December 4, 2010

To the Honorable Mayor and Members of the Town Council
Town of Moraga

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Moraga for the year ended June 30, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 13, 2010. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Moraga are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during FY2010. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Attachment A summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Attachment B summarizes misstatements of the financial statements which were corrected by management.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 4, 2010.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Members of the Town Council and management of the Town of Moraga and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Mann, Urrutia, Nelson, CPAs

Attachment A

Town of Moraga
SUMMARY OF PASSED AUDIT ADJUSTMENTS
June 30, 2010

	Effect - Increase (Decrease)				
Description	**Assets**	**Liabilities**	**Equity**	**Revenue**	**Expenses**
Current Year Differences					
To record accrued interest expense		$ 15,250			$ 15,250
Total Income Statement Effect				$ -	$ 15,250
Balance Sheet Effect	$ -	$ 15,250	$ -		

Attachment B

Town of Moraga
SUMMARY OF AUDIT ADJUSTMENTS
June 30, 2010

	Effect - Increase (Decrease)				
Description	**Assets**	**Liabilities**	**Equity**	**Revenue**	**Expenses**
Current Year Differences					
To defer revenue not collected within 60 days		$ 79,927		$ (79,927)	
To record a prior period adjustment for AR not earned	$ (145,998)		$ (145,998)		
Total Income Statement Effect				$ (79,927)	$ -
Balance Sheet Effect	$ (145,998)	$ 79,927	$ (145,998)		