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## MOFD unrestricted general fund deficit soars to \$60 million

By Nick Marnell

The Moraga-Orinda Fire District board unanimously approved revised financial reports from 2105 and 2016 at its March 15 district meeting, the MOFD financial reporting ad hoc committee having recommended a write off of \$23 million for an incorrectly recorded prepaid item on the district balance sheet. But one director was furious that the committee failed to provide its information to the rest of the board members prior to the district meeting.

The district purchased a \$28 million pension obligation bond in 2005 to pay down its unfunded pension liability, and recorded the amount as a prepaid item on its balance sheet. Accounting rules changed in 2015 and no longer should the district have recorded that figure as a prepaid item. After research and evidence collected by the ad hoc committee, comprising directors John Jex and Craig Jorgens, and a conference call that included a senior staff member of the Governmental Standards Accounting Board, the district staff revised the financial reports, writing off the \$23 million balance of the bond and increasing the district's unrestricted general fund deficit to more than \$60 million.

Jex, a retired Deloitte audit partner, later put into perspective the complexity of the accounting involved. "I cannot remember, in my 35 years as an auditor, ever going to the Financial Accounting Standards Board with a question," he said.

Though he did not disagree with its findings, Director Steve Anderson chastised the committee for not including other board members in the loop prior to the district meeting. "The ad hoc committee does not serve the ad hoc committee. The ad hoc committee serves the whole board," he said. Anderson demanded that if another director requests information of an ad hoc committee, it should supply the information, regardless of the inconvenience it might cause.

Anderson was not finished. "I was extremely perturbed when I discovered that a member of my division called me and told me all of the information," he said.

Jorgens did not consider that communication to be seditious. "It's not a Brown Act violation to communicate to an outsider as long as that person is not acting as an agent of a board member," he said, referring to legislation that regulates how public meetings are conducted.

MOFD outside counsel John Bakker said that ad hoc committee meetings may be held privately but a third director cannot be present unless the meeting is posted and noticed to the public. The ad hoc committee may provide a purely informational, one-way transmission of its findings to the board without posting a public meeting.

The district voted to terminate its financial reporting ad hoc committee, and created one to search for a new district auditor.

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