



Moraga-Orinda Fire District  
**BOARD OF DIRECTORS**  
**Audit Committee Minutes**  
October 25, 2021  
APPROVED APRIL 18, 2022

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**1. OPENING CEREMONIES**

The Audit Committee convened a teleconference Open Session at **2:01 p.m.** on **October 25, 2021**, via the Zoom application <https://us02web.zoom.us/j/83301128344>, webinar id: 83301128344 or by phone 669-900-6833. This meeting was conducted by webinar and teleconference only in accordance with AB 361. The meeting was not available for in-person attendance.

Present were the following Directors and Staff:

Director Danziger	Gloriann Sasser, Admin Services Director	Marcia Holbrook, District Clerk
Director Jex	Mary Smith, Finance Manager	
Dave Winnacker, Fire Chief	Ahmad Gharaibeh, Partner Eide Bailly LLC	

**2. PUBLIC COMMENT - ITEMS NOT ON THE AGENDA**

There were no comments from members of the public.

**3. CONSENT AGENDA**

**3.1 Audit Committee Meeting Minutes – May 13, 2021**

Director Jex asked if there were any questions or comments relating to the May 13, 2021, Audit Committee meeting minutes. There being no further questions or comments, the minutes of the Audit Committee Meeting on May 13, 2021, were accepted as written. Director Jex requested an update on items discussed during the May 13, 2021 meeting. Mr. Gharaibeh advised the information would be covered under the regular scope of the audit on the regular agenda.

**4. REGULAR AGENDA**

**4.1 Discussion, Questions, and Review of the 2021 Audit with Audit Partner- Independent Auditor - Eide Bailly.**

Ahmad Gharaibeh, Partner Eide Bailly LLC provided an overview of the audit process. The audit is performed in three general phases (review, confirmation, and reporting). The scope of the audit ensures financial statements are fairly stated and that financial reports comply with Governmental Accounting Standards Board (GASB) reporting requirements. Mr. Gharaibeh announced GASB eliminated the acronym CAFR as of 2023 and changed the name Comprehensive Annual Financial Report (CAFR) to Annual Comprehensive Financial Report (ACFR). The report will reflect the change. Director Danziger and Director Jex agreed.

Mr. Gharaibeh stated the audit has been completed pending the Board's approval and proceeded to review and answer the questions provided in the packet. Many of the answers are "yes" or "no." A "yes" indicates a reportable condition. A "no" indicates no reportable condition. Based on the format of the questions, there are no reportable conditions, no adjustments, no difficulties, no disagreements encountered during the performance of the audit, and no changes in the accounting principles used in the current year or upcoming years. There were no significant changes in equity. The financial statements show equity is \$18M in the general fund, \$26M overall on the modified accrual basis of accounting, and negative on the full accrual basis of accounting. Mr. Gharaibeh explained there are two sets of financial statements. The Fund financial statements are the general fund, capital project funds, and debt service fund. The second set of financial statements is on a full accrual basis. The pension plans made significant money over the past two years due to stock market performance. The report will show a \$5M change in the net position related to pensions. Director Jex asked if the amounts were amortized over five years. Mr. Gharaibeh confirmed.

Mr. Gharaibeh reported no conflicts of interest were found related to party transactions. Mr. Gharaibeh reviewed the question related to what the organization can do to reduce the audit time and asked if the question was in terms of the publication of the financial statement or the performance of the audit. The audit is typically done by late August or the beginning of September and is on hold until the valuations become available. The audit process has been efficient for the past two years. Eide Bailly LLC is acquainted with the records and has all the memos and templates well structured. The ability to issue a letter sooner than the current timeline depends on the pension plans and published reports. Mr. Gharaibeh stated there are no other items that need to be discussed with the audit committee. The

financial statements are confirmed and fairly stated. Director Jex asked if the information furnished to the Actuaries is also confirmed. Mr. Gharaibeh explained that the audit standards require testing the list of the individuals (active and retired). The Auditor reviews all terminations, additions, or separations of employees listed to ensure the census or data submitted to the Actuary is complete. The committee members continued to ask the following questions to Mr. Gharaibeh.

Director Jex: Any pending or threatened lawsuits found to have a material effect on the financial statements? Did Management provide adequate disclosures within the financial statements? **Answer: Renne Public Law Group confirmed no significant litigation against the District.**

Director Jex: Any difficulties encountered in obtaining management representations? **Answer: None; however, the representation letter has not been issued but does not anticipate any difficulties.**

Director Danziger: Did the audit find any overall significant findings? **Answer: None. Mr. Gharaibeh reviewed a comment from the prior audit. Management implemented the necessary change regarding the segregation of access to two modules.**

Director Jex: Any past audit adjustments? **Answer: None.**

Director Danziger: Any new laws or reporting requirements that need to be implemented? **Answer: nothing of significance and did not foresee any within the next couple of years.**

Director Danziger: Are the changes by the GASB implemented when needed or on a cycle? **Answer: the changes are done every few years. Typically, two to three GASB changes in each fiscal year. The GASB has discussed a significant change called the financial reporting model for the last three years, which will affect the financial statements. The change may or may not happen due to the complexity of the change.**

Director Jex: Did the audit perform a thorough review and recommendations focusing on control, compliance, collection, and recovery related to deployment activity? **Answer: The Auditor sampled 23 items throughout the year and found no exceptions.** Director Jex inquired about the Strike Team receivables. ASD Sasser confirmed that the Strike Team receivables were recorded and tested during the audit. Director Jex assumed the receivables could not be confirmed. Mr. Gharaibeh agreed and explained the audit process for testing the receipts and the billing.

Director Jex: Were there any discussions regarding the possible impairment of any assets (terms of fixed assets)? **Answer: None to report that would require impairment of capital assets.**

Director Jex reviewed the comment made during the May 13, 2021, Audit Committee meeting regarding the Administration Staff and the need for additional resources if MOFD assumed more extensive projects. The District has received a \$7M grant that will result in significant additional work activity. ASD Sasser commented that the \$7M grant contract is under negotiation. Fire Chief Winnacker added that no additional staff would be needed. Any additional resources will be on a contract basis specific to the fuel break.

Director Danziger: Did the audit confirm the fund balance was at 42.8% of our budgeted general fund revenue? **Answer: All of the various revenues were confirmed. The fund balance was recalculated, with no exceptions found. How the fund balance is calculated is not included in the scope of the audit. The numbers used for calculation are part of the financial statements, and they are audited.**

Director Jex: During the May 13, 2021, Audit Committee meeting, there was a discussion about updating the current fraud policy to require fraud to be reported to the audit committee. **Answer: No fraud to report. Audit standards require any fraud to be reported to the governing Board. Mr. Gharaibeh deferred to Management and the Board on any policy updates.**

Director Jex: Does the Audit Committee Meeting satisfy the Auditor's requirement to meet with at least one board member. **Answer: yes.**

Director Jex: During the May 13, 2021 audit committee meeting, there was a discussion on possible changes in the report's introductory section relating to goals, objectives, and ideas. A discussion was held regarding the difference in the MOFD annual report versus other agencies and how other agencies handle the introductory comments in the annual report. **Answer: Mr. Gharaibeh to review and see if any changes are necessary to the introductory section.**

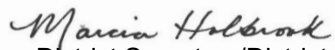
No further discussion from the Audit Committee members. Director Jex suggested a reminder email be issued to the Directors regarding the ACFR.

There were no public comment requests to address the Committee.

**5. ADJOURNMENT**

**At 2:46 p.m.**, the Audit Committee called for adjournment of the meeting.

Marcia Holbrook,

A handwritten signature in cursive script that reads "Marcia Holbrook".

District Secretary/District Clerk

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