



Moraga-Orinda Fire District  
**BOARD OF DIRECTORS**  
**Audit Committee Minutes**  
September 24, 2024  
(APPROVED MAY 21, 2025)

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**1. OPENING CEREMONIES**

The Audit Committee convened in Open Session at 4:05 p.m. on September 24, 2024, at the Sarge Littlehale Room, 22 Orinda Way, Orinda, California 94563. The meeting was available for in-person attendance only. Director Jex called the meeting to order, requested an attendance roll call, and led the Pledge of Allegiance. Present were the following Directors and Staff:

Board Members: Director Greg Hasler and Director John Jex

Staff: Administrative Services Director Gloriann Sasser, Deputy Fire Chief Lucas Lambert, Fire Marshal Jeff Isaacs

**2. PUBLIC COMMENT - ITEMS NOT ON THE AGENDA (audio 00:01:06)**

There were no requests to address the Board.

**3. CONSENT AGENDA (audio 00:01:18)**

**3.1 Audit Committee Meeting Minutes – April 1, 2024**

Director Jex noted from the April 1, 2024, meeting minutes that he had requested a year-end report on any findings or concerns about the cybersecurity audit. He requested that Ms. Crockett address this when the item is discussed. Ms. Crockett acknowledged.

Motion by Director Jex and seconded by Director Hasler to approve Consent Agenda items 3.1. The motion carried a 2-0 roll call vote (Ayes: Hasler and Jex; Noes: None). There were no public comments.

**4. SPECIAL AGENDA**

**4.1 Review and Discussion of Audit for Fiscal Year Ending June 30, 2024 (audio 00:02:20)**

Maze & Associates completed the audit for the fiscal year ending June 30, 2024. Ms. Whitney Crockett, CPA – Vice President of Maze & Associates, and Staff addressed questions from the Audit Committee.

Summary of the Questions Addressed by District Staff:

- 1. Reaction to Audit Findings:** No findings.
- 2. Disagreements with Auditors:** No disagreements.
- 3. Financial Statements Fairly Presented:** Yes.
- 4. Reasons for Financial Statement Variations from Prior Years:** The key reasons included: 1) Cash increased by \$6.5M due to a surplus in the General and Capital Projects Funds; 2) Restricted Pension Trust assets increased by \$3.3M due to contributions and investment earnings; 3) Accounts payable increased due to the East Bay Tunnel Fuel Break Project and the Station Alerting System Capital Project; 4) The net OPEB liability decreased by \$889K, and the net Pension Liability decreased by \$665K; 5) The General Fund Unrestricted Balance increased 58.5%; 6) Revenue from investments increased by \$1.7M due to higher interest rates; 7) Intergovernmental revenue increased by \$2.1M due to the East Bay Tunnel Fuel Break Project; 8) Ambulance revenue increased by 22% due to fewer write-offs; 9) Strike Team revenue decreased by \$442K due to reduced activity and a transfer in the vehicle component portion to the Capital Projects Fund; 10) Benefits costs increased by \$1M due to increased CCCERA costs; 11) Services and supplies expenses increased by \$710K due to the home hardening grant program, legal fees, labor negotiator costs, audit expenses, and a firefighter academy; and 12) Capital outlay increased due to purchases of the Self-Contained Breathing Apparatus, an Ambulance Remount, a Type 6 Fire Engine, and the Coastal Conservancy grant.
- 5. Substance of Significant Issues:** Significant issues included: High expenditures related to the East Bay Tunnel Fuel Break project, costs for the Station Alerting System, increased legal costs, a change in audit procedures due to shifting investments from LAIF to Treasury bills, and recording of T-bills at fair market value. Director Jex noted that based on a previous audit committee discussion, the recording of the T-bills at fair market value is now done only at year-end. ASD Sasser confirmed.
- 6. Opinion of the auditing services performed by the external auditors:** Excellent.
- 7. Significant Deficiencies or Material Weaknesses:** None.

8. **Unrecorded Errors or Adjustments:** None.
9. **Reaction to Management Letter Suggestions:** No significant findings or issues.
10. **Contemplated Actions in Response to Suggestions:** Not applicable.
11. **Evaluation of Auditors' Services:** Thorough. Director Jex asked if the Auditors were consulted on specific issues. Ms. Crockett confirmed that consultation occurred regarding the Treasury bills and the Station Alerting System.
12. **Significant Changes for the Organization:** Significant changes included new leadership, the fee study, and potential changes in the 115 Trust.
13. **Other Items for the Audit Committee:** None.
14. **Conflict of Interest (COI) Policy and Related Transactions:** A new Conflict of Interest Code was updated and adopted by the Board on August 21, 2024.
15. **Auditors' Recommendations for Improvements in Controls:** None.
16. **Adequacy of Operating Reserves:** As of June 30, 2024, Operating Reserves are 58.5% of budgeted General Fund Revenue.

ASD Sasser stated that the draft ACFR report is expected to be emailed to the Board at the beginning of October and will be presented by Ms. Crockett at the October regular board meeting. The final ACFR is scheduled for approval at the November board meeting. Director Jex inquired about the status of setting aside depreciation funds each year into a separate fund. ASD Sasser answered that the Long-Range Financial Forecast includes the depreciation amounts for the next ten years. Director Jex suggested tracking the depreciation amounts separately within the Capital Projects Fund to ensure they are used for the replacement of future equipment over the next ten years. ASD Sasser acknowledged.

Ms. Crockett provided a high-level overview of the fiscal year 2024 audit. She met with Deputy Fire Chief Lucas Lambert and Fire Marshal Jeff Isaacs to discuss the upcoming leadership transition and its impact on internal controls. Ms. Crockett noted there was a slight delay in finalizing the ACFR report due to CCCERA. Director Jex asked if there were any surprises from the CCCERA audit. Ms. Crockett answered no. Ms. Crockett reported there were no internal control recommendations, and she expected to issue an unmodified opinion. The date of the final opinion has not yet been determined.

Summary of the Questions Addressed by Maze & Associates:

1. **Scope of the Audit Differing from the Audit Plan:** No
2. **Information Provided When Requested:** Yes
3. **Serious Concerns over the District's Control Environment:** No
4. **Material Errors, Fraud, Illegal Acts, or Deficiencies:** None
5. **Significant Changes in Financial Statement from Prior Years:** Previously addressed.
6. **Enough Time to Complete all Phases of the Audit:** Yes
7. **Will Opinion be Unmodified:** Yes
8. **Did Management Consult on Tax Matters:** No
9. **Disagreements with Management on Accounting or Reporting:** None
10. **Management Pressure on Contentious Issues:** No
11. **Proposed Adjustments or Disclosures not Recorded:** No
12. **Any Unresolved Matters:** No
13. **Conservatism or Aggressiveness Overly Used in Accounting Principles:** No
14. **Effect of using Alternative principles:** Result in non-compliance with GASB (Governmental Accounting Standards Board) and GAAP (Generally Accepted Accounting Principles).
15. **Changes in Accounting Principles:** None. Director Jex inquired if there were any new GASB requirements. Ms. Crockett highlighted GASB Statement No. 101, Compensated Absences, effective in FY25. Director Hasler asked if the District would need to make any material adjustments given that the District already accrues for compensated absences. Ms. Crockett responded that she has not seen any significant impacts on the District. Director Hasler then asked if the District handles accruals differently from other clients, to which Ms. Crockett responded no. Ms. Crockett also discussed the GASB Management Discussion and Analysis (MD&A).

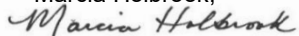
16. **Satisfaction with Significant Accruals or Estimates:** The auditors assessed the reasonableness of significant accruals and estimates by reviewing supporting documentation and methodologies used to book entries.
17. **Unusual items Affecting Net Assets:** None
18. **Review of Information Furnished to Others (Actuaries):** Yes.
19. **Satisfied that there is no substantial doubt about the organization's ability to continue as a "going concern" given general fund reserve and risks:** Yes.
20. **Expected Report Issuance:** November 2024.
21. **Concerns about Information Systems:** None
22. **Related Party Transactions:** None
23. **Effects of any pending or threatened lawsuits on financial statements:** The audit team discussed these matters with Management and obtained opinions from the District's attorneys and Special Counsel.
24. **Has Management provided adequate disclosures within the financial statements?** Yes.
25. **Management's attitude toward strong internal controls:** Strong Management prioritizes following review processes and maintaining adequate segregation of duties.
26. **Material Weaknesses in Internal Controls:** No material weaknesses.
27. **Difficulty obtaining management representation letter:** None. The management representation letter will be provided in draft form in October.
28. **Assessment of the Integrity and Competence of the Organization's Financial and Accounting Staff:** Staff are competent in supporting the audit and ensuring a smooth workflow.
29. **Comparison of Actual Engagement Fees to Estimated Fees:** The fees are consistent, as outlined in the audit contract and the proposal for audit services. No changes or adjustments to the fees were necessary.
30. **What can the organization do to reduce audit time?** Ms. Crockett recommended moving toward a cloud-based automated workflow system.
31. **Advantages of Continuing the Relationship with the Audit Firm:** Ms. Crockett outlined key benefits, including the firm's local presence and extensive experience auditing 200 municipalities and special districts in Northern California. Additionally, the audit partners are actively involved from the pre-audit phase through to the completion of the audit.
32. **Any other Items to Discuss with the Audit Committee:** Ms. Crockett discussed the leadership changes and cybersecurity.

Both Directors expressed appreciation for the audit team's support and forward-thinking contributions. Director Jex opened the floor for Public Comment; there were no requests to address the Board.

## 5. ADJOURNMENT

At 4:48 p.m., the Audit Committee called for the meeting to adjourn.

Marcia Holbrook,



District Secretary/District Clerk

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