



Published November 1st, 2017

## MOFD accelerates pay down of its long-term liabilities

By Nick Marnell

Continuing on its march toward financial sustainability, the Moraga-Orinda Fire District board voted to contribute the largest payment yet to its retiree health benefit trust fund and to lower the plan discount rate, accelerating the reduction of its liability for other post-employment benefits.

Battered by financial woes from earlier this decade, the district rose from the canvas in 2015 and created a trust account to accumulate reserve funds to pay off its unfunded retiree health care liability. MOFD later created a similar pension stabilization trust to pay down its unfunded pension liability.

As of June 30, the district recognized \$15.2 million in net OPEB liability. In its retiree health benefit trust sat \$473,000 as of the same date. Determining that unfunded liabilities pose a threat to the district's financial condition and its ability to provide service, MOFD decided to accelerate the reduction of the OPEB liability and agreed to a 6.25 percent discount rate over an amortization period of 20 years.

"When you have a liability, the worst thing you can do is stretch it way out so that it never gets paid off," said Director John Jex. Gloriann Sasser, district administrative services director, said that financial experts recommend to not go beyond a 20-year amortization.

As a result, the contribution to the OPEB trust jumped from a budgeted \$280,000 to \$374,000 for the current fiscal year. The district also increased its contribution to the pension stabilization fund by the same amount.

Capt. Mark McCullah, district union representative, questioned what operational funds were to be cut to pay for this increased contribution to the OPEB trust, but according to figures Sasser presented to the board, the extra money would come from a projected surplus in the district general fund.

The lone dissenting vote against increasing the trust fund contribution was cast by President Kathleen Famulener, still bristling over the budget cuts the board ordered earlier this year.

"The \$375,000 which was cut from this year's operating budget was supposed to give the district a comfortable general fund reserve for unforeseen expenses," Famulener said. "In three years, the district will have the money to make large contributions to reduce future unfunded liabilities, but right now we need the money in our general fund."

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