Timber)	1.67%	4.20%
Cash & Equivalents	0.50%	0.25%
<b>Total</b>	<b>100.00%</b>	

**G. Discount Rate** - The discount rate used to measure the total pension liability was 7.25% as of both December 31, 2014 and December 31, 2013. 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 7.25% was applied to all periods of projected benefit payments to determine the Total Pension Liability as of both December 31, 2014 and December 31, 2013.



**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

**10. PENSION PLAN, Continued**

**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, 2014, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability as of December 31, 2014	\$52,707,179	\$28,612,847	\$9,025,971

**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, 2015, the District reported a payable of \$158,064 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

**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 not reflected under GASB 45. 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, 2015:

Retirees and beneficiaries receiving benefits	94
Other participants not yet fully eligible for benefits	59
Total	<u>153</u>



**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

**11. OTHER POST EMPLOYMENT BENEFITS, Continued**

**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 2015, the District contributed \$969,770 to the Plan, including \$885,770 for current benefit payments and \$84,000 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.

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

	<u>2014-2015</u>
Annual required contribution	\$1,238,000
Interest on net OPEB obligation	235,000
Adjustment to net OPEB obligation	<u>(299,000)</u>
Annual OPEB cost	1,174,000
Contributions made:	
Payment to irrevocable trust	(84,000)
Benefit payment made outside of trust	<u>(885,770)</u>
Increase in net OPEB obligation	204,230
Net OPEB obligation – beginning of year	<u>6,351,627</u>
Net OPEB obligation – end of year	<u>\$6,555,857</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2015 and the two preceding fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual Employer Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	\$2,294,000	\$937,777	40.9%	\$6,111,286
6/30/2014	1,137,000	896,659	78.9%	6,351,627
6/30/2015	1,174,000	969,770	82.6%	6,555,857





**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

---

---

**11. OTHER POST EMPLOYMENT BENEFITS, Continued**

**Funded Status and Funding Progress.** The funded status of the Plan as of June 30, 2013, the Plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 16,923,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 16,923,000
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan participants)	\$ 7,208,000
UAAL as a percentage of covered payroll	234.8%

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.

**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, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses) in the 2013 valuation, and a 3% general inflation assumption. Medical costs were actual rates for 2015, and assumed to increase 5.0% to 7.8% per year. The total UAAL calculated in the June 30, 2013 valuation was amortized as a level percentage of projected payroll over a fixed 25-year period beginning June 30, 2013 (23 years remaining on June 30, 2015). Assumption changes and gains/losses developed in the June 30, 2013 valuation were amortized over 15 years as of June 30, 2015.

**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.



**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

---

**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 will implement this statement, as applicable, to its financial statements for the year ending June 30, 2016.

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. 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,



**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

---

**13. NEW ACCOUNTING PRONOUNCEMENTS, Continued**

*“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). 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 will implement this statement, as applicable, to its financial statements for the year ending June 30, 2016.



**Moraga-Orinda Fire Protection District  
Comprehensive Annual Financial Report  
For the year ended June 30, 2015**

**Notes to Basic Financial Statements, Continued**

---

**13. NEW ACCOUNTING PRONOUNCEMENTS, Continued**

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.

*This page intentionally left blank.*



**Required Supplementary Information**



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

	<u>2015</u>	<u>2014</u>
Contractually required contribution (actuarially determined)	\$ 4,517,403	\$ 3,107,945
Contributions in relation to the actuarially determined contributions	<u>4,517,403</u>	<u>3,107,945</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 6,966,539	\$ 7,871,587
Contributions as a percentage of covered-employee payroll	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 two years were available.



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

---

---

	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	2.393%	2.393%
Proportionate share of the net pension liability	\$ 28,612,847	\$ 35,211,427
Covered - employee payroll	\$ 6,966,539	\$ 7,871,587
Proportionate Share of the net pension liability as percentage of covered employee payroll	410.72%	447.32%
Plan fiduciary net position as a percentage of the total pension liability	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 two years were available.



*This page intentionally left blank.*



## **Supplementary Schedules**



**Moraga-Orinda Fire Protection District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget to Actual - Debt Service Fund**  
 For the year ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance With Amended Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 2,920,924	\$ 2,920,924	\$ 2,920,924	\$ -
Use of money and property	-	-	130	130
<b>Total revenues</b>	<b>2,920,924</b>	<b>2,920,924</b>	<b>2,921,054</b>	<b>130</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	1,630,000	1,630,000	1,630,000	-
Interest	1,108,467	1,108,467	1,108,467	-
<b>Total expenditures</b>	<b>2,738,467</b>	<b>2,738,467</b>	<b>2,738,467</b>	<b>-</b>
<b>REVENUES OVER EXPENDITURES</b>	<b>182,457</b>	<b>182,457</b>	<b>182,587</b>	<b>130</b>
<b>Net change in fund balances</b>	<b>182,457</b>	<b>182,457</b>	<b>182,587</b>	<b>130</b>
<b>FUND BALANCES:</b>				
Beginning of year	2,205,639	2,205,639	2,205,639	-
End of year	\$ 2,388,096	\$ 2,388,096	\$ 2,388,226	\$ 130

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



**Moraga-Orinda Fire Protection District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget to Actual - Capital Projects Fund**  
 For the year ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance With Amended Positive (Negative)
<b>REVENUES:</b>				
Fire flow taxes	\$ 375,700	\$ 371,988	\$ 371,988	\$ -
Use of money and property	-	16	1,450	1,434
Intergovernmental	125,910	125,910	129,510	3,600
Impact mitigation fees	24,000	231,655	225,655	(6,000)
<b>Total revenues</b>	<b>525,610</b>	<b>729,569</b>	<b>728,603</b>	<b>(966)</b>
<b>EXPENDITURES:</b>				
Service and supplies	11,600	25,956	18,469	7,487
Capital outlay	319,900	546,900	266,114	280,786
<b>Total expenditures</b>	<b>331,500</b>	<b>572,856</b>	<b>284,583</b>	<b>288,273</b>
<b>REVENUES OVER EXPENDITURES</b>	<b>194,110</b>	<b>156,713</b>	<b>444,020</b>	<b>287,307</b>
<b>OTHER FINANCING SOURCES:</b>				
Lease proceeds	-	-	424,554	424,554
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>424,554</b>	<b>424,554</b>
<b>Net change in fund balances</b>	<b>194,110</b>	<b>156,713</b>	<b>868,574</b>	<b>711,861</b>
<b>FUND BALANCES:</b>				
Beginning of year	3,445,991	3,445,991	3,445,991	-
End of year	<u>\$ 3,640,101</u>	<u>\$ 3,602,704</u>	<u>\$ 4,314,565</u>	<u>\$ 711,861</u>

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

*This page intentionally left blank.*





# Moraga-Orinda Fire Protection District Comprehensive Annual Financial Report For the year ended June 30, 2015

## 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

### **Revenue Capacity – Pages 70 – 76**

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

### **Debt Capacity – Pages 77 – 81**

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

### **Demographic and Economic Information – Pages 82**

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

### **Operating Information – Pages 83 - 84**

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

### *Sources*

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



## Moraga-Orinda Fire Protection District

### Net Position by Component

Last Ten Fiscal Years

(Fiscal year ended June 30)

	2006	2007	2008	2009
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 7,001,470	\$ 6,819,265	\$ 6,975,172	\$ 7,828,328
Restricted	-	-	834,819	435,971
Unrestricted (deficit)	3,407,712	5,481,301	4,458,004	2,952,567
<b>Total governmental activities net position</b>	<u>\$ 10,409,182</u>	<u>\$ 12,300,566</u>	<u>\$ 12,267,995</u>	<u>\$ 11,216,866</u>
<b>Primary government:</b>				
Net investment in capital assets	\$ 7,001,470	\$ 6,819,265	\$ 6,975,172	\$ 7,828,328
Restricted	-	-	834,819	435,971
Unrestricted (deficit)	3,407,712	5,481,301	4,458,004	2,952,567
<b>Total primary government net position</b>	<u>\$ 10,409,182</u>	<u>\$ 12,300,566</u>	<u>\$ 12,267,995</u>	<u>\$ 11,216,866</u>

**Source:** Administrative Services Division

\* Implemented GASB 68

2010	2011	2012	2013	2014	2015
\$ 7,712,538	\$ 8,348,722	\$ 9,081,906	\$ 9,314,274	\$ 9,930,092	\$ 9,466,042
41,979	-	-	2,037,710	2,206,339	2,812,780
3,290,391	2,575,866	1,330,209	(2,697,070)	(2,337,332)	(56,768,462)
<u>\$11,044,908</u>	<u>\$10,924,588</u>	<u>\$10,412,115</u>	<u>\$ 8,654,914</u>	<u>\$ 9,799,099</u>	<u>\$(44,489,640) *</u>
\$ 7,712,538	\$ 8,348,722	\$ 9,081,906	\$ 9,314,274	\$ 9,930,092	\$ 9,466,042
41,979	-	-	2,037,710	2,206,339	2,812,780
3,290,391	2,575,866	1,330,209	(2,697,070)	(2,337,332)	(56,768,462)
<u>\$11,044,908</u>	<u>\$10,924,588</u>	<u>\$10,412,115</u>	<u>\$ 8,654,914</u>	<u>\$ 9,799,099</u>	<u>\$(44,489,640)</u>





## Moraga-Orinda Fire Protection District

### Changes in Net Position

Last Ten Fiscal Years

(Fiscal year ended June 30)

(Accrual basis of accounting)

	2006	2007	2008	2009
<b>Expenses:</b>				
Governmental activities:				
Fire protection - operations	\$ 14,798,161	\$ 14,442,869	\$ 17,116,824	\$ 17,668,240
OPEB	-	-	-	1,192,047
Interest and fiscal charges	1,309,704	1,484,307	1,497,988	1,486,551
Total governmental activities expenses	<u>16,107,865</u>	<u>15,927,176</u>	<u>18,614,812</u>	<u>20,346,838</u>
Total primary government expenses	<u>\$ 16,107,865</u>	<u>\$ 15,927,176</u>	<u>\$ 18,614,812</u>	<u>\$ 20,346,838</u>
<b>Program revenues:</b>				
Governmental activities:				
Charges for services:				
Fire protection - operations	\$ 900,346	\$ 887,441	\$ 1,607,108	\$ 1,750,233
Operating grants & contributions	-	-	-	-
Total governmental activities program revenues	<u>900,346</u>	<u>887,441</u>	<u>1,607,108</u>	<u>1,750,233</u>
Total primary government program revenues	<u>\$ 900,346</u>	<u>\$ 887,441</u>	<u>\$ 1,607,108</u>	<u>\$ 1,750,233</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	<u>\$ (15,207,519)</u>	<u>\$ (15,039,735)</u>	<u>\$ (17,007,704)</u>	<u>\$ (18,596,605)</u>
Total primary government net expense	<u>\$ (15,207,519)</u>	<u>\$ (15,039,735)</u>	<u>\$ (17,007,704)</u>	<u>\$ (18,596,605)</u>
<b>General Revenues and Other Changes in Net Position:</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 14,227,016	\$ 15,941,297	\$ 15,805,123	\$ 16,407,887
Fire flow taxes	893,355	960,183	884,763	1,066,761
Investment earnings	465,708	29,639	89,247	54,431
State and federal grants	-	-	-	-
Other general revenues	-	-	196,000	16,397
Total governmental activities	<u>15,586,079</u>	<u>16,931,119</u>	<u>16,975,133</u>	<u>17,545,476</u>
Total primary government	<u>\$ 15,586,079</u>	<u>\$ 16,931,119</u>	<u>\$ 16,975,133</u>	<u>\$ 17,545,476</u>
<b>Changes in Net Position</b>				
Governmental activities	<u>\$ 378,560</u>	<u>\$ 1,891,384</u>	<u>\$ (32,571)</u>	<u>\$ (1,051,129)</u>
Total primary government	<u>\$ 378,560</u>	<u>\$ 1,891,384</u>	<u>\$ (32,571)</u>	<u>\$ (1,051,129)</u>

Source: Administrative Services Division

2010	2011	2012	2013	2014	2015
\$ 16,952,041	\$ 17,199,159	\$ 17,298,393	\$ 18,285,971	\$ 19,149,488	\$ 18,372,152
1,112,953	1,188,000	1,262,063	1,356,223	273,867	-
1,423,521	1,351,267	1,289,602	1,225,394	1,151,010	1,041,717
19,488,515	19,738,426	19,850,058	20,867,588	20,574,365	19,413,869
<u>\$ 19,488,515</u>	<u>\$ 19,738,426</u>	<u>\$ 19,850,058</u>	<u>\$ 20,867,588</u>	<u>\$ 20,574,365</u>	<u>\$ 19,413,869</u>
\$ 1,420,196	\$ 1,395,534	\$ 1,242,317	\$ 1,455,540	\$ 1,037,735	\$ 1,180,935
-	-	-	-	1,773,086	1,814,670
1,420,196	1,395,534	1,242,317	1,455,540	2,810,821	2,995,605
<u>\$ 1,420,196</u>	<u>\$ 1,395,534</u>	<u>\$ 1,242,317</u>	<u>\$ 1,455,540</u>	<u>\$ 2,810,821</u>	<u>\$ 2,995,605</u>
<u>\$(18,068,319)</u>	<u>\$(18,342,892)</u>	<u>\$(18,607,741)</u>	<u>\$(19,412,048)</u>	<u>\$(17,763,544)</u>	<u>\$(16,418,264)</u>
<u>\$(18,068,319)</u>	<u>\$(18,342,892)</u>	<u>\$(18,607,741)</u>	<u>\$(19,412,048)</u>	<u>\$(17,763,544)</u>	<u>\$(16,418,264)</u>
\$ 16,827,597	\$ 16,882,276	\$ 16,524,808	\$ 16,471,345	\$ 17,670,263	\$ 19,235,847
1,064,888	1,067,969	1,067,763	1,069,288	1,071,747	1,068,288
3,776	4,463	3,252	784	209	1,996
-	149,845	280,069	1,239	165,510	160,407
100	118,019	219,379	112,191	-	-
17,896,361	18,222,572	18,095,271	17,654,847	18,907,729	20,466,538
<u>\$ 17,896,361</u>	<u>\$ 18,222,572</u>	<u>\$ 18,095,271</u>	<u>\$ 17,654,847</u>	<u>\$ 18,907,729</u>	<u>\$ 20,466,538</u>
<u>\$ (171,958)</u>	<u>\$ (120,320)</u>	<u>\$ (512,470)</u>	<u>\$ (1,757,201)</u>	<u>\$ 1,144,185</u>	<u>\$ 4,048,274</u>
<u>\$ (171,958)</u>	<u>\$ (120,320)</u>	<u>\$ (512,470)</u>	<u>\$ (1,757,201)</u>	<u>\$ 1,144,185</u>	<u>\$ 4,048,274</u>



## Moraga-Orinda Fire Protection District

### Fund Balances, Governmental Funds

Last Ten Fiscal Years

(Fiscal year ended June 30)

	2006	2007	2008	2009
<b>General Fund</b>				
Nonspendable	\$ 1,660,477	\$ 254,885	\$ 77,929	\$ 163,937
Restricted	-	-	-	-
Unassigned (deficit)	<u>(1,960,960)</u>	<u>4,279,671</u>	<u>3,912,099</u>	<u>3,333,605</u>
<b>Total General Fund</b>	<u>(300,483)</u>	<u>4,534,556</u>	<u>3,990,028</u>	<u>3,497,542</u>
<b>All Other Governmental Funds</b>				
Nonspendable	\$ -	\$ -	\$ 810,604	\$ -
Restricted	-	-	834,819	435,971
Committed	-	-	-	-
Assigned	<u>5,364,398</u>	<u>2,238,868</u>	<u>2,332,163</u>	<u>2,568,942</u>
<b>Total Other Governmental Funds</b>	<u>5,364,398</u>	<u>2,238,868</u>	<u>3,977,586</u>	<u>3,004,913</u>
<b>Total All Governmental Funds</b>	<u>\$ 5,063,915</u>	<u>\$ 6,773,424</u>	<u>\$ 7,967,614</u>	<u>\$ 6,502,455</u>

Source: Administrative Services Division

2010	2011	2012	2013	2014	2015
\$ 115,990	\$ 97,436	\$ 101,742	\$ 179,419	\$ 314,360	\$ 150,767
-	2,230,328	-	-	700	-
<u>3,571,416</u>	<u>1,389,986</u>	<u>981,806</u>	<u>(103,719)</u>	<u>250,906</u>	<u>1,809,814</u>
<u>3,687,406</u>	<u>3,717,750</u>	<u>1,083,548</u>	<u>75,700</u>	<u>565,966</u>	<u>1,960,581</u>
\$ -	\$ 30,184	\$ -	\$ -	\$ -	\$ -
41,979	-	2,377,847	2,037,710	2,205,639	2,812,780
-	-	-	3,607,437	3,445,991	3,890,011
<u>3,076,361</u>	<u>2,959,234</u>	<u>3,041,382</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,118,340</u>	<u>2,989,418</u>	<u>5,419,229</u>	<u>5,645,147</u>	<u>5,651,630</u>	<u>6,702,791</u>
<u>\$6,805,746</u>	<u>\$6,707,168</u>	<u>\$6,502,777</u>	<u>\$5,720,847</u>	<u>\$6,217,596</u>	<u>\$8,663,372</u>



## 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)

<b>Revenues:</b>	2006	2007	2008	2009
Property taxes	\$ 14,227,016	\$ 15,941,297	\$ 15,805,123	\$ 16,407,887
Fire flow taxes	893,355	960,183	884,763	1,066,761
Use of money and property	465,708	29,639	89,247	54,431
State and federal grants	-	-	-	-
Charges for services	900,346	887,441	1,607,108	1,750,233
Charges for services - ambulance				
Other revenues	-	-	196,000	16,397
Impact mitigation fees				
<b>Total revenues</b>	<b>\$ 16,486,425</b>	<b>\$ 17,818,560</b>	<b>\$ 18,582,241</b>	<b>\$ 19,295,709</b>
<b>Expenditures:</b>				
Fire protection - operations:	\$ 42,637,458	\$ 14,084,933	\$ 16,483,324	\$ 16,852,131
Salaries				
Overtime				
Benefits				
Retiree health insurance				
Services and supplies				
Capital outlay	734,384	189,350	548,156	1,275,745
Debt service:				
Principal			714,049	1,130,912
Interest and fiscal charges	217,089	1,834,768	1,509,865	1,502,080
<b>Total expenditures</b>	<b>\$ 43,588,931</b>	<b>\$ 16,109,051</b>	<b>\$ 19,255,394</b>	<b>\$ 20,760,868</b>
<b>Reconciliation of Governmental Revenues</b>				
<b>Less Expenditures to Fund Equity:</b>				
Revenue over (under) expenditures	\$ (27,102,506)	\$ 1,709,509	\$ (673,153)	\$ (1,465,159)
Other financing sources:				
Proceeds of debt issued	28,435,000	-	1,645,423	-
Proceeds from sales of assets	-	-	-	-
Total other financing sources	28,435,000	-	1,645,423	-
<b>Net change in fund balances</b>	<b>\$ 1,332,494</b>	<b>\$ 1,709,509</b>	<b>\$ 972,270</b>	<b>\$ (1,465,159)</b>
Debt service as a percentage of noncapital expenditures	1%	13%	13%	16%

**Source:** Administrative Services Division

2010	2011	2012	2013	2014	2015
\$ 16,827,597	\$ 16,882,276	\$ 16,524,808	\$ 16,471,345	\$ 17,670,263	\$ 19,235,847
1,064,888	1,067,969	1,067,763	1,069,288	1,071,747	1,068,288
3,776	4,463	3,252	784	209	1,996
-	149,845	280,069	1,239	853,927	950,669
1,420,196	1,395,534	1,242,317	1,455,540	226,745	273,205
				810,990	907,730
100	118,019	219,379	112,191	1,026,669	798,753
				58,000	225,655
<u>\$ 19,316,557</u>	<u>\$ 19,618,106</u>	<u>\$ 19,337,588</u>	<u>\$ 19,110,387</u>	<u>\$ 21,718,550</u>	<u>\$ 23,462,143</u>
\$ 15,925,826	\$ 16,013,010	\$ 15,928,710			
			\$ 7,725,838	\$ 8,181,676	\$ 7,250,708
			2,421,630	1,541,123	2,048,524
			4,001,208	4,649,384	6,442,501
			937,777	896,659	885,770
			1,824,534	2,059,857	1,810,195
349,161	1,149,290	1,241,129	493,832	1,279,899	266,114
1,295,574	1,179,888	1,055,000	1,230,000	1,425,000	1,630,000
<u>1,442,705</u>	<u>1,374,496</u>	<u>1,317,137</u>	<u>1,257,498</u>	<u>1,188,203</u>	<u>1,108,467</u>
<u>\$ 19,013,266</u>	<u>\$ 19,716,684</u>	<u>\$ 19,541,976</u>	<u>\$ 19,892,317</u>	<u>\$ 21,221,801</u>	<u>\$ 21,442,279</u>
<u>\$ 303,291</u>	<u>\$ (98,578)</u>	<u>\$ (204,388)</u>	<u>\$ (781,930)</u>	<u>\$ 496,749</u>	<u>\$ 2,019,864</u>
-	-	-	-	-	424,554
-	-	-	-	-	1,358
-	-	-	-	-	425,912
<u>\$ 303,291</u>	<u>\$ (98,578)</u>	<u>\$ (204,388)</u>	<u>\$ (781,930)</u>	<u>\$ 496,749</u>	<u>\$ 2,445,776</u>
<u>17%</u>	<u>16%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>



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

---

---

	<u>Secured</u>	<u>Public Utility</u>	<u>Unsecured</u>	<u>Total</u>
2006	\$6,322,245,957	\$56,175	\$55,272,254	\$6,377,574,386
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

Source: HdL, Coren & Cone

*This page intentionally left blank.*







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

	Basic Direct Rate	Overlapping Rates				
		Acalanes Union High School District	BART Bond	Contra Costa Comm College District	EBMUD District 1 Bond	East Bay Regional Park District Bond
2006	1.00000	0.02790	0.00480	0.00470	0.00720	0.00570
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

Source: HdL, Coren & Cone

**Notes:**

Rate per \$100 of assessed value

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

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

---



---

Lafayette School District Bond 1995	Moraga School District Bond 1995	Orinda Union School District Bond	Orinda Roads Bond	West Contra Costa Unified School District	Total Tax Rate
0.03930	0.03250	0.02360	0.00000	0.10410	1.24980
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



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

Property Owner	Primary Land Use	2014-15	
		Assessed Valuation	Rank
OG Property Owner LLC	Vacant Orinda	\$ 102,055,951	1
PK I Rheem Valley LP	Commercial Moraga	34,509,478	2
Orinda Dunhill LLC	Commercial Orinda	27,172,000	3
Pulte Home Corporation	Residential Orinda	23,826,754	4
Pine Grove LLC	Commercial Orinda	22,881,100	5
Russell J Bruzzone Inc.	Commercial Moraga	21,416,562	6
Taylor Morrison of California LLC	Vacant Orinda	20,900,000	7
ASC Moraga LLC	Commercial Moraga	12,054,480	8
Orinda Country Club	Recreational Orinda	10,274,467	9
George Gage Trust	Residential Moraga	9,517,492	10
R Jacobs Family LP	Commercial Orinda		
CT Operating Partnership LP	Commercial Moraga		
Orinda Gateway LLC	Dry Farm Orinda		
Orinda Investments LLC	Commercial Orinda		
Scott C and Lisa A Kovalik Trust	Residential Orinda		
Oakmont of Moraga LLC	Institutional Moraga		
Comcast Corporation	Unsecured Orinda		
Bigbury Company N V	Dry Farm Moraga		
		<u>\$ 284,608,284</u>	

Source: HdL, Coren & Cone

2005-06			
% of Net AV	Assessed Valuation	Rank	% of Total
1.15%			
0.39			
0.30			
0.27			
0.26			
0.24	\$ 17,736,629	5	0.28
0.23			
0.14			
0.12	9,743,786	7	0.15
0.11			
	25,284,950	1	0.40
	24,749,889	2	0.39
	22,129,191	3	0.35
	17,980,975	4	0.28
	10,048,654	6	0.16
	9,607,707	8	0.15
	7,858,090	9	0.12
	6,928,125	10	0.11
<u>3.19%</u>	<u>\$ 152,067,996</u>		<u>2.38%</u>



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

---



---

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Collected within the Fiscal Year of the Levy</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>
2006	\$14,227,016	\$14,227,016	100%
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%

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

---



---

<b>Fiscal Year</b>	<b>Pension Obligation Bonds</b>	<b>Equipment Capital Lease</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
2006	\$28,435,000	-	\$28,435,000	1.14%	\$836
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

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



**Moraga-Orinda Fire Protection District**  
**Direct and Overlapping Debt**  
 June 30, 2015

2014-15 Assessed Valuation	\$ 8,911,235,704		
	Total Debt	Percent Applicable <sup>(1)</sup>	Net Bonded Debt
<b>Direct Debt</b>			
Pension Obligation Bonds	\$ 20,420,000	100.000%	\$ 20,420,000
<b>Total Direct Debt</b>			<b>20,420,000</b>
<b>Overlapping Tax and Assessment Debt</b>			
Moraga Elementary Bond 1995	11,615,000		11,615,000
Contra Costa County Pension Debt	236,920,000	5.549	13,145,881
CCC PFA 1998A Lease Revenue Bonds	13,720,000	5.549	761,276
CCC PFA 1999A Lease Revenue Bonds	11,240,000	5.549	623,669
CCC PFA 2002A Lease Revenue Bonds	7,375,000	5.549	409,214
CCC PFA 2002B Lease Revenue Bonds	5,350,000	5.549	296,853
CCC PFA 2003A Lease Revenue Bonds	6,630,000	5.549	367,876
CCC PFA 2007A Lease Revenue Bonds	110,185,000	5.549	6,113,789
CCC PFA 2007B Lease Revenue Bonds	31,870,000	5.549	1,768,357
CCC PFA 2009A Lease Revenue Bonds	16,950,239	5.549	940,511
CCC PFA 2010A-1 Lease Revenue Bonds	5,010,000	5.549	277,988
CCC PFA 2010A-2 Lease Revenue Bonds	13,130,000	5.549	728,539
CCC PFA 2010A-3 Lease Revenue Bonds	20,700,000	5.549	1,148,572
CCC PFA 2010B Lease Revenue Bonds	13,415,000	5.549	744,352
CCC PFA 2012 Lease Revenue Bonds	11,514,097	5.549	638,878
BART	179,807,423	5.549	9,976,899
East Bay Regional Park Bond	78,104,202	5.549	4,333,735
East Bay MUD Dist 1 Bond	650,880	0.028	182
General Obligation Bonds	10,000,000	100.000	10,000,000
Acalanes Union 1997 Bond	62,429,883	32.465	20,267,557
Acalanes Union 1988 Bond	1,445,000	34.031	491,754
Acalanes Union 2002 & 2008 Bonds	235,166,325	32.465	76,345,599
Lafayette Elementary Bond 1995	27,020,000	0.174	46,958
Orinda Elementary Bond	7,806,348	99.789	7,789,915
West Contra Costa Unified 1998 Bond	20,360,000	0.001	245
West Contra Costa Unified 2000 Bond	205,755,000	0.001	2,476
West Contra Costa Unified 2002 Bond	367,153,680	0.001	4,419
West Contra Costa Unified Bond 2005	372,254,709	0.001	4,481
West Contra Costa Unified 2010 Bond	174,345,000	0.001	2,098
West Contra Costa Unified 2012 Bond	162,250,000	0.001	1,953
Contra Costa Community College 2002 Bond	186,230,000	5.570	10,373,719
Contra Costa Community College 2006 Bond	298,570,000	5.570	16,631,484
Contra Costa Community College 2014 Bond	120,000,000	5.570	6,684,456
<b>Total Overlapping Tax and Assessment Debt</b>			<b>\$ 202,538,685</b>
<b>Total Direct and Overlapping Debt</b>			<b>\$ 222,958,685 (2)</b>
<b>Ratios to Assessed Valuation</b>			
Combined Direct Debt		0.23%	
Total Overlapping Tax and Assessment Debt		2.27%	
Combined Total Debt		2.50%	

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

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

Source: HdL, Coren & Cone

*This page intentionally left blank.*







## Moraga-Orinda Fire Protection District

### Legal Bonded Debt Margin

Last Ten Fiscal Years

(Thousands)

	2006	2007	2008	2009
Debt limit	\$ 237,084,223	\$255,848,566	\$271,648,434	\$283,324,659
Total debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 237,084,223</u>	<u>\$255,848,566</u>	<u>\$271,648,434</u>	<u>\$283,324,659</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%

#### Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value - secured	\$ 8,856,613,012
Debt limit (3.75% of assessed value) (a)	332,122,988
Debt applicable to limit: None	<u>-</u>
Legal debt margin	<u>\$ 332,122,988</u>

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

Source: HdL, Coren & Cone

2010	2011	2012	2013	2014	2015
\$294,649,434	\$292,105,274	\$286,936,449	\$289,421,051	\$306,973,464	\$332,122,988
-	-	-	-	-	-
<u>\$294,649,434</u>	<u>\$292,105,274</u>	<u>\$286,936,449</u>	<u>\$289,421,051</u>	<u>\$306,973,464</u>	<u>\$332,122,988</u>
0%	0%	0%	0%	0%	0%



## Moraga-Orinda Fire Protection District

### Demographic and Economic Statistics

Last Ten Calendar Years

---



---

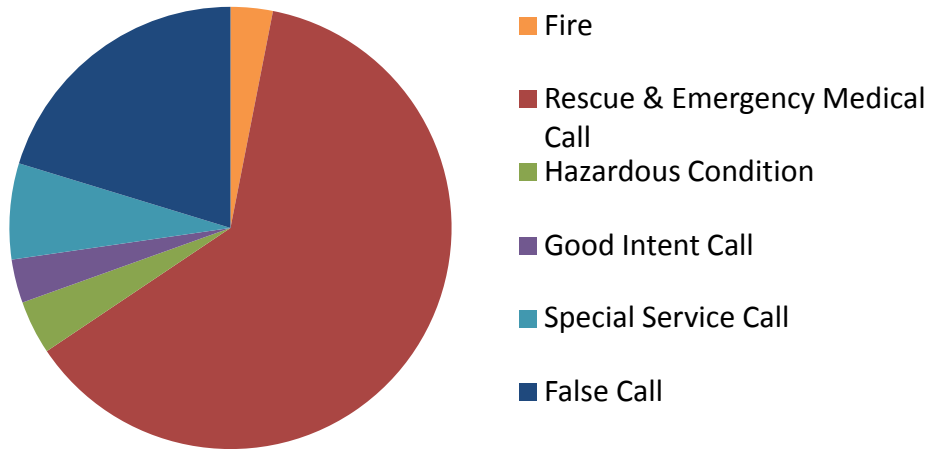
Calendar Year	Town of Moraga Population	City of Orinda Population	Total Population	Per Capita Personal Income	Personal Income (Thousands)	Unemployment Rate
2006	16,338	17,693	34,031	73,416	2,498,420	1.6%
2007	16,165	17,517	33,682	75,061	2,528,205	1.7%
2008	16,138	17,542	33,680	75,441	2,540,853	2.3%
2009	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%

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



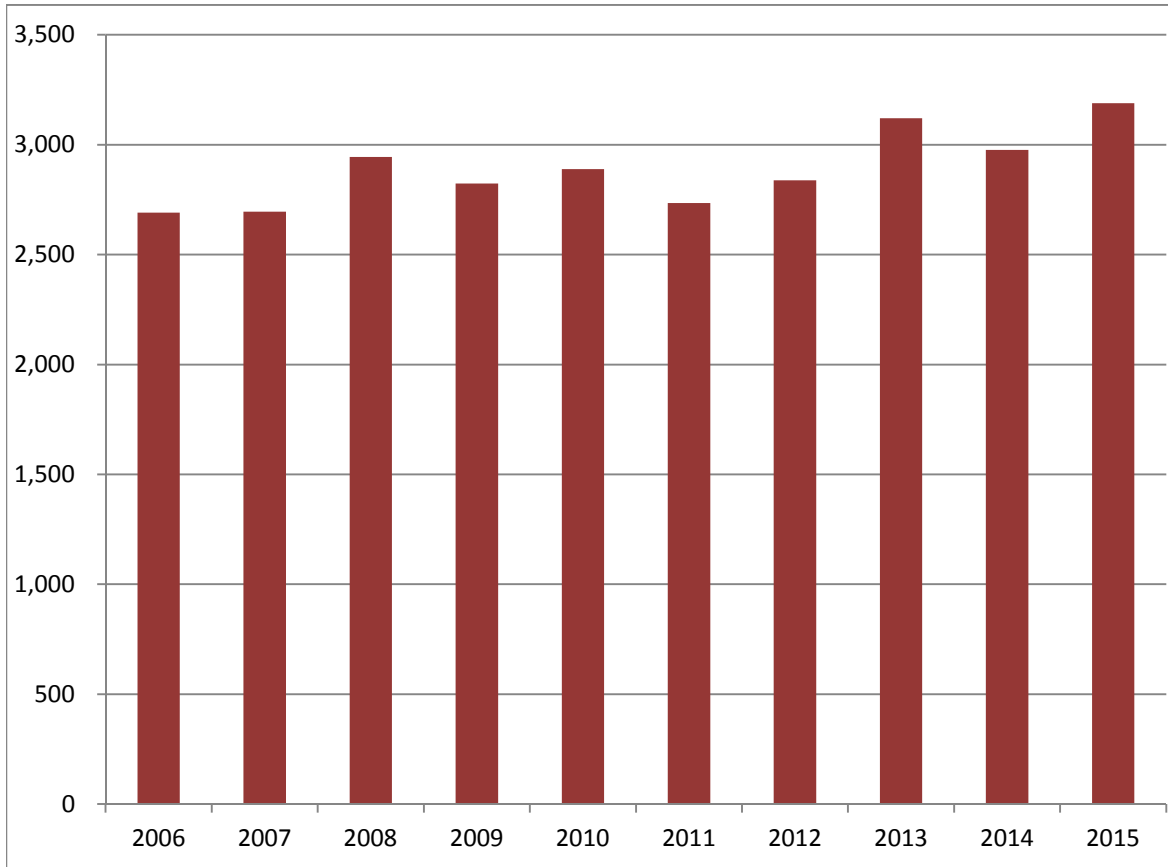
**Moraga-Orinda Fire Protection District**  
**Emergency Response Detail Analysis**  
 Fiscal Year 2014-2015

<u>Category</u>	<u>Number of Incidents</u>	<u>Percent of Total Responses</u>
Fire	98	3.1%
Rescue & Emergency Medical Call	1,994	62.5%
Hazardous Condition	125	3.9%
Good Intent Call	102	3.2%
Special Service Call	223	7.0%
False Call	647	20.3%
<b>Total</b>	<b>3,189</b>	<b>100.0%</b>





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



<u>Fiscal Year</u>	<u>Number of Emergency Responses</u>
2006	2,691
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



# Moraga-Orinda Fire District

**TO:** Board of Directors  
**FROM:** Gloriann Sasser, Administrative Services Director  
**DATE:** March 15, 2017  
**SUBJECT:** Item 4.2 – Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016

---

## **BACKGROUND**

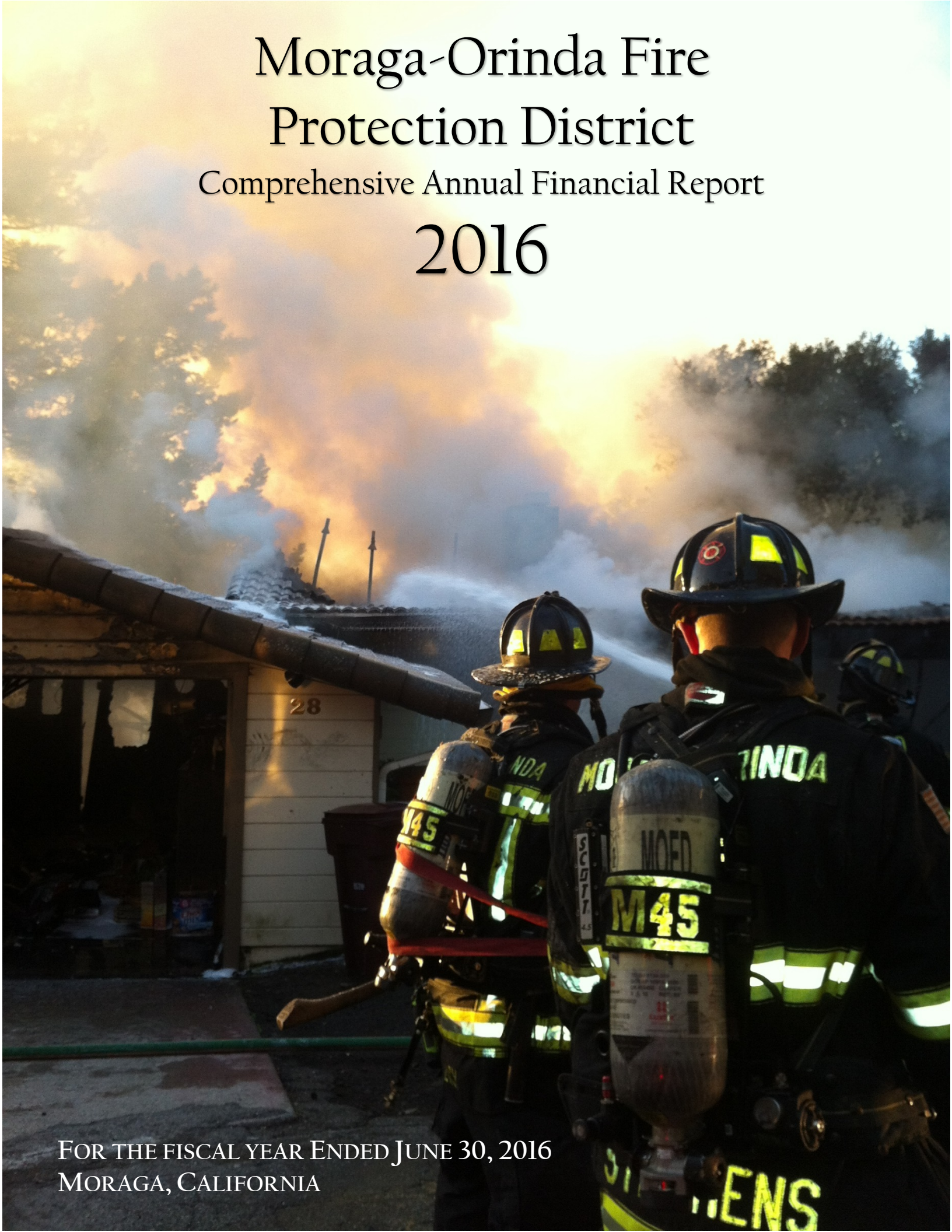
The Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016 has been completed. The Ad Hoc Financial Reporting Committee recommends approval.

## **RECOMMENDATION**

- 1) Discuss; 2) Deliberate; 3) Approve 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

A photograph of firefighters at a house fire. The scene is filled with thick smoke and bright orange flames rising from a house. Two firefighters in the foreground are wearing dark gear with reflective yellow and green stripes. Their helmets have reflective yellow and green accents. The firefighter on the right has 'MORAGA-ORINDA' and 'M45' on their gear. The firefighter on the left has 'MORAGA-ORINDA' and 'M45' on their gear. The house in the background has a white door with the number '28' and a black trash can next to it. The sky is a mix of orange and grey, indicating a large fire.

# Moraga-Orinda Fire Protection District

## Comprehensive Annual Financial Report 2016

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

MORAGA-ORINDA FIRE  
PROTECTION DISTRICT  
MORAGA, CALIFORNIA



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





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

**Table of Contents**

---

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Table of Contents .....	i
Directory of Officials .....	iii
Organizational Chart .....	iv
District Map .....	v
Stations and Facilities .....	vi
Letter of Transmittal .....	vii
GFOA Award .....	xi
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report .....	1
Management's Discussion and Analysis (Required Supplementary Information) .....	3
<b>Basic Financial Statements:</b>	
<i><b>Government-Wide Financial Statements:</b></i>	
Statement of Net Position .....	11
Statement of Activities .....	12
<i><b>Fund Financial Statements:</b></i>	
<b>Governmental Funds:</b>	
Balance Sheet .....	13
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position .....	14
Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position .....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	16
Reconciliation of Fund Basis Statements to Government-wide Statement of Activities .....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	20
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual – General Fund .....	21





# MORAGA-ORINDA FIRE PROTECTION DISTRICT

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

### DIRECTORY OF OFFICIALS

#### **Board of Directors**

Stephen L. Anderson  
President

Fred Weil  
Vice President

Kathleen Famulener  
Secretary

Brad Barber  
Treasurer

Alex Evans  
Director

#### **Principal Staff**

Stephen Healy  
Fire Chief

Felipe Barreto  
Battalion Chief

Grace Santos  
District Secretary/District Clerk

Jerry Lee  
Battalion Chief

Kathy Leonard  
Fire Marshal

Sean Perkins  
Battalion Chief

Gloriann Sasser  
Administrative Services Director

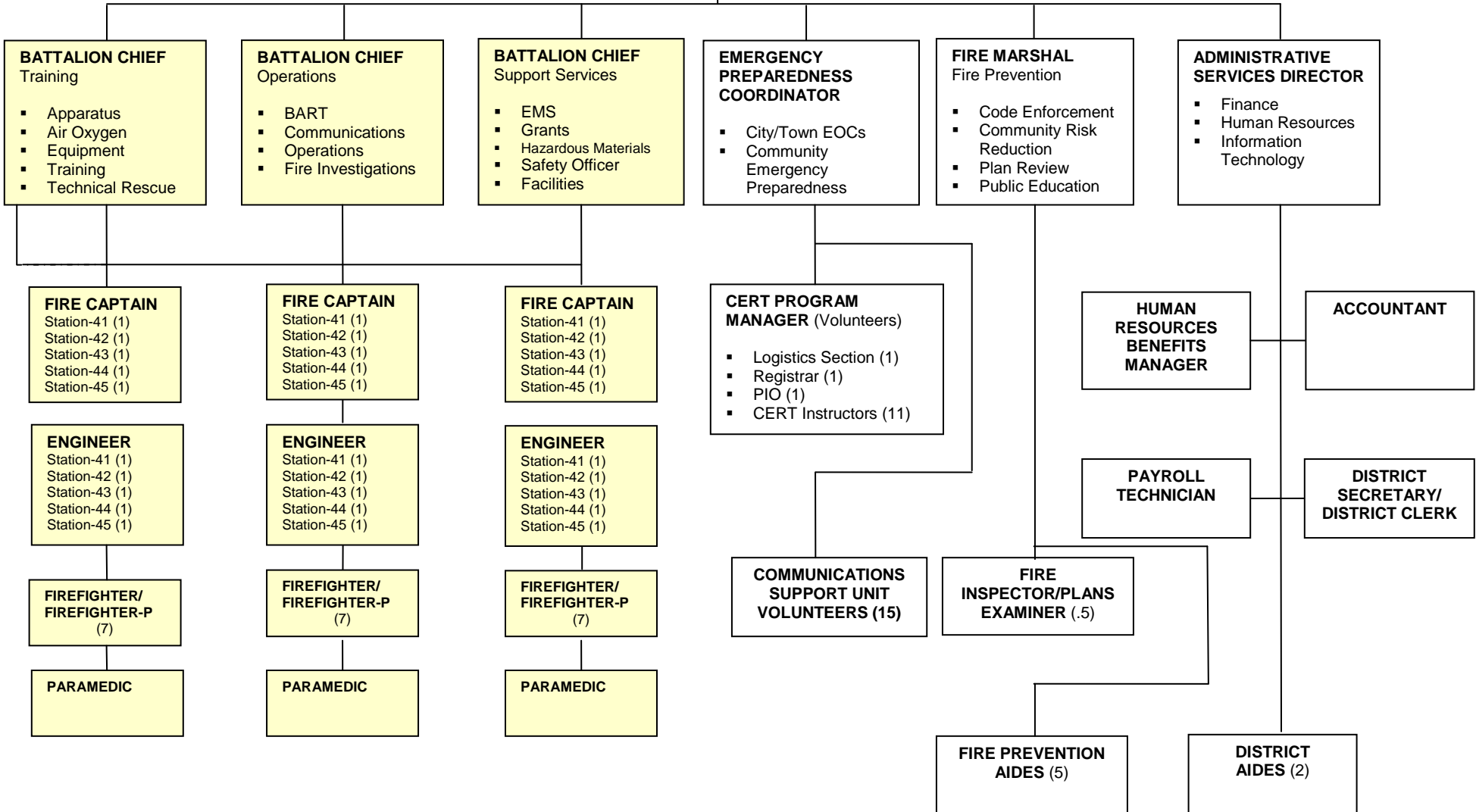
Dennis Rein  
Emergency Preparedness Coordinator

MORAGA-ORINDA FIRE DISTRICT  
 ORGANIZATIONAL STRUCTURE  
 June 2016



**BOARD OF DIRECTORS**  
(5)

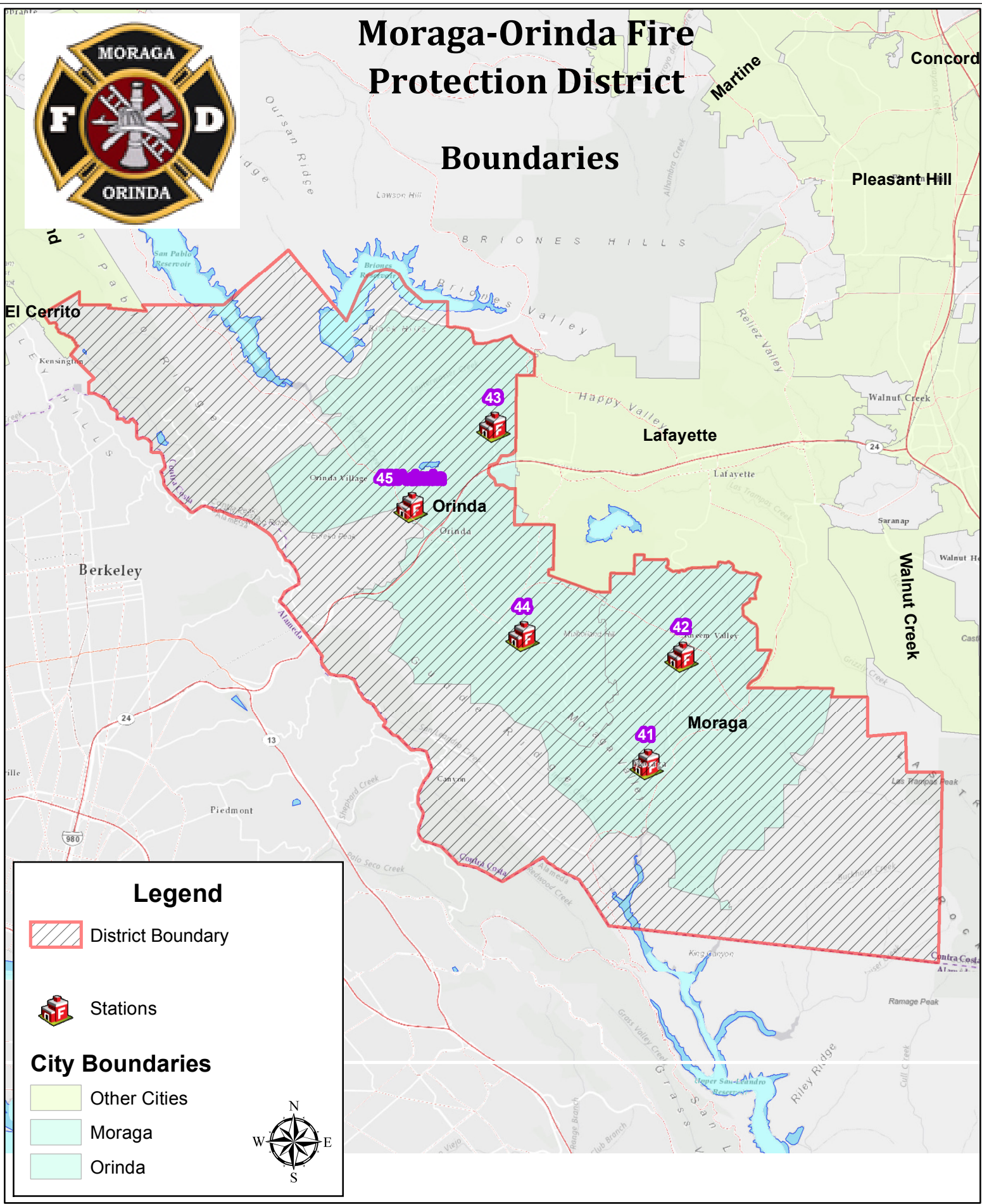
**FIRE CHIEF**





# Moraga-Orinda Fire Protection District

## Boundaries




### Legend


 District Boundary

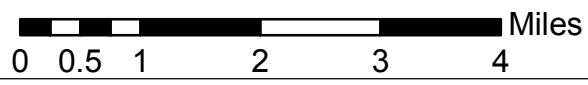
 Stations

### City Boundaries

 Other Cities

 Moraga

 Orinda





# STATIONS & FACILITIES



ADMINISTRATION  
1280 Moraga Way, Moraga



STATION 41  
1280 Moraga Way, Moraga



STATION 42  
555 Moraga Road, Moraga



STATION 43  
20 Via Las Cruces, Orinda



STATION 44  
295 Orchard Road, Orinda



Station 45  
33 Orinda Way, Orinda



# Moraga-Orinda Fire District

---

March 15, 2017

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

Members of the Board:

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

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

## **The District**

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

## **Awards**

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

## Acknowledgements

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

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

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

Sincerely,



Stephen Healy  
Fire Chief



Gloriann Sasser, CPA  
Administrative Services Director



Government Finance Officers Association

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

Presented to

**Moraga-Orinda Fire Protection District  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO



**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.*  
**JJACPA, Inc.**  
**Dublin, California**

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



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

## Management's Discussion and Analysis

---

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

### Annual Report Overview

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

### Government-wide Financial Statements

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

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

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

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

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

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

### Fund Financial Statements

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



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

**Management's Discussion and Analysis, Continued**

---

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:



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

**Management's Discussion and Analysis, Continued**

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

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

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

The remaining balance of net position of (\$60,767,871) is unrestricted but as a deficit, will reduce the District's ability to meet its ongoing obligations to its citizens and creditors. The District has an unrestricted net position deficit as of June 30, 2016 and 2015.

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

- Cash and investments increased \$3,982,790 from the prior year. This was primarily due to receipts that exceeded disbursements and proceeds from the sale of surplus property.
- Restricted cash and investments increased \$3,778,294 due to the issuance of a lease/purchase agreement to construct fire station 43 and increased transfers to the fiscal agent prior to the payment of debt service requirements.
- Other assets increased \$261,969 primarily due to an increase in taxes receivable





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

**Management's Discussion and Analysis, Continued**

- Capital assets decreased \$1,138,750 primarily due to the sale of surplus property
- Deferred outflows of resources related to the pension plan increased \$11,809,118 due to excess of projected over actual earnings on pension plan investments and changes of actuarial assumptions.
- Long-term liabilities increased \$12,685,618 primarily due to an increase in the net pension obligation and issuance of a lease/purchase agreement.
- Deferred inflows of resources related to the pension plan increased \$526,912 due to a difference between expected and actual experience in the total pension liability.
- Net investment in capital assets decreased \$1,138,750 primarily due to the sale of surplus property.
- Restricted net position includes property tax revenue held in a bond fund account for the payment of Taxable Pension Obligation Bonds, Series 2005 in the amount of \$2,587,350 and money held in a restricted account due to the issuance of a lease/purchase agreement to construct fire station 43 in the amount of \$4,003,704. Funds for the Taxable Pension Obligation Bonds are held with the Trustee at Wells Fargo Bank. Funds for the fire station 43 construction are held at Citibank.
- Unrestricted net position is the part of net position that can be used to finance day-to day operations without constraints established by debt covenants or other legal requirements or restrictions. The District has (\$60,767,871) of unrestricted net deficit as of June 30, 2016.

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

	2016	2015
<u>Expenses</u>		
Fire protection - operations	\$18,610,768	\$18,372,152
Interest	1,079,259	1,041,717
Total expenses	<u>19,690,027</u>	<u>19,413,869</u>
<u>Revenues</u>		
Program revenues:		
Charges for services	1,303,760	1,180,935
Operating grants & contributions	436,499	1,814,670
Total program revenues	<u>1,740,259</u>	<u>2,995,605</u>
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	-



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

**Management's Discussion and Analysis, Continued**

---

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

**Expenses**

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

**Program Revenues**

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

**General Revenues**

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

**Government Activities – Governmental Funds**

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

**Analysis – General Fund**

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

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



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

## Management's Discussion and Analysis, Continued

---

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



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

## Management's Discussion and Analysis, Continued

---

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

### Capital Assets

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

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

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

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

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

### Financing Operations

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

### Economic Outlook

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

In order to continue to control expenditures, the District continued to reduce daily minimum staffing during the winter and spring. In response to the severe drought conditions, the District



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

## Management's Discussion and Analysis, Continued

---

increased daily staffing during the summer and fall. In addition, the District reduced other spending in the General Fund to match revenue. This was accomplished by continuing to leave one chief officer position unfilled. The District also increased General Fund revenue through increased charges for services.

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

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

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

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

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

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

### Financial Contact

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



# Moraga-Orinda Fire Protection District

## Statement of Net Position

June 30, 2016

	<b>Governmental Activities</b>
	<b>2016</b>
<b>ASSETS</b>	
<b>Current assets:</b>	
Cash and investments	\$ 9,632,435
Restricted cash and investments	6,591,054
Receivables, net	1,161,045
Other assets	22,525
<b>Total current assets</b>	<u>17,407,059</u>
<b>Noncurrent assets:</b>	
Capital assets, net	8,327,292
<b>Total noncurrent assets</b>	<u>8,327,292</u>
<b>Total assets</b>	<u>25,734,351</u>
<b>Deferred outflows - Pension plan</b>	<u>12,186,885</u>
<b>Total assets and deferred outflows</b>	<u>\$ 37,921,236</u>
<b>LIABILITIES</b>	
<b>Current liabilities:</b>	
Accounts payable and accrued liabilities	\$ 171,094
Salaries and benefits payable	890,997
Interest payable	496,738
Compensated absences - current portion	165,000
Current portion of long-term liabilities	2,383,359
<b>Total current liabilities</b>	<u>4,107,188</u>
<b>Noncurrent liabilities:</b>	
Net pension obligation	39,299,357
Compensated absences	359,429
Net OPEB obligation	6,816,633
Due after one year	20,593,333
<b>Total noncurrent liabilities</b>	<u>67,068,752</u>
<b>Total liabilities</b>	<u>71,175,940</u>
<b>Deferred inflows - Pension plan</b>	<u>6,529,982</u>
<b>NET POSITION</b>	
Net investment in capital assets	8,327,292
Restricted for:	
Debt service	2,587,823
Capital projects	10,068,070
Unrestricted (deficit)	<u>(60,767,871)</u>
<b>Total net position</b>	<u>(39,784,686)</u>
<b>Total liabilities, deferred inflows, and net position</b>	<u>\$ 37,921,236</u>

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



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

For the year ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				2016
<b>Governmental activities:</b>				
Fire protection - operations	\$ 18,610,768	\$ 1,303,760	\$ 436,499	\$ (16,870,509)
Interest on long-term debt	1,079,259	-	-	(1,079,259)
<b>Total governmental activities</b>	<b>\$ 19,690,027</b>	<b>\$ 1,303,760</b>	<b>\$ 436,499</b>	<b>\$ (17,949,768)</b>
General revenues:				
Taxes:				
Property taxes				20,693,314
Fire flow taxes				1,070,214
Investment earnings				10,948
State and federal grants				158,460
Other Revenues				406,279
Gain on sale of capital assets				315,507
Total general revenues				<u>22,654,722</u>
Change in net position				4,704,954
Net position:				
Net position - beginning				(44,489,640)
Net position - ending				<u>\$ (39,784,686)</u>

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



# Moraga-Orinda Fire Protection District

## Balance Sheet

Governmental Funds

June 30, 2016

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

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





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

---

---

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

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

**CAPITAL ASSETS**

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

**LONG-TERM ASSETS AND LIABILITIES**

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

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

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

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

**Net position of governmental activities** \$ (39,784,686)

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



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

Governmental Activities

June 30, 2016

ASSETS	Governmental		Changes in GAAP	Statement of Net Position
	Funds Balance Sheet	Reclass		
<b>Current assets:</b>				
Cash and investments	\$ 9,632,435	\$ -	\$ -	\$ 9,632,435
Restricted cash and investments	6,591,054	-	-	6,591,054
Receivables (net)	1,161,045	-	-	1,161,045
Other assets	22,525	-	-	22,525
<b>Total current assets</b>	<b>17,407,059</b>	<b>-</b>	<b>-</b>	<b>17,407,059</b>
<b>Noncurrent assets:</b>				
Capital assets, net	-	-	8,327,292	8,327,292
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>8,327,292</b>	<b>8,327,292</b>
<b>Total assets</b>	<b>17,407,059</b>	<b>-</b>	<b>8,327,292</b>	<b>25,734,351</b>
<b>Deferred outflows</b>	<b>-</b>	<b>-</b>	<b>12,186,885</b>	<b>12,186,885</b>
<b>Total assets and deferred outflows</b>	<b>\$ 17,407,059</b>	<b>\$ -</b>	<b>\$ 20,514,177</b>	<b>\$ 37,921,236</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable & accrued liabilities	\$ 171,094	\$ -	\$ -	\$ 171,094
Salaries and benefits payable	890,997	-	-	890,997
Interest payable	-	-	496,738	496,738
Compensated absences	-	-	165,000	165,000
Current portion of long-term liabilities	-	-	2,383,359	2,383,359
<b>Total current liabilities</b>	<b>1,062,091</b>	<b>-</b>	<b>3,045,097</b>	<b>4,107,188</b>
<b>Noncurrent liabilities:</b>				
Net pension obligation	-	-	39,299,357	39,299,357
Compensated absences	-	-	359,429	359,429
Net OPEB obligation	-	-	6,816,633	6,816,633
Due after one year	-	-	20,593,333	20,593,333
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>67,068,752</b>	<b>67,068,752</b>
<b>Total liabilities</b>	<b>1,062,091</b>	<b>-</b>	<b>70,113,849</b>	<b>71,175,940</b>
<b>Deferred inflows</b>	<b>-</b>	<b>-</b>	<b>6,529,982</b>	<b>6,529,982</b>
<b>FUND BALANCES/NET POSITION</b>				
<b>Fund balances:</b>				
Restricted	6,591,527	(6,591,527)	-	-
Committed	6,064,366	(6,064,366)	-	-
Unassigned	3,689,075	(3,689,075)	-	-
<b>Net position:</b>				
Invested in capital assets, net of related debt	-	-	8,327,292	8,327,292
Restricted	-	6,591,527	6,064,366	12,655,893
Unrestricted	-	9,753,441	(70,521,312)	(60,767,871)
<b>Total fund balances/net position</b>	<b>16,344,968</b>	<b>-</b>	<b>(56,129,654)</b>	<b>(39,784,686)</b>
<b>Total liabilities, deferred inflows, and net position</b>	<b>\$ 17,407,059</b>	<b>\$ -</b>	<b>\$ 20,514,177</b>	<b>\$ 37,921,236</b>

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



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

For the year ended June 30, 2016

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

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



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

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

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

---



---

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



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

For the year ended June 30, 2016

---

---

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

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

**CAPITAL ASSETS TRANSACTIONS**

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

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

**LONG TERM DEBT PAYMENTS**

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

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

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

Repayment of Pension obligation bond principal	1,855,000	
Repayment of capital lease obligations	81,862	
Amortization of prepaid pension	<u>(150,767)</u>	1,786,095

**ACCRUAL OF NON-CURRENT LIABILITIES**

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

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

**Change in net position of governmental activities** \$ 4,704,954

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



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

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

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





This page intentionally blank



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

## Notes to Basic Financial Statements

---

### 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.



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

**Notes to Basic Financial Statements, Continued**

---

**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



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

**Notes to Basic Financial Statements, Continued**

---

**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



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

**Notes to Basic Financial Statements, Continued**

---

**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



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

**Notes to Basic Financial Statements, Continued**

---

**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



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

## Notes to Basic Financial Statements, Continued

---

### 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



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

**Notes to Basic Financial Statements, Continued**

---

**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.





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

**Notes to Basic Financial Statements, Continued**

---

**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.



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

## Notes to Basic Financial Statements, Continued

---

### 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.



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

**Notes to Basic Financial Statements, Continued**

---

**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.



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

**Notes to Basic Financial Statements, Continued**

---

**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.



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

**Notes to Basic Financial Statements, Continued**

**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	<u>13,636,139</u>
Restricted cash with fiscal agent	2,587,350
Total cash and investments	<u>\$ 16,223,489</u>

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

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.



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

**Notes to Basic Financial Statements, Continued**

---

**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.



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

**Notes to Basic Financial Statements, Continued**

---

---

**3. ACCOUNTS RECEIVABLE**

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

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

These amounts resulted in the following concentrations in receivables:

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

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

**4. DISCOVERY OF A SUBSEQUENT FACT**

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



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

**Notes to Basic Financial Statements, Continued**

**5. CAPITAL ASSETS**

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

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

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

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

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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

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





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

**Notes to Basic Financial Statements, Continued**

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES, Continued**

These amounts resulted in the following concentrations in payables:

Vendors            16%                      Employees      84%

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

**7. LONG-TERM LIABILITIES**

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

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

**Pension Obligation Bonds**

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

**Capital Lease Obligations**

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

**2016 Lease/Purchase Agreement**

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



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

**Notes to Basic Financial Statements, Continued**

**7. LONG-TERM LIABILITIES, Continued**

The following is the debt service obligations of the District:

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

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



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

**Notes to Basic Financial Statements, Continued**

---

**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:

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

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

**Fund Balance**

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

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

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

**Restricted**

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



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

**Notes to Basic Financial Statements, Continued**

---

**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.



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

**Notes to Basic Financial Statements, Continued**

**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



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

**Notes to Basic Financial Statements, Continued**

**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:

	<b>Safety</b>	<b>Non-Safety</b>
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



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

**Notes to Basic Financial Statements, Continued**

**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:

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

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

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



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

**Notes to Basic Financial Statements, Continued**

**10. PENSION PLAN, Continued**

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

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

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

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

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





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

**Notes to Basic Financial Statements, Continued**

---

**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.



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

**Notes to Basic Financial Statements, Continued**

---

**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	<u>153</u>

**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.



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

**Notes to Basic Financial Statements, Continued**

**11. OTHER POST EMPLOYMENT BENEFITS, Continued**

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

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

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual Employer Contribution</u>	<u>Percentage Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
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	<u>188,000</u>
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.



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

**Notes to Basic Financial Statements, Continued**

---

**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.



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

**Notes to Basic Financial Statements, Continued**

---

**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



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

**Notes to Basic Financial Statements, Continued**

---

**13. NEW ACCOUNTING PRONOUNCEMENTS, Continued**

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

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

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

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

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



This page intentionally blank



**Required Supplementary Information**





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

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

**Notes to Schedule**

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

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



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

---

---

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

**Notes to Schedule:**

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

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



This page intentionally blank



**Supplementary Information**



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

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



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

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



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.





## Moraga-Orinda Fire Protection District

### Net Position by Component

Last Ten Fiscal Years

(Fiscal year ended June 30)

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

**Source:** Administrative Services Division

\* Implemented GASB 68

2011	2012	2013	2014	2015*	2016
\$ 8,348,722	\$ 9,081,906	\$ 9,314,274	\$ 9,930,092	\$ 9,466,042	\$ 8,327,292
-	-	2,037,710	2,206,339	2,812,780	12,655,893
2,575,866	1,330,209	(2,697,070)	(2,337,332)	(56,768,462)	(60,767,871)
<u>\$10,924,588</u>	<u>\$10,412,115</u>	<u>\$ 8,654,914</u>	<u>\$ 9,799,099</u>	<u>\$(44,489,640)</u>	<u>\$(39,784,686)</u>
\$ 8,348,722	\$ 9,081,906	\$ 9,314,274	\$ 9,930,092	\$ 9,466,042	\$ 8,327,292
-	-	2,037,710	2,206,339	2,812,780	12,655,893
2,575,866	1,330,209	(2,697,070)	(2,337,332)	(56,768,462)	(60,767,871)
<u>\$10,924,588</u>	<u>\$10,412,115</u>	<u>\$ 8,654,914</u>	<u>\$ 9,799,099</u>	<u>\$(44,489,640)</u>	<u>\$(39,784,686)</u>



## Moraga-Orinda Fire Protection District

### Changes in Net Position

Last Ten Fiscal Years

(Fiscal year ended June 30)

(Accrual basis of accounting)

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

Source: Administrative Services Division

2011	2012	2013	2014	2015	2016
\$ 17,199,159	\$ 17,298,393	\$ 18,285,971	\$ 19,149,488	\$ 18,372,152	\$ 18,610,768
1,188,000	1,262,063	1,356,223	273,867	-	
1,351,267	1,289,602	1,225,394	1,151,010	1,041,717	1,079,259
19,738,426	19,850,058	20,867,588	20,574,365	19,413,869	19,690,027
<u>\$ 19,738,426</u>	<u>\$ 19,850,058</u>	<u>\$ 20,867,588</u>	<u>\$ 20,574,365</u>	<u>\$ 19,413,869</u>	<u>\$ 19,690,027</u>
\$ 1,395,534	\$ 1,242,317	\$ 1,455,540	\$ 1,037,735	\$ 1,180,935	\$ 1,303,760
-	-	-	1,773,086	1,814,670	436,499
1,395,534	1,242,317	1,455,540	2,810,821	2,995,605	1,740,259
<u>\$ 1,395,534</u>	<u>\$ 1,242,317</u>	<u>\$ 1,455,540</u>	<u>\$ 2,810,821</u>	<u>\$ 2,995,605</u>	<u>\$ 1,740,259</u>
<u>\$(18,342,892)</u>	<u>\$(18,607,741)</u>	<u>\$(19,412,048)</u>	<u>\$(17,763,544)</u>	<u>\$(16,418,264)</u>	<u>\$(17,949,768)</u>
<u>\$(18,342,892)</u>	<u>\$(18,607,741)</u>	<u>\$(19,412,048)</u>	<u>\$(17,763,544)</u>	<u>\$(16,418,264)</u>	<u>\$(17,949,768)</u>
\$ 16,882,276	\$ 16,524,808	\$ 16,471,345	\$ 17,670,263	\$ 19,235,847	\$ 20,693,314
1,067,969	1,067,763	1,069,288	1,071,747	1,068,288	1,070,214
4,463	3,252	784	209	1,996	10,948
149,845	280,069	1,239	165,510	160,407	158,460
118,019	219,379	112,191	-	-	406,279
-	-	-	-	-	315,507
18,222,572	18,095,271	17,654,847	18,907,729	20,466,538	22,654,722
<u>\$ 18,222,572</u>	<u>\$ 18,095,271</u>	<u>\$ 17,654,847</u>	<u>\$ 18,907,729</u>	<u>\$ 20,466,538</u>	<u>\$ 22,654,722</u>
\$ (120,320)	\$ (512,470)	\$ (1,757,201)	\$ 1,144,185	\$ 4,048,274	\$ 4,704,954
<u>\$ (120,320)</u>	<u>\$ (512,470)</u>	<u>\$ (1,757,201)</u>	<u>\$ 1,144,185</u>	<u>\$ 4,048,274</u>	<u>\$ 4,704,954</u>



## Moraga-Orinda Fire Protection District

### Fund Balances, Governmental Funds

Last Ten Fiscal Years

(Fiscal year ended June 30)

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

**Source:** Administrative Services Division

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



## Moraga-Orinda Fire Protection District Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(Fiscal year ended June 30)

(Modified accrual basis of accounting)

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

**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
<u>\$ 19,618,106</u>	<u>\$ 19,337,588</u>	<u>\$ 19,110,387</u>	<u>\$ 21,718,550</u>	<u>\$ 23,462,143</u>	<u>\$ 24,079,474</u>
\$ 16,013,010	\$ 15,928,710	\$ 7,725,838	\$ 8,181,676	\$ 7,250,708	\$ 7,517,701
		2,421,630	1,541,123	2,048,524	1,832,377
		4,001,208	4,649,384	6,442,501	5,924,823
		937,777	896,659	885,770	859,224
		1,824,534	2,059,857	1,810,195	2,091,521
1,149,290	1,241,129	493,832	1,279,899	266,114	792,794
1,179,888	1,055,000	1,230,000	1,425,000	1,630,000	1,936,862
1,374,496	1,317,137	1,257,498	1,188,203	1,108,467	1,091,276
<u>\$ 19,716,684</u>	<u>\$ 19,541,976</u>	<u>\$ 19,892,317</u>	<u>\$ 21,221,801</u>	<u>\$ 21,442,279</u>	<u>\$ 22,046,578</u>
<u>\$ (98,578)</u>	<u>\$ (204,388)</u>	<u>\$ (781,930)</u>	<u>\$ 496,749</u>	<u>\$ 2,019,864</u>	<u>\$ 2,032,896</u>
-	-	-	-	424,554	4,069,000
-	-	-	-	1,358	1,579,700
-	-	-	-	425,912	5,648,700
<u>\$ (98,578)</u>	<u>\$ (204,388)</u>	<u>\$ (781,930)</u>	<u>\$ 496,749</u>	<u>\$ 2,445,776</u>	<u>\$ 7,681,596</u>
<u>13.76%</u>	<u>12.96%</u>	<u>12.82%</u>	<u>13.10%</u>	<u>12.93%</u>	<u>14.25%</u>





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

---

---

	<u>Secured</u>	<u>Public Utility</u>	<u>Unsecured</u>	<u>Total</u>
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



This page intentionally blank



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

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

Source: HdL, Coren & Cone

**Notes:**

Rate per \$100 of assessed value

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

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

---



---

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



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

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

Source: HdL, Coren & Cone

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
<u>2.98%</u>	<u>\$ 154,451,843</u>		<u>2.24%</u>



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

---



---

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

Source: Administrative Services Division

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



## Moraga-Orinda Fire Protection District

### Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

---



---

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

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





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

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



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

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

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

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

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

Source: HdL, Coren & Cone

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



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

---



---

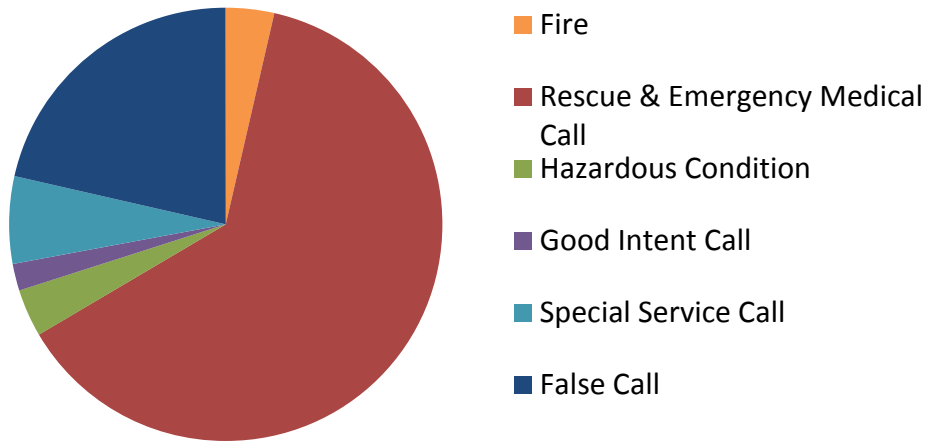
Calendar Year	Town of Moraga Population	City of Orinda Population	Total Population	Per Capita Personal Income	Personal Income (Thousands)	Unemployment Rate
2007	16,165	17,517	33,682	75,061	2,528,205	1.7%
2008	16,138	17,542	33,680	75,441	2,540,853	2.3%
2009	16,204	17,669	33,873	74,250	2,515,070	4.0%
2010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

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



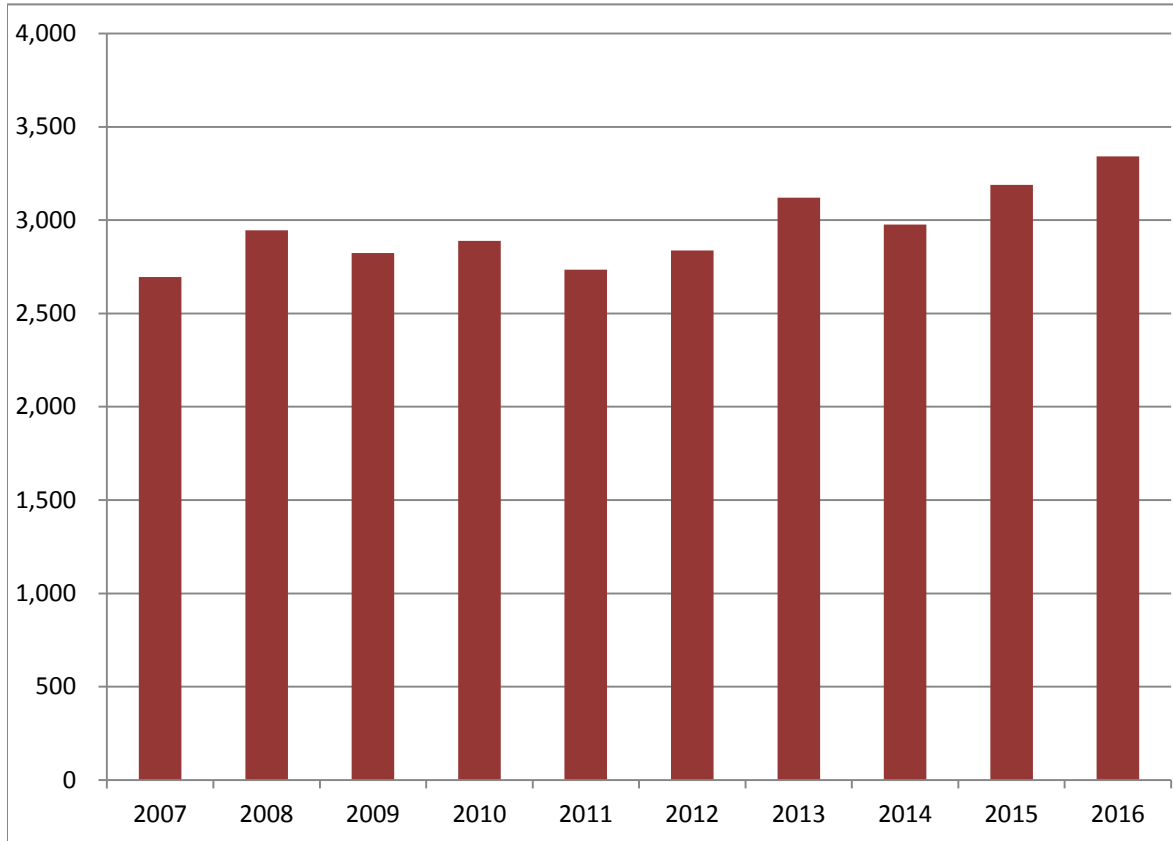
**Moraga-Orinda Fire Protection District**  
**Emergency Response Detail Analysis**  
 Fiscal Year 2015-2016

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

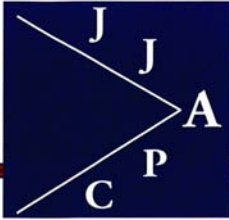




**Moraga-Orinda Fire Protection District**  
**Total Emergency Responses**  
Last Ten Fiscal Years



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



JJACPA, Inc.

A Professional Accounting Services Corp.

---

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

**Independent Auditor's Report**

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

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

**Internal Control Over Financial Reporting**

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

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

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



## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

November 29, 2016

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

MORAGA-ORINDA FIRE PROTECTION DISTRICT

GANN APPROPRIATIONS LIMIT SCHEDULE

FOR THE YEAR ENDED

JUNE 30, 2016

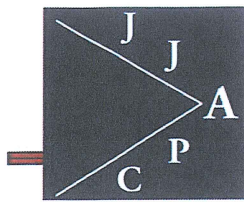
# Attachment B

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

### Table of Contents

---

	<u>Page</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures .....	1-2
Gann Appropriations Limit Schedule.....	3



JJACPA, Inc.

A Professional Accounting Services Corp.

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

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

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

The procedures performed and our findings were as follows:

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

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

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

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

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

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

## Attachment B

Page – 2 – Findings (continued)

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

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

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

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

May 17, 2016

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

# Attachment B

## Moraga-Orinda Fire Protection District

Gann Appropriations Limit Schedule

For the year ended June 30, 2016

---

---

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

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



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.



## Attachment C

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

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

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

#### *Significant Accounting Policies*

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

#### *Significant Accounting Estimates*

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

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

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

#### *Financial Statement Disclosures*

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

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

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

## Attachment C

### **Uncorrected and Corrected Misstatements**

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

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

### **Disagreements with Management**

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

### **Representations Requested from Management**

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

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

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

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

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

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

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

## Attachment C

### Communication of Internal Control Related Matters

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

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

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

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

Very truly yours,

*Joseph J. Arch*

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



# Moraga-Orinda Fire District

November 29, 2016

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

Dear Mr. Arch:

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

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

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

## Financial Statements

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

## Attachment C

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

## Attachment C

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

### Information Provided

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

## Attachment C

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



# Moraga-Orinda Fire District

---

**TO:** Board of Directors  
**FROM:** Directors Jex and Jorgens  
**DATE:** March 15, 2017  
**SUBJECT:** Item 4.3 – Termination of Ad Hoc Financial Reporting Committee

---

## **BACKGROUND**

The Ad Hoc Financial Reporting Committee has completed its work. Termination of the Ad Hoc Financial Reporting Committee is recommended.

## **RECOMMENDATION**

- 1) Discuss; 2) Deliberate; 3) Terminate the Ad Hoc Financial Reporting Committee





# Moraga-Orinda Fire District

**TO:** Board of Directors  
**FROM:** Gloriann Sasser, Administrative Services Director  
**DATE:** March 15, 2017  
**SUBJECT:** Item 4.4 – Approve Establishment of an Ad Hoc Committee to Recruit and Negotiate Contract with District Financial Auditor

---

## **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 does not have a contract with an independent certified public accounting firm to conduct the annual external audit of financial statements for the current fiscal year 2016/17. Per District Policy 11, it shall be the responsibility of the District Board to appoint standing committees or ad hoc committees to recruit and negotiate contracts with District Financial Auditors. This negotiated service contract requires the approval of the District Board.

## **RECOMMENDED ACTION**

- 1) Discuss 2) Deliberate 3) Approve establishment of an ad hoc committee to recruit and negotiate the contract for District Financial Auditors



# Moraga-Orinda Fire District

---

**TO:** Board of Directors  
**FROM:** Kathleen Famulener, President  
**DATE:** February 15, 2017  
**SUBJECT:** Item 4.5 – 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) Deliberate; 3) Provide Direction to Staff



# Moraga-Orinda Fire District

Fire Chief Stephen Healy

**TO:** Board of Directors  
**FROM:** Stephen Healy, Fire Chief  
**DATE:** March 15, 2017  
**SUBJECT:** Item 6.3 – District Update and Activity Report: January & February 2017

---

## OPERATIONS

### 1. January Incident Responses:

- EMS/Rescue 190
- Structure fires 2
- Vegetation fires 0
- Vehicle Accidents 21
- All Others 116

Total: 329

### 2. February Incident Responses:

- EMS/Rescue 118
- Structure fires 1
- Vegetation fires 0
- Vehicle Accidents 17
- All Others 118

Total: 254

### 3. Communications:

- a. Attended County Communications meeting
  - b. Completed repairs of Station-45 Alerting System
  - c. Completed APX portable radio battery replacement
  - d. Completed Caldecott Tunnel Complex radio testing
4. Conducted CISM Training
  5. Continuing mapping updates (Wilder)
  6. Continuing OES-290 decommissioning process

7. Continuing creation of drone use policy

## **FIRE PREVENTION**

1. Orinda Senior Village

Staff provided a home and fire safety talk to staff and residents of the Orinda Senior Village. Topics included fire and evacuation safety, home and cooking safety and emergency preparedness for earthquakes and other disasters. Staff created a new senior safety brochure that will be given to all residents.

2. St. Mary's Assembly Inspections

Staff completed inspections of all "A" building type structures for fire code compliance and annual permit issuance as required by the State Fire Marshal. Follow-up is planned for the few minor violations found during the first inspections.

3. Public Assembly Inspections

Staff completed all assembly occupancy types in the District as required by the State Fire Marshal.

4. Hills Emergency Forum

Staff attended the monthly Hills Emergency Forum (HEF) meeting to discuss local issues with vegetation management and upcoming grant funded mitigation projects.

5. Diablo Fire Safe Council

Staff is working with several applicants for fuels reduction grant projects. Projects involve areas in Orinda Downs, Grizzly peak, Bear Creek Road, Mulholland Ridge, Grizzly Peak, Alta Mesa, and Canyon. Many of the applications have already been approved with work starting next month.

6. Community Risk Educator Class

The Fire Marshal attended the State Fire Marshal's new class for *Community Risk Educator*. This was the first time the class has been offered. Community risk for fire prevention is a comprehensive and holistic approach to reducing injury and preventing financial loss to the community through education, engineering, and enforcement.

7. Fire Prevention database fee and fire code updating

The annual COI for fire prevention services fee was approved by the District Board of Directors. Staff updated all new 2016 fire code section changes for plan review and code enforcement for the prevention software.

## 8. District Projects

### a. Rancho Laguna II – Bella Vista (Moraga)

Rheem Boulevard has been repaired and paved with the first layer of pavement. The final layer of pavement and opening of the road is expected by the end of next month. Building construction has been suspended until the site dries out.

### b. Wilder (Orinda)

Construction of the garden center will start this spring in the area above the ball fields for the new building that will host a variety of community classes.

### c. Camino Ricardo

The 26-lot single family home subdivision is mostly complete. Construction on the new community park and pedestrian bridge to the Commons Park will resume in the spring.

### d. Palos Colorados (Moraga)

Grading is expected to commence this spring for the 124-home subdivision located near Sky Hi Circle in Moraga. Staff will work closely with project managers and the Town of Moraga to ensure code compliance and fire safety during initial site work activities.

### e. Saint Mary's College-McKeon Pavilion

Staff received plans for a remodel and expansion of KcKeon Pavilion at Saint Mary's College. Life safety improvements will include the retrofitting of the entire building for fire sprinklers and upgraded notification system. McKeon Pavilion is home to the Gaels Basketball team with an Occupancy load of 3,500 people.

### f. John Muir Medical

Staff has approved plans for the 3-story office building at 4 Orinda Way that will provide non-emergency medical services by John Muir Health. The remodeling project includes retrofitting the entire building with fire sprinklers and life safety notification devices compliant to current fire code.

## **EMERGENCY PREPAREDNESS**

1. On January 3, staff met with Contra Costa Consolidated Fire regarding the *HeartSafe Communities* program for Lafayette. Con Fire will be allocating some of their fire prevention/education staff to reach out to Automatic External Defibrillator (AED) owners to insure that the information on the National AED registry is up to date.

2. On Monday evening, January 9, staff attended the *Rescue One Foundation* meeting with Lisa Smith from County EMS to enlist the Foundation's support for the *HeartSafe Lamorinda* program. Smith explained the importance of communities promoting heart-healthy lifestyles, bystander CPR, and early Defibrillation. Staff presented the plan where the Lamorinda cities have joined together to seek "*HeartSafe Community*" designation. The Foundation members agreed to support the initiative by helping to distribute HeartSafe materials at local events. Foundation members Gordon Nathan, Gene Gottfried, and Wendy Bunch agreed to help contact Moraga and Orinda AED owners to insure their National AED Registry information is up to date.
3. On Monday evening, January 9, Lamorinda CERT held its monthly update training on "Emerging Technologies in Disaster Response and Recovery". Rick Palmer made the presentation covering technologies being used in disaster response; including what they do, how they work, and why they are important. Rick also gave the attendees a glimpse into a possible future. Mr. Palmer is the President of Contra Costa VOAD ("Volunteer Organizations Active in Disasters"). The group is national in scope with local and state organizations in every state nationwide. Rick spent the last 24 years in the robotics industry filling a variety of roles.
4. On Tuesday evening, January 10, staff attended the monthly meeting of the Lamorinda Radio Interest Group's Technical Committee. The committee is working on ways to improve backup disaster communications throughout Lamorinda.
5. Lamorinda CERT's Basic CERT class began on January 10 at the Lafayette Community Center. The course will continue for the next nine (9) weeks with a final drill planned at the County Fire Training Center on March 7. Over 40 Lamorinda residents are attending the series.
6. On Wednesday evening, January 11, staff attended the Lafayette Emergency Preparedness Commission meeting. The commissioners continue to work on the City's Emergency Operations Plan (EOP) annexes. The group is preparing to bring its updated EOP to the City Council in the spring.
7. On January 12, staff attended a training session at the Contra Costa County Emergency Operations Center related to "WEB EOC". WEB EOC is a software package that the County has adopted to manage information during emergencies. The software allows agencies throughout the county to share information, maintain broader situational awareness and a common operating picture. Staff will be working with the Lamorinda cities and the County EOC to introduce WEB EOC to local operations in 2017.
8. On January 12, staff met with MOFD's Fire Marshal and Cheryl Miller of the Diablo FireSafe Council to discuss fire prevention and fuels management grants. Several project sites were identified and funding will be requested.

9. On Saturday, January 14, staff attended a working session of the MOFD Communications-Support Unit at Station-45. The group worked for several hours cleaning and organizing the unit's files and setting up the files up on Drop Box. All unit personnel will have access to important files from the field and from the District's Department Operations Center at Station-45.
10. On January 18, staff met with Stuart House from the Orinda Unified School District to review the School District's emergency supply cache. MOFD and the OUSD are collaborating on a joint purchasing project for emergency food and water supplies for staff.
11. On Wednesday evening, January 18, staff attended the Lamorinda Radio Interest Group's monthly meeting. In addition to the regular club business, staff proposed the members participate in the 2017 Lamorinda EOC Communications Exercise on March 28th. The exercise, dubbed "COMMEX", will utilize local amateur radio operators to fill positions in the EOCs in Lafayette, Moraga, Orinda, Saint Mary's College, and MOFD. The goal is to build confidence in operating the equipment and involve local CERT members in checking in on the GMRS network.
12. On January 23, staff attended a meeting with the Town of Moraga and Lamorinda CERT to begin planning for the 2017 Moraga Triathlon. CERT provides monitors for the bicycle race portion of the event and raises funds to support CERT training classes. The event also serves as a deployment exercise with roughly 60 personnel deployed with communications along the route between Campolindo High School and the Canyon Post Office. The triathlon is scheduled for Saturday, April 22.
13. On February 13 Lamorinda CERT held its monthly update training in the Garden Room at the Orinda Library. The training topic was ropes and knots. Participants practiced knots for emergency situations.

## **TRAINING**

1. January:
  - a. Participated in the Recruit Academy Graduation with Alameda City Fire Dept.
  - b. Participated in District Training Committee meeting
  - c. Participated in County Fire Training Officers meeting
  - d. Coordinated new Firefighter training schedule and station assignments
  - e. Scheduled monthly training for District personnel
  - f. Researched the development of Mandated Training Plan
2. February:

- a. Coordinated Live Fire Training at Livermore/Pleasanton Fire training tower.
- b. Conducted Probationary Firefighter written and manipulative testing
- c. Hosted District Training Committee meeting
- d. Scheduled monthly training for District personnel
- e. Attended County Fire Training Officers meeting

## **APPARATUS**

- 1. TDA training continuing
- 2. Received and deployed two staff vehicles (C-4500 and P-4522)

## **EMS**

- 1. Hosted PHTLS recertification class
- 2. Updated EMS Credentials of all personnel on *Target Solutions*
- 3. Completed Certification audit of all personnel (on-going)
- 4. Monitored Ambulance compliance (on-going)
- 5. Audited CQI & PCR (on-going)
- 6. Ordered and inventoried EMS supplies (on-going)
- 7. Coordinated with Zoll ePCR and MOFD administration to develop new ambulance billing workflow.
- 8. Began initial stages of transitioning system to a paperless ambulance billing process

## **SUPPORT SERVICES**

- 1. Facilities
  - a. Provided District support and oversight to the construction manager on the Station 43-construction project (on-going)
  - b. Provided facilities maintenance support (on-going)
  - c. Completed installation of mandatory storm drain capture devices at Station-41's and 42 – required by Town of Moraga
  - d. Completed Station-41 bathroom/shower project
  - e. Completed draft facilities needs assessment
  - f. Completed draft MOFD Long-range Facilities Plan
  - g. Updated MOFD District vendor list

## **ADMINISTRATIVE SERVICES**

- 1. Completed Mid-Year Budget Review and Long Range Financial Plan update
- 2. Began preparation of 2017/2018 Annual Operating Budget
- 3. Completed required payroll system upgrade
- 4. Completed filings of IRS W-2, 1099 and 1095-C forms
- 5. Completed annual required password change



6. Completed annual update to Investment Policy
7. Completed establishment of PARS Pension Rate Stabilization Fund
8. Provided administrative support to the Station 43 Reconstruction project
9. Attended California Society Municipal Finance Officers conference

### **OFFICE OF FIRE CHIEF**

1. Hosted station visits with all crews: Topics included budget, SOC, ISO, Strategic and Business Plans, Mission, and Vision for the District.
2. Hosted Management Team meetings
3. Attended Basic Fire Academy graduation ceremony for two (2) new MOFD Recruit Firefighter-Paramedics.
4. Attended BOD Finance Committee meeting
5. Attended Orinda Safety Forum
  - a. Video links now available on City, LaMorinda CERT and District webpage
6. Attended Orinda City Council meeting to recognize retiring CM Janet Keeter
  - a. Presented plaque from District and Resolution from BOD
7. Attended award presentation for *Rescue One Foundation* poster contest
8. Attended Orinda Mayor's Liaison meeting
9. Attended meeting at EBMUD re ISO ratings, hydrants, and water distribution. President Famulener, Director Barber, FM Leonard and FIPE Svozil also attended.
10. Attended CERT class to offer support and encouragement for new members. Captain Dan Dick and Firefighter-Paramedic were instructing that evening.
11. Attended Moraga Chamber of Commerce Mixer
12. Attended new council member orientation for Lafayette, Moraga, and Orinda
13. Provided administrative support to BOD ad Hoc Financial Reporting Committee
14. Provided public outreach re District ISO Rating of "2"
15. Provided (on-going) staff support related to Station-43 re-construction project
16. Provided staff support to Admin Division with legal matters, recruitment, labor relations, and promotional exams.
17. Provided staff support to EPC and Lamorinda CERT re policy development
18. Met with Interim Orinda CM to discuss emergency response, emergency preparedness, and other related issues.
19. Met with Orinda School Superintendent re disaster planning and safety education for children.