



# Town of Moraga, CA

## Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2014



Photos: Moraga Commons Park

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**Town of Moraga, California**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**



**Prepared by the Administrative Services Department**  
Stephanie Hom, Administrative Services Director  
Yuliya Elbo, Accountant  
Beth Cowley, Administrative Services Technician

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# Town of Moraga

December 1, 2014

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

## **Re: Transmittal Letter of the Town of Moraga's Comprehensive Annual Financial Report**

We are pleased to submit the Town of Moraga's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. The overall goal of this report is to provide a full and transparent understanding of the Town's financial activities, and also serves to satisfy the continuing disclosure requirement under the Securities and Exchange Commission (SEC) related to the Town's debt issuances.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures rests with Town management. To the best of our knowledge and belief, the data used throughout this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Town.

The Town's financial statements have been audited by Maze & Associates, a full-service independent, certified public accounting firm based in Pleasant Hill, California. The purpose of the independent audit is to provide reasonable assurance that the financial statements of the Town are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the adequacy of internal accounting controls; and evaluating the overall quality of financial reporting.

This letter of transmittal is intended to be read in conjunction with the Management's Discussion and Analysis, as well as the Basic Financial Statements.

## **Profile of the Town of Moraga**

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The Town of Moraga is located in Contra Costa County, approximately 22 miles east of San Francisco. The Town encompasses an area of approximately 9.5 square miles. It was originally part of the Rancho Laguna de Los Palos Colorados, granted in 1835 by the Mexican government to cousins Joaquin Moraga and Juan Bernal for military services rendered. The Town has a population of approximately 16,000.

The Town is predominantly residential in nature with clusters of community-serving retail and commercial spaces. The Town is home to Saint Mary's College, a prestigious private Catholic university with over 4,000 undergraduate and graduate students. With a national ranking of 143 and a state ranking of 20, the Town of Moraga's Campolindo High School was one of 500 schools nationwide awarded a gold medal by U.S. News and World Report in its 2014 list of the nation's best public high schools. Residents further enjoy award winning schools at the lower levels as well as convenient access to diverse employment options throughout the San Francisco Bay Area.

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***Form of Government***

The Town of Moraga was incorporated as a general law city in the State of California on November 12, 1974. The election, held in November 1974, saw 59% of 6,216 voters favoring incorporation. Thirteen candidates ran for the first Town Council.

The Town operates under a Council-Manager form of government and is governed by a Town Council of five members of the community elected at-large. Each Council position has a term of four years. Council elections are held biennially in November of even numbered years, with the number of open seats being filled alternating between two and three. The Mayor's position is filled by one of the members of the Council and is annually appointed by the Council.

The Council establishes overall goals and objectives for the Town through the adoption of policies aimed at enhancing the community to the benefit of the general public. The Council is guided by the policies established in the General Plan and sets priorities for the development and implementation of programs and services, determines the overall needs of the community, set and monitors financial and administrative activities, and develops and prioritizes goals. The Council also confers with officials from other public agencies and associations to further the goals of the Town.

***Town Services***

The Town provides a range of municipal services including police, public works (e.g., construction and maintenance of streets, storm drains, public buildings and other infrastructure), parks and recreation (recreational programming, park acquisition and improvements, and maintenance of parks), planning and general administrative services. Fire protection services are provided by the Moraga-Orinda Fire District, a special district in Contra Costa County. Water services are provided by the East Bay Municipal Utility District (EBMUD). Sanitary sewer services are provided by the Central Contra Costa Sanitary District. Solid waste and residential recycling services are provided by the Central Contra Costa Solid Waste Authority.

**Financial Policies and Practices**

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***Minimal Government Philosophy***

The Town has a track record of living within its means. The Town provides services to Moraga residents and businesses under a standard for high quality community services. The "minimal government philosophy," as defined in Moraga's General Plan, is to:

*“operate the Town to achieve maximum efficiency in its service delivery, utilizing a minimum number of permanent service employees and keeping capital expenditures and operating costs to a minimum while responding to community needs and priorities; continue to seek improved methods of governmental administration that will be as cost-effective as possible; and avoid the incremental growth of government service except for urgent short-term situations.”*

***Budgetary Policy and Control***

The Town's annual budget serves as the foundation for planning and controlling the Town's finances. The budget development process begins in January each year with the Town Council goal-setting meeting. Relative to the established Town Council goals, Town staff evaluates existing programs and staffing levels, analyzes revenue sources, and prepares a balanced budget based on priorities that fit within the

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constraints of projected revenue assumptions. The Audit and Finance Committee reviews the proposed budget before submission to the Town Council. The Town Council deliberates on the proposed budget in May of each year and adopts a budget before July 1. The Town Council has the legal authority to amend the budget at any time during the fiscal year. The Town Manager has the authority to make administrative adjustments to the budget as long as those changes do not have a significant policy impact or affect budgeted year-end fund balances. In addition, the Town Manager has limited contract signing authority of less than \$15,000. All contracts over \$15,000 require Town Council authorization.

The Town's Administrative Services Department maintains revenue, expenditure and budgetary detail using a computerized financial system. The system contains an on-going record of budget balances throughout the year based on actual expenditures. Open encumbrances and unspent capital project budgets at year-end are reported as assignments of fund balance.

***Internal Controls***

The Town maintains an internal control structure designed to provide reasonable assurance that the Town's assets are protected from loss, theft or misuse. The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The Town management believes that the existing internal control systems are adequate to provide reasonable assurance the Town's assets are safeguarded against loss, theft or misuse and that the financial records are reliable for the preparation of financial statements in conformity with generally accepted accounting principles. This belief is supported by the independent auditor's "clean" report of the Town's financial statements for the year ended June 30, 2014.

***Fund Balance and Reserve Policy***

By resolution, the Town's policy is to achieve and maintain an unassigned fund balance in the General Fund of 50% of operating expenditures. For the year ended June 30, 2014 the unassigned fund balance in the General Fund is 43.4%.

***Economic Condition and Outlook***

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Overall, the Town has fared relatively well as nearly every community in the State has struggled financially with the recent economic recession and the elimination of Redevelopment Agencies. The Town's track record of fiscal prudence and discipline, reluctance historically to form a Redevelopment Agency, coupled with its relatively flat but stable property tax base, has enabled the Town to maintain a structurally balanced budget and healthy reserves without the common, drastic measures of reduced services, layoffs, furloughs, salary cuts and significant benefit reductions.

***Property Taxes***

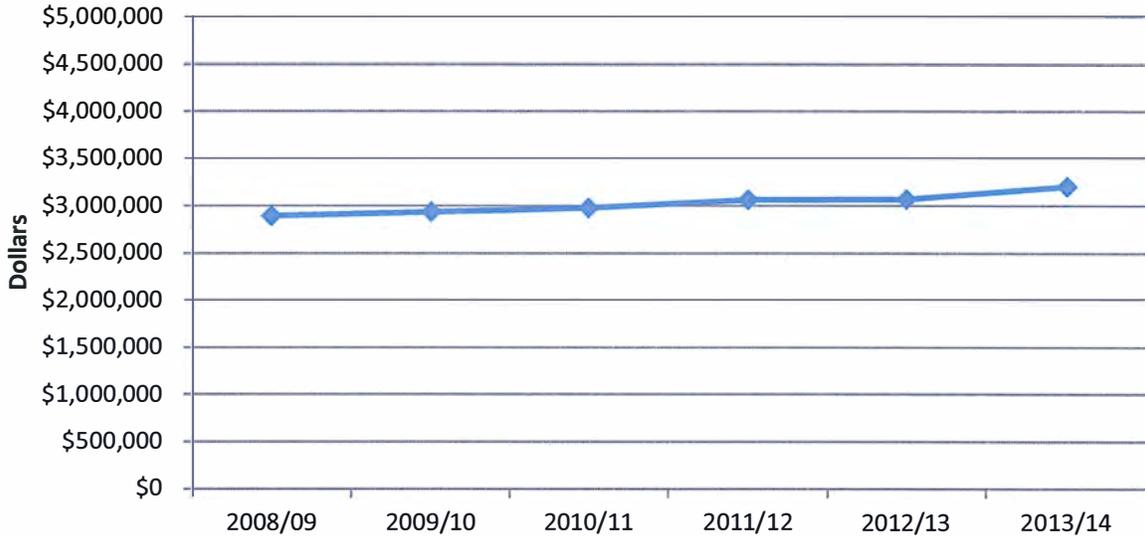
Property tax revenue is the single, largest source of revenue for the Town. Property taxes have remained relatively stable even during the historic upswings and recent downturn in the economy. The reasoning may be related to the overall stability of the community, which creates both financial advantages and disadvantages. For example, since Moraga is a desirable and relatively wealthy community, it has a stable assessed valuation of property, which has not historically benefitted as much from dramatic increases in

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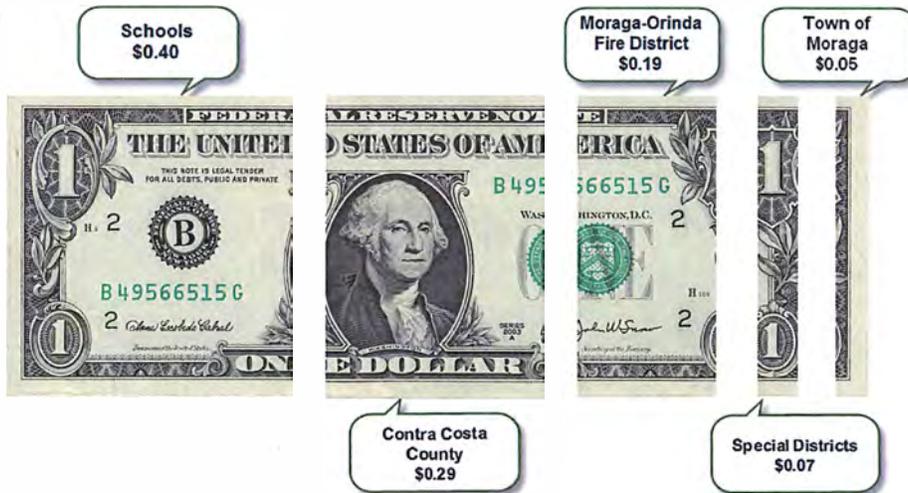
property values due in large part to the Town's low turnover rates in property ownership. The low turnover rates limit the number of properties being reassessed at market rates under Proposition 13.

**Chart 1. Historical Property Tax Revenues.**



The Town receives only 5.3% of every property tax dollar paid by its property owners. The rest of the tax goes to Contra Costa County, schools and special districts. The chart below illustrates how each \$1.00 of the countywide basic 1% property tax is allocated.<sup>1</sup>

**Chart 2. Distribution of Property Tax Dollars.**



<sup>1</sup> The Town of Moraga is comprised of nine (9) Contra Costa County Tax Rate Areas (TRAs) and allocations of property tax vary slightly by TRA. The figures used here are based on TRA 15-002 but are similar for other TRAs.

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The Contra Costa Association of Realtors (CCAR) has provided positive data about the Town's residential property values. Recent data for the 2014 calendar year through August compared to the same period in 2013 indicates a 7.0% increase in single-family home values and an 18.1% increase in townhouse-condo home values based in average home sales prices. In addition, the inventory of homes for sale has increased 12.5% in single-family homes and 32.7% in townhouse-condo homes for the calendar year through August compared to the same time period last year.

**Chart 3. Average Home Sales Prices as of August 2014**

| Average Sales Price | Single-Family |             |             |             | Townhouse-Condo |             |           |             |        |
|---------------------|---------------|-------------|-------------|-------------|-----------------|-------------|-----------|-------------|--------|
|                     | This Month    | YTD 2013    | YTD 2014    | + / -       | This Month      | YTD 2013    | YTD 2014  | + / -       |        |
| Alamo               | 4800          | \$1,602,306 | \$1,380,778 | \$1,584,692 | 12.9%           | \$547,500   | \$507,700 | \$592,286   | 14.3%  |
| Blackhawk           | 4600          | \$1,664,556 | \$1,408,788 | \$1,610,686 | 12.5%           | \$598,000   | \$639,767 | \$601,500   | -6.4%  |
| Clayton             | 5900          | \$677,143   | \$643,873   | \$685,634   | 6.1%            | \$0         | \$371,012 | \$425,177   | 12.7%  |
| Concord             | 5701          | \$526,840   | \$429,839   | \$481,365   | 10.7%           | \$231,327   | \$177,043 | \$227,547   | 22.2%  |
| Clyde               | 5702          | \$0         | \$261,000   | \$224,767   | -16.1%          | \$0         | \$0       | \$0         | 0      |
| Danville            | 4500          | \$1,189,269 | \$1,047,332 | \$1,175,661 | 10.9%           | \$614,031   | \$519,822 | \$584,479   | 11.1%  |
| Diablo              | 4700          | \$1,705,000 | \$1,909,934 | \$2,585,111 | 26.1%           | \$1,300,000 | \$0       | \$1,050,500 | 100%   |
| Lafayette           | 5100          | \$1,361,867 | \$1,242,599 | \$1,354,082 | 8.2%            | \$759,600   | \$578,874 | \$636,714   | 9.1%   |
| Martinez            | 5601          | \$484,449   | \$433,045   | \$510,944   | 15.2%           | \$328,430   | \$266,663 | \$314,716   | 15.3%  |
| Pacheco             | 5602          | \$0         | \$340,961   | \$420,125   | 18.8%           | \$272,475   | \$206,300 | \$264,992   | 22.1%  |
| Moraga/Canyon       | 5200          | \$1,197,594 | \$1,139,455 | \$1,225,009 | 7%              | \$523,714   | \$474,108 | \$578,857   | 18.1%  |
| Orinda              | 5300          | \$1,438,105 | \$1,238,228 | \$1,383,408 | 10.5%           | \$291,000   | \$901,667 | \$657,000   | -37.2% |
| Pleasant Hill       | 5400          | \$652,923   | \$575,413   | \$641,910   | 10.4%           | \$397,133   | \$340,827 | \$413,305   | 17.5%  |
| Rossmoor            | 5000          | \$1,405,000 | \$1,177,833 | \$1,501,667 | 21.6%           | \$383,874   | \$355,089 | \$414,123   | 14.3%  |
| San Ramon           | 4400          | \$937,458   | \$884,917   | \$970,485   | 8.8%            | \$508,718   | \$504,915 | \$521,700   | 3.2%   |
| Walnut Creek        | 4900          | \$995,489   | \$847,650   | \$927,121   | 8.6%            | \$484,642   | \$402,174 | \$440,898   | 8.8%   |

*Source: Contra Costa Association of Realtors*

In general, Moraga has a low inventory of homes listed for sale that may be a reflection of the financial wealth and stability of the residents which often translates to long-term home ownership. Many families initially moved into Moraga for the school district when their children were young. Even after their grown children moved out, many empty nesters decided to stay in Town and some have even enjoyed their children and grandchildren moving back to Moraga. Consequently, Moraga's home values and the longevity of home ownership means that Proposition 13—with its annual limit on property tax increases—have kept the assessed value of homes and the corresponding 1% property tax artificially low.

Proposition 13 not only reduced and retained then-current property values to 1976 levels, but it set post-Proposition 13 home sales at the initial purchase price and then, most importantly, limited the annual inflation and/or increase in home value to no more than 2% annually. During the period of extraordinary growth in home values over the past 35 years, Proposition 13 kept assessed home values (and property taxes) significantly lower than market rate. Since market rate home value is only reflected immediately after a home is purchased and the home is reassessed based on the purchase price, communities with a younger or more transient population tend to have higher home turnover rates and benefit significantly from increases in home values and a corresponding increase in property taxes received. Those same communities, however, also suffer more dramatically during a deep recession if homes that are "underwater" (e.g., their market value is less than the mortgage) are sold or foreclosed upon for a financial loss. In contrast, Moraga's slow turnover in home ownership allowed the Town's minimal

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services to survive, although the same characteristic also limits Moraga from the advantages of a thriving economy.

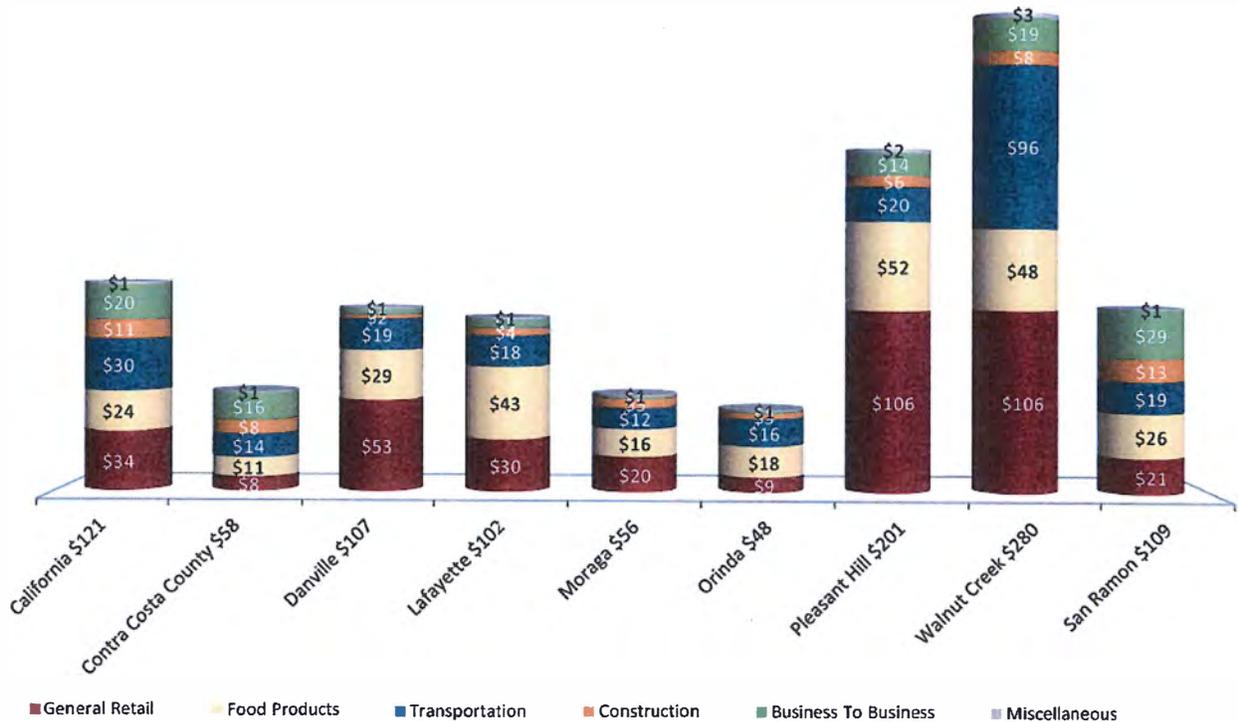
**Sales Taxes**

Sales tax revenue is the second largest revenue source for the Town and sales tax proceeds have increased significantly as a percentage of total revenue for the Town as a direct result of the November 2012 passage of a one-cent local add-on sales tax increase (i.e., Measure K).

Prior to the passage of Measure K, sales tax was affected during the recession – peaking in FY 2007/08 and dropping significantly in FY 2008/09. Since FY 2008/09, sales tax has recovered and remained relatively stable but flat. According to quarterly sales tax analyses conducted on behalf of the Town by MuniServices, Inc., the five year outlook for sales tax is stable and somewhat positive with annual increases of three to four percent.

As shown in the chart below, the sales tax per capita varies significantly throughout the county. The regional and subregional shopping centers and auto dealerships significantly improve the per capita revenue in communities like Walnut Creek and Pleasant Hill. The retail choices our community has made, and the limited low-density housing market in Moraga, make Moraga a desirable place to live but it also limits retail growth in the future. Consequently, any improvement in the overall economy is likely to have only a slightly positive impact on the budget.

**Chart 4. Selected Jurisdictions Sales Tax Per Capita**  
**July 2013 – June 2014 Sales Period**

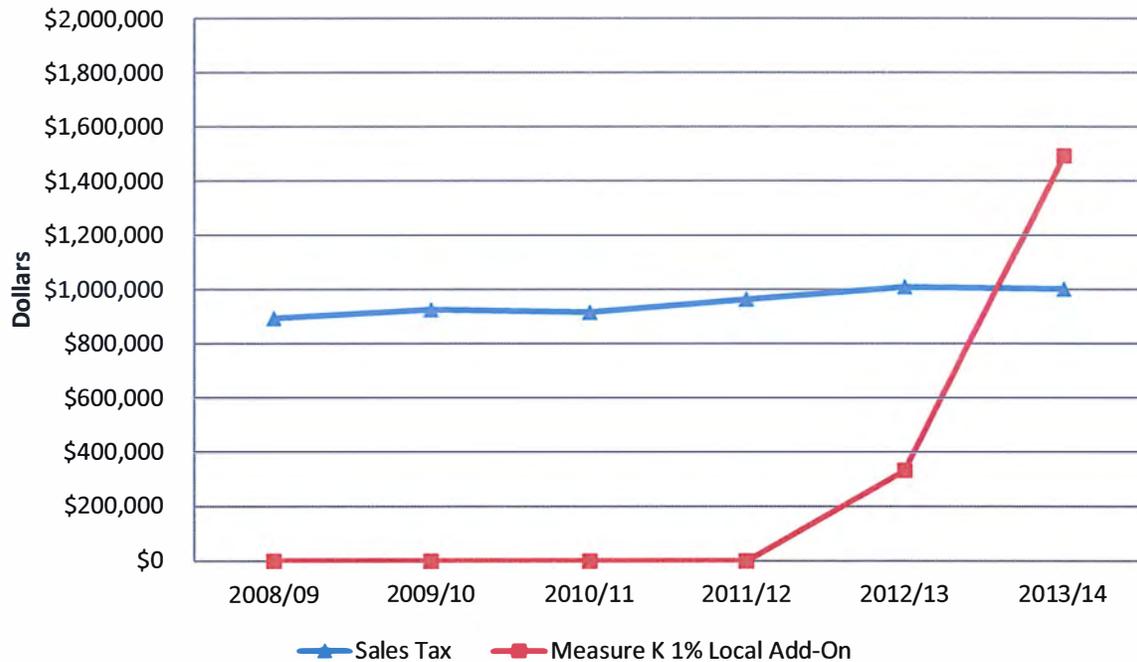


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The most significant change in the Town's sales tax revenue is the passage of the Measure K 1% Local Add-On Sales Tax. As discussed in the MD&A, the Town's voters approved Measure K – a one-cent local transaction and use (add-on sales) tax on November 6, 2012 with a 70% approval rate. This general sales tax became effective on April 1, 2013 and will sunset in 20 years. The new sales tax was initially expected to increase sales tax revenues by at least one million dollars annually but revenue receipts have exceeded expectations ending the year with receipts just under \$1.5 million.

**Chart 5. Historical Sales Tax Revenues<sup>2</sup>**



The Measure K sales tax measure was approved for general purposes and although the Town may use the revenue for a variety of purposes, the Town Council has directed those funds to only be used for the Town's most financially critical need to repair its failing streets and storm drains. The Town Council has consistently stated its intention to spend the proceeds from the additional sales tax for road repair and associated infrastructure, as reflected in its annual goals since 2010 and unanimously supported by the entire Town Council. In accordance, the Town Council has issued 2013 Certificates of Participation – Infrastructure Improvements for \$7.2 million leveraging the additional sales tax revenue for a three-year intensive road rehabilitation program.

***Long-Term Financial Planning***

The Town engages in a number of activities focused on long-term financial planning including:

***Five Year Financial Plan.*** As part of the annual budget, the Council reviews and approves a Five Year Financial Plan that, on the whole, serves as a strategic tool to better manage the Town's limited financial

<sup>2</sup> Excludes Public Safety Sales Tax (Proposition 172), a half-cent sales tax from the State of California provided to local governments to offset decreased funding due to State property tax shifts.

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resources. The plan has multiple components including (1) a Five-Year Financial Projection that is far-reaching in making projections of the Town's revenues and expenditures five years into the future. The projections are based on historical trends and current information about future revenue sources and expenditures; (2) a Five-Year Capital Improvement Program; (3) the annual operating budget; and (4) the Town's financial management policies.

*Containment of Operating Costs.* The Town's "minimal government" philosophy has served its citizens well from the perspective of containing operating costs in providing Town services. While personnel expenditures constitute the largest, single expenditure line-item in the financial plan, staffing levels are very lean relative to the needs of the Town. The Town has also kept personnel expenditures at prudent levels, including maintaining low retirement system plans offer by CalPERS for both miscellaneous and sworn employees, providing high deductible medical plans with health savings accounts, and contracting out services where possible to keep staffing levels at a minimum. And unlike many other municipalities, the Town does not provide any post-retirement health benefits to its employees.

*Infrastructure Rehabilitation and Maintenance.* Lack of adequate resources over many years has resulted in the deferred maintenance of the Town's capital assets. The Five-Year Capital Improvement Program includes projects, both funded and unfunded, that are intended to identify and remedy the need of adequately repairing, replacing and maintaining the Town's existing infrastructure, facilities and equipment. In November 2012, Moraga voters approved the Measure K Local Add-On Sales Tax and the Town Council has taken action to leverage a portion of the additional sales tax proceeds in the form of the \$7.72 million 2013 Certificates of Participation to fund a three-year intensive street rehabilitation program. The Town is currently completing the second year of the three-year intensive program. And while the remaining proceeds of the additional sales tax are intended to support an on-going annual street rehabilitation program, it is not sufficient to maintain the Town's streets to better than fair conditions. The Town will also continue to be challenged in securing adequate resources to repair and maintain its other existing assets, such as storm drains and community facilities.

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**Major Initiatives**

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The Town undertook a number of significant initiatives in FY 2013/14 that will have beneficial effect on the fiscal health and quality of life for the Town's citizens.

***Economic Development***

With the previously mentioned economic recovery, several residential development projects have been submitted and are currently undergoing different stages of review and approval.

Camino Ricardo along the western boundary of the Moraga Center Specific Plan connecting Camino Ricardo with Moraga Road is a recently approved 26-lot subdivision by SummerHill Homes. In addition to the construction of high-end single family homes, the project includes a variety of benefits negotiated through the Town's first Development Agreement (DA) with substantial input from Council and Planning Commission members. The negotiated public benefits include the dedication and improvement of a 2.5 acre public open space park, new trail connections between Moraga Road and Camino Ricardo, design and construction of the park and trails, two pedestrian bridges over two creeks, construction of a new sidewalk along Camino Ricardo, a public "outlook point" within the subdivision, installation of a high-visibility crosswalk to the Skate park, and a financial contribution for pedestrian improvements along Moraga Road. The DA's community benefit, together with required Development Impact Fees, has an

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estimated value to the Town of \$2.9 million. SummerHill Homes anticipates beginning grading work early in 2015, with construction of the first homes starting in Spring/Summer 2015.

Moraga Town Center Homes is proposed on Moraga Way between the Moraga-Orinda Fire District station and Laguna Creek. This townhome residential project by City Ventures would provide approximately 36 two- and three-story units on Moraga Way, walking distance to the restaurants and shops in the Moraga Center.

Hetfield Estates was approved conceptually in 2012 and in March 2014 for a 7-lot single family home subdivision on a 58.2-acre property located at the southern end of Hetfield Place. The project was redesigned to reduce grading and avoid three landslides on the property. Council required dedication of an emergency vehicle access easement and construction of a hiking trail, and funding for a future unpaved fire trail within 10 years as determined by the Sanders Ranch Homeowners Association. The Council supported the reduction of on-street parking from eleven spaces to seven in order to reduce the street width, and eliminated street lighting.

Via Moraga, conceptually approved on appeal by the Town Council in September 2014, is a Signature Homes development of 18 single-family small lot homes on a 1.96 acre parcel known as the former bowling alley site on Moraga Road.

***Five Year Financial Plan***

To address the long-term sustainability of the Town financial resources, the Council in 2011 identified a goal for developing a five-year financial plan. FY 2012/13 marked the first year of the plan, which includes the annual budget and a rolling expectation of future revenue and expenditures over the next five years. Each year the five-year financial plan is updated as part of the budget process.

***General Fund Reserve***

For the fiscal year ended June 30, 2014, the Town had an operating surplus of approximately \$263,000. The surplus added to the Town's reserve achieved a General Fund reserve of 43.4% of operating expenditures, or \$2.9 million. When necessary, the Town has approved the use of reserves for one-time expenditures to improve existing assets such as building of a community room/Council Chambers at the 331 Rheem Boulevard facility.

***Capital Projects***

*Local Sales Tax Has Already Made a Difference in Condition of Neighborhood Roads.* Backed with a very positive AA+ independent rating Moraga received from Standard & Poor's Ratings Services, the Town was able to leverage \$600,000 of its new annual revenue stream of \$1.5 million in order to sell over \$7.72 million in Certificates of Participation to expedite its road repair program over a three year period. The first year 2013 Pavement Repair Project applied \$2.15 for rubberized cape seals and micro seals on 105 street segments, or nearly half of all residential streets. This phase of construction was completed within eleven months after the sales tax was approved by voters and realized approximately \$100,000 in savings. Coupled with this project, the Council approved a moratorium on street cuts to protect these newly repaved streets from cuts from utilities that were unable to schedule non-emergency repairs prior to the road repair projects. In the event of an unanticipated and critical repair by the utility, the patch after the work is complete will be at a much higher standard to avoid a patchwork effect and increased road deterioration. Although this will require increased communication and coordination of street repair programming with each of the utilities, it will lengthen the life of the streets.

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In its review of the receipts and expenditures of these funds for road repair, the Measure K Local Sales Tax Oversight Committee completed its 2013 annual independent report with the following conclusions:

1. revenue is being appropriately sequestered and routinely tracked, reported and monitored;
2. use of the revenues appears to be consistent with the goals of Measure K;
3. the 2013 Pavement Program was accomplished on time and within budget; and
4. the Pavement Repair Program is proceeding in a manner consistent with the commitments made to Moraga voters.

Not only have the results of this effort been appreciated locally, but at county, regional and State levels as well. The Pavement Management Program Update by an independent consultant hired by the Association of Bay Area Governments (ABAG) shows a dramatic increase in the Pavement Condition Index (PCI) in Moraga from 49 to 58. The Metropolitan Transportation Commission (MTC) selected the Town of Moraga for its 2013 Best All-Around Pavement Management Program Award and recognizing the Town's accomplishments for having the best overall pavement management strategy.

The League of California Cities and the California State Association of Counties/County Engineers Association of California selected the Town of Moraga's 2013 Pavement Repair Project as a top 20 finalist in the 2014 Outstanding Local Streets and Roads Project Awards Program. This awards program was developed to recognize and raise awareness of exceptional achievements made by California cities and counties to preserve and protect the public's investment in local streets and road systems. The Town's project will be highlighted at the 2014 Public Works Officers Institute.

*Remodel of Town Council Chambers and Community Meeting Room.* A new Council Chambers and community meeting room at 331 Rheem Boulevard is currently under construction. The remodel of the Town Corporation Yard includes constructing a new Americans with Disabilities Act (ADA) compliant restroom, a new building façade, and Spanish-style roof. The landscaping will include drought tolerant grasses, naturalized boulders, a plaza, trellises and seat walls and decorative pots.

The remodel will also include new assistive listening devices, high definition monitors, and automated camera and production capabilities to enable Council and other meetings at 331 Rheem Boulevard to be televised on CCTV and viewable on the Town's website. The equipment will also enable improved data gathering and enhanced local communications in the event of a disaster.

*Hacienda de las Flores.* Capital projects completed in partnership with the Hacienda Foundation included the installation of hardwood floors on the ground floor, the finishing touches on the Pavilion, inspections of the fireplace, improvements in the women's restroom and the completion of a Site Plan and property assessment.

*Laguna Creek Repair.* During the 2005/06 winter storms, heavy rains caused Laguna Creek to rise and overflow its banks, damaging the facilities both upstream and downstream of the culvert near the Pavilion building. Due to restrictions on emergency grant funding, only actual damages could be repaired. Repairs were completed and a new headwall was installed this year to minimize the potential for flooding until a longer-term creek daylighting project can be completed to improve the environment and increase the performance of the creek to a 100-year flood capacity. The Town is now aggressively seeking grant opportunities to fund the estimated \$1 million project to daylight Laguna Creek.

**TOWN OF MORAGA**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2014**

**TRANSMITTAL LETTER**

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**Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Moraga for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. The Town prepared its first CAFR for the fiscal year 2012-13 and was a first-time recipient of the GFOA award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Town staff believes that the current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program requirements and will again submit its CAFR to the GFOA to determine eligibility for another certificate.

**Acknowledgements**

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The preparation of this Comprehensive Annual Financial Report was made possible by the year-round and dedicated efforts of the Administrative Services Department staff, working in conjunction with Maze & Associates, the Town's independent auditors. Special thanks are extended to the Town Treasurer and Audit and Finance Committee for their individual and group contributions to the report. Finally, we would like to thank the Town Council for their continued support in planning and conducting the financial operations of the Town in a responsible and prudent manner.

**Respectfully submitted,**



**Jill Keimach**  
**Town Manager**



**Stephanie Hom**  
**Administrative Services Director**

**Town of Moraga  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2014**

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**LIST OF OFFICIALS, ADVISORY COMMITTEE AND ADMINISTRATION**

Elected Officials

Ken Chew, Mayor  
Roger Wykle, Vice Mayor  
Phil Arth, Councilmember  
Michael Metcalf, Councilmember  
Dave Trotter, Councilmember

Audit and Finance Committee

Bradley Ward, Town Treasurer  
Ken Chew, Mayor  
Phil Arth, Councilmember  
Tim Freeman, Committee Member  
Robert Kennedy, Committee Member

Town Manager

Jill Keimach

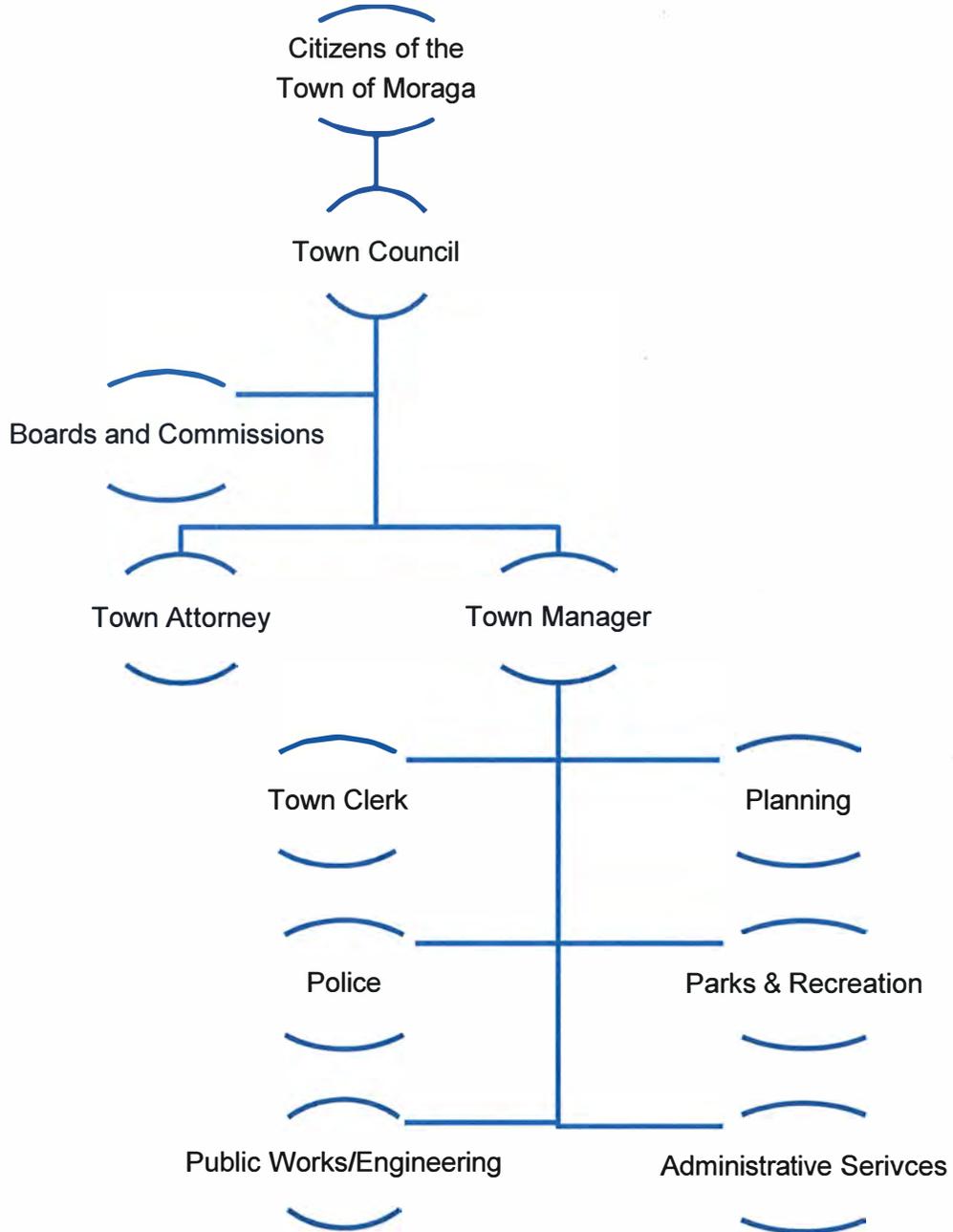
Department Directors

Ellen Clark, Planning Director  
Stephanie Hom, Administrative Services Director  
Jay Ingram, Parks and Recreation Director  
Edric Kwan, Public Works Director/Town Engineer  
Marty McInturf, Town Clerk  
Robert Priebe, Chief of Police

**Town of Moraga  
Comprehensive Annual Financial Report  
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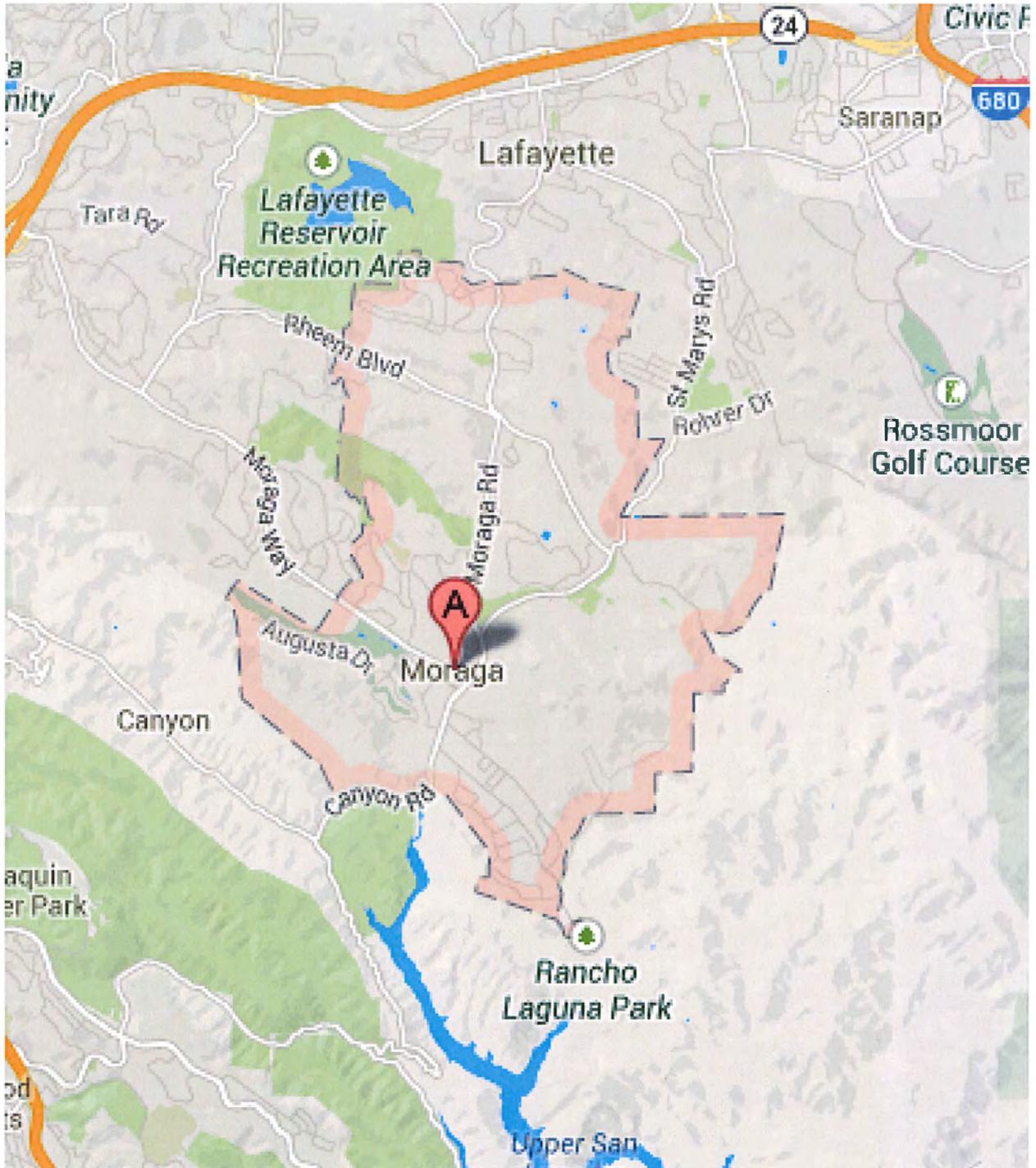
**ORGANIZATION CHART**



Town of Moraga  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2014

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LOCATION MAP





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Moraga  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Town Council of the  
Town of Moraga  
Moraga, California

### *Report on Financial Statements*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Moraga (Town) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matters***

The Town adjusted the beginning fund balance of the General Fund and net position of the Governmental Activities by \$108,842. Further discussion can be found in Note 1M to the financial statements.

Management adopted the provisions of the following Governmental Accounting Standards Board Statement during the year ended June 30, 2014 and required a format change in the financial statements:

Statement 65 – *Items Previously Reported as Assets and Liabilities*. See Note 1L to the financial statements for relevant disclosures.

The emphasis of these matters does not constitute a modification to our opinions.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements as a whole. The Introductory Section, Supplemental Information, and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2014, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Maze & Associates*

Pleasant Hill, California  
October 23, 2014

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## TOWN OF MORAGA MANAGEMENT'S DISCUSSION AND ANALYSIS

### INTRODUCTION

The management of the Town of Moraga ("Town") offers readers of the Town's financial statements this overview of the Town's financial performance for the fiscal year ended June 30, 2014. In accordance with *Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, this Management's Discussion and Analysis is intended to:

- Highlight information readers need to assess whether the Town's financial position has improved or deteriorated,
- Make comparisons of current year to prior year financial activity,
- Explain any significant changes in funds and budget variances,
- Describe capital asset and long-term debt activity during the year,
- Describe currently known facts, decisions, or conditions that are expected to have a significant effect on financial position.

The Town adopts an annual budget that serves as the financial plan for the year. The budget is a planning tool and is based on projected expenditures and revenues, cash flow and available cash resources for that year. The Town's financial statements serve the purpose of reporting all revenues and all costs of providing services each year, not just those received or paid in the current year. In addition, the financial statements report current assets and liabilities, as well as long-term assets and liabilities.

### FINANCIAL HIGHLIGHTS

The financial statements present information on the financial health of the Town. Highlights for the year ended June 30, 2014 are noted as follows:

1. The Town's assets exceeded its liabilities (total net position) by \$42,801,561 (Statement of Net Position, page 18). This compares to the net position of \$40,672,164<sup>1</sup> in the prior year ended June 30, 2013, an increase of \$2,129,397 (5.2%).
2. The Town's unassigned fund balance is \$2,879,905 (Balance Sheet, page 22), which represents 43.4% of the actual General Fund expenditures (\$6,640,412) (Statement of Revenues, Expenditures and Changes in Fund Balances, page 24). In addition, the One-Time Developer Fee Fund, determined through a settlement agreement, has a fund balance of \$2,007,900 classified as *committed* fund balance based and subject to Town Council action on its use (Balance Sheet, page 22).
3. The net change in fund balances for all funds (Total Governmental Funds) increased by \$6,413,869 due to proceeds from the issuance of \$7.72 million in the 2013 Certificates of Participation for Infrastructure Improvements. In the General Fund, including the General Purpose Fund and the One-Time Developer Fee Fund (Palos Colorados), the fund balance decreased by \$86,501 due to the use of fund balance for capital improvement project expenditures. (Statement of Revenues, Expenditures and Changes in Fund Balances, page 24.)

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<sup>1</sup> In FY 2013/14, a prior period adjustment was applied decreasing the General Fund ending fund balance at June 30, 2013 and net position by \$108,842. Monies were recorded in the Agency Fund to more appropriately account for revenues and related activities in the Agency Fund. Refer to Note 1M, Notes to Financial Statements, for more information.

Town of Moraga  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2014

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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4. The Town's actual General Fund expenditures of \$6,640,412 (Statement of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, page 26) increased by 10.2% from the prior year ended June 30, 2013 expenditures of \$6,028,324.
5. From a budget perspective, the Town's costs for the year were fully covered with revenues received during the same year combined with anticipated transfers from other funds. The Town's General Fund actual revenue receipts totaled \$7,763,982 and net interfund transfers totaled negative \$1,210,071, including \$1,548,552 transferred from the General Fund to the Street Pavement Program capital fund. Operating expenditures totaled \$6,640,412. Both revenue receipts and expenditures exceeded budget expectations. Revenues came in over budget by \$317,891 (4.3%). Expenditures came in under budget with a savings of \$267,162 (3.9%), due to salary savings from staff vacancies during various periods of the year, as well as continued conscientiousness amongst Town staff to keep expenditures to a minimum. (Statement of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, page 26).

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

The Basic Financial Statements are comprised of three components: (1) Government-side financial statements, (2) Fund financial statements, and (3) Notes to the financial statements.

**THE TOWN AS A WHOLE (Government-wide Financial Statements)**

The *Statement of Net Position* and the *Statement of Activities* report information about the Town's finances as a whole. They report consolidated financial information on the Town's *primary activities*, which include police, public works, parks and recreation, planning and general administration. While some of these activities are supported in part by charges for services and grants, the majority are financed by property taxes, sales tax, franchise fees, and other governmental taxes and assessments such as the State Gas Tax, State Public Safety Sales Tax, and County-wide National Pollutant Discharge Elimination System (NPDES) assessment.

These statements include all assets and liabilities using the full accrual basis of accounting similar to the accounting model used by private sector firms. Under this accounting model, all assets and all liabilities, including revenues and expenses for providing services, are included regardless of when cash is actually received or paid.

Looking at the Town's net position – the difference between assets and liabilities – is one way to measure the Town's financial health. Over time, increases or decreases in the Town's net position is an indicator of whether its financial health is improving or deteriorating. Of course, other, non-financial, factors must also be considered such as changes in the Town's property tax base, sales tax, and condition of the Town's physical assets, including roads and other infrastructure.

**Town of Moraga  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

***Statement of Net Position***

The detailed *Statement of Net Position* (Basic Financial Statements, page 18) is a snapshot of the Town's financial position at the end of the Fiscal Year (FY) 2013/14. The following table provides a summary of the Town's net position at June 30, 2014 compared to the prior years.

**Table 1. Summary of Net Position for FY 2011/12, 2012/13 and 2013/14**

|                                       | FY 2011/12          | FY 2012/13          | % Change<br>11/12 to 12/13 | FY 2013/14          | % Change<br>12/13 to 13/14 |
|---------------------------------------|---------------------|---------------------|----------------------------|---------------------|----------------------------|
| <b>Assets</b>                         |                     |                     |                            |                     |                            |
| Current Assets                        | \$9,620,689         | \$10,516,430        | 9.3%                       | \$16,945,784        | 61.1%                      |
| Noncurrent Assets                     | 32,348,249          | 32,420,039          | 0.2%                       | 35,722,105          | 10.2%                      |
| <b>Total Assets</b>                   | <b>41,968,938</b>   | <b>42,936,469</b>   | <b>2.3%</b>                | <b>52,667,889</b>   | <b>22.7%</b>               |
| <b>Liabilities</b>                    |                     |                     |                            |                     |                            |
| Current liabilities                   | 777,851             | 772,999             | (0.6%)                     | 1,156,840           | 49.7%                      |
| Noncurrent liabilities                | 1,449,597           | 1,382,494           | (4.6%)                     | 8,709,488           | 530.0%                     |
| <b>Total Liabilities</b>              | <b>2,227,448</b>    | <b>2,155,493</b>    | <b>(3.2%)</b>              | <b>9,866,328</b>    | <b>357.7%</b>              |
| <b>Net Position</b>                   |                     |                     |                            |                     |                            |
| Invested in capital                   | 31,326,914          | 31,262,841          | (0.2%)                     | 32,510,879          | 4.0%                       |
| Restricted                            | 4,020,379           | 4,574,470           | 13.8%                      | 5,231,652           | 14.4%                      |
| Unrestricted                          | 4,394,197           | 4,834,853           | 10.0%                      | 5,059,030           | 4.6%                       |
| <b>Total Net Position<sup>2</sup></b> | <b>\$39,741,490</b> | <b>\$40,672,164</b> | <b>2.3%</b>                | <b>\$42,801,561</b> | <b>5.2%</b>                |

For the year ended June 30, 2014, total assets exceeded liabilities by \$42,801,561. This compares to a net position of \$40,672,164 in the prior year ended June 30, 2013<sup>2</sup>, an increase of \$2,129,397 (5.2%). The Town's net position has grown over the prior two years.

The increase in current assets for the year ended June 30, 2014 compared to the prior year is primarily attributed to proceeds from the 2013 Certificates of Participation for Infrastructure Improvement not drawn upon in the current year and programmed for use as part of the Capital Improvement Program, specifically for street rehabilitation, in future years. The significant increase in noncurrent liabilities is attributed to paying down the 2010 Certificates of Participation for Town Hall Improvements and 2013 Certificates of Participation for Infrastructure Improvements.

Of the Town's net position, 76% is invested in capital assets (\$32,510,879) (e.g., land, buildings, machinery and equipment) and is reported net of related debt, and since these capital assets are used to provide services to the community, they may not be readily used to liquidate liabilities. An additional 12.2% of the net position is restricted for capital projects and special revenue projects.

<sup>2</sup> In FY 2013/14, a prior period adjustment was applied decreasing the General Fund ending fund balance at June 30, 2013 and net position by \$108,842. Monies were recorded in the Agency Fund to more appropriately account for revenues and related activities in the Agency Fund. Refer to Note 1M, Notes to Financial Statements, for more information.

**Town of Moraga  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2014**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

***Statement of Activities***

The detailed *Statement of Activities* (Basic Financial Statements, page 19) presents the Town's revenue and incurred expenses as a whole for the year ended June 30, 2014. All financial activities of the Town are recorded here, including operational costs, capital project costs, depreciation and accrued liabilities such as vacation and sick leave.

The format of the *Statement of Activities* shows how much each activity is funded through special revenues and assessments, fees and grants, and illustrates the relative expense supported by the Town's general discretionary revenues (i.e., property taxes, sales tax, and franchise fees). The following table is information from the *Statement of Activities* presented in an alternative format and comparing the Town's activities at the end of FY 2013/14 with that of prior years.

**Table 2. Statement of Activities for FY 2011/12, 2012/13 and 2013/14**

|  | <b>FY 2011/12</b> | <b>FY 2012/13</b> | <b>% Change<br/>11/12 to 12/13</b> | <b>FY 2013/14</b> | <b>% Change<br/>12/13 to 13/14</b> |
|--|-------------------|-------------------|------------------------------------|-------------------|------------------------------------|
| <b>Program Revenues:</b>   |                   |                   |                                    |                   |                                    |
| Charges for Services   | \$1,058,161       | \$1,247,856       | 17.9%                              | \$1,289,225       | 3.3%                               |
| Operating Grants and Contributions   | 109,016           | 1,365,249         | 1,152.3%                           | 1,586,631         | 16.2%                              |
| Capital Grants and Contributions   | 1,096,496         | 430,697           | (60.7%)                            | 1,306,480         | 203.3%                             |
| <i>Total Program Revenues</i>  | 2,263,673         | 3,043,802         | 34.5%                              | 4,182,336         | 37.4%                              |
| <b>General Revenues:</b>   |                   |                   |                                    |                   |                                    |
| Property Taxes   | 3,065,030         | 3,070,278         | 0.2%                               | 3,204,386         | 4.4%                               |
| Sales Taxes  | 1,018,561         | 1,342,747         | 31.8%                              | 2,494,796         | 85.8%                              |
| Franchise Fees   | 738,185           | 749,227           | 1.5%                               | 823,301           | 9.9%                               |
| Motor Vehicle License Fees   | 43,316            | 7,011             | (83.8%)                            |                   | (100.0%)                           |
| Gas Tax <sup>3</sup>   | 467,217           |                   | (100.0%)                           |                   |                                    |
| Assessments (National Pollutant<br>Discharge Elimination System, Lighting<br>Assessment District) <sup>1</sup> | 431,447           |                   | (100.0%)                           |                   |                                    |
| Interest   | 27,260            | 22,544            | (17.3%)                            | 25,954            | 15.1%                              |
| Other  |                   | 144,500           |                                    |                   |                                    |
| <i>Total General Revenues</i>  | 5,791,016         | 5,336,307         | (7.9%)                             | 6,548,437         | 22.7%                              |
| <b>Total Revenues</b>  | <b>8,054,689</b>  | <b>8,380,109</b>  | <b>4.0%</b>                        | <b>10,730,773</b> | <b>28.1%</b>                       |
| <b>Program Expenses:</b>   |                   |                   |                                    |                   |                                    |
| General Administration   | 1,310,021         | 1,528,140         | 16.7%                              | 1,601,401         | 4.8%                               |
| Planning   | 443,788           | 445,705           | 0.4%                               | 666,363           | 49.5%                              |

<sup>3</sup> In FY 2011/12, the Gas Tax and Assessments revenues were classified under General Revenue. Beginning FY 2012/13, the revenues were more appropriately classified under Program Revenues, "Operating Grants and Contributions." Measure J Transportation revenue was also reclassified from Program Revenues, "Capital Grants and Contributions" to Program Revenues, "Operating Grants and Contributions."

**Town of Moraga**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2014**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

|  |                     |                     |               |                     |               |
|--|---------------------|---------------------|---------------|---------------------|---------------|
| Public Safety  | 2,280,426           | 2,288,770           | 0.4%          | 2,551,912           | 11.5%         |
| Public Works   | 3,154,962           | 2,342,094           | (25.8%)       | 1,962,949           | (16.2%)       |
| Parks and Recreation                                   | 632,177             | 679,215             | 7.4%          | 1,568,294           | 130.9%        |
| Interest on Long Term Debt                             | 58,394              | 56,669              | (3.0%)        | 250,457             | 342.0%        |
| <b>Total Expenses</b>                                  | <b>7,879,768</b>    | <b>7,340,593</b>    | <b>(6.8%)</b> | <b>8,601,376</b>    | <b>17.2%</b>  |
| <b>Change in Net Position</b>                          | <b>174,921</b>      | <b>1,039,516</b>    | <b>494.3%</b> | <b>2,129,397</b>    | <b>104.8%</b> |
| <b>Net Position, Beginning of the Year<sup>4</sup></b> | <b>39,566,569</b>   | <b>39,741,490</b>   | <b>0.4%</b>   | <b>40,672,164</b>   | <b>2.3%</b>   |
| <b>Net Position, End of the Year</b>                   | <b>\$39,741,490</b> | <b>\$40,781,006</b> | <b>2.6%</b>   | <b>\$42,801,561</b> | <b>5.2%</b>   |

For this year ended June 30, 2014, the Town received \$6,548,437 in general revenues and incurred expenses against these revenues of \$4,419,040 (the sum of Total Expenses less Program Revenues). The change in net position was \$2,129,397, an increase of 5.2% from the prior year.

The increase in general revenues from the prior year is attributed to an increase in property taxes both from increased property assessed valuations and one-time real estate transfer taxes, in addition to increased sales tax revenues associated with the Measure K voter-approved 1% Local Add-On Transactions and Use tax. The Measure K sales tax was collected effective April 1, 2013 and FY 2013/14 was the first full year of sales tax receipts.

The increase in total expenses from the prior year is primary due to new debt payments related to the 2013 Certificates of Participation for Infrastructure Improvements, which provided the Town \$7.72 million in funding for the Street Pavement Program leveraging about \$600,000 of the new sales tax revenue received annually. In addition, Planning expenses increased due to the filling of vacant positions. The park maintenance function within Public Works was reorganized in FY 2013/14 and moved under Parks and Recreation.

#### **FINANCIAL ANALYSIS OF COMBINED FUNDS (Fund Financial Statements)**

The Governmental Funds *Balance Sheet* and *Statement of Revenues, Expenditures and Changes in Fund Balances* report information about the Town's finances by fund group. The Town's governmental funds are broken down into three major fund groups – General Fund, Capital Projects Fund and Other Governmental Funds. When considering the relative health of the Town's finances, it is useful to look more closely at the fund balances for each group.

#### **Governmental Funds**

The General Fund group is made up of the Town's discretionary resources (e.g., property taxes; sales and use taxes; franchise fees) and functions as the general operating fund. The General Fund group includes the General Purpose Fund and One-Time Developer Fee Fund (i.e., Palos Colorado settlement funds).

<sup>4</sup> In FY 2013/14, a prior period adjustment was applied decreasing the General Fund beginning fund balance and net position by \$108,842. Monies were recorded in the Agency Fund to more appropriately account for revenues and related activities in the Agency Fund. Refer to Note 1M, Notes to Financial Statements, for more information.

**Town of Moraga  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Capital Projects Fund group includes the Street Pavement Management Fund, Community Facilities/Open Space Fund, Asset Replacement Fund, 2010 Certificates of Participation Town Hall Improvements Fund, 2013 Certificates of Participation Infrastructure Improvements Fund, various grant funds and development impact fee funds.

Other Governmental Funds include the COP (Citizens Option For Public Safety/Supplemental Law Enforcement funding), Gas Tax, Measure J, Park Dedication, Lighting Assessment District, Traffic Safety, NPDES (Clean Water Act – National Pollutant Discharge Elimination System), Traffic Congestion Relief and Asset Forfeiture funds, Public Safety Sales Tax (Proposition 172), and Street Lighting.

**Fund Balance**

Beginning with the fiscal year ended June 30, 2011, the Town implemented *GASB Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54's intent is to provide more clearly defined fund balance classifications to make the nature and extent of the constraints placed on a government's fund balances more transparent. Town Council adopted Resolution No. 24-2011 on June 22, 2011 adopting the GASB 54 fund balance classification definitions.

GASB 54 places fund balance under five possible classifications – *nonspendable*, *restricted*, *committed*, *assigned*, and *unassigned*. Only fund balance in the General Fund is able to be classified as *unassigned* because all other funding sources come with it restrictions on its use by legislative action at the local, state or federal level.

As shown in the Balance Sheet on page 22, as of the fiscal year ended June 30, 2014, the Town's governmental fund types included combined ending fund balances of \$16,414,628. However, of that total, \$672 is classified as *nonspendable* (i.e., petty cash, prepaid expenditures, notes receivable, advances to other funds, or loan receivable), 54% (\$8,865,991) is classified as *restricted* (i.e., Certificates of Participation, debt service, grants, or restricted by legislative action at the local, state or federal level), 26% (\$4,216,749) is *committed* (i.e., constrained by formal action of the Town Council), and 3% (\$451,311) is *assigned* (i.e., encumbrances).

The Town's unassigned (General Fund) fund balance is 18% (\$2,879,905) of the total combined fund balance. This amount also represents 43.4% of the actual General Fund expenditures (\$6,640,412) for the year ended June 30, 2014.

The detailed *Statement of Revenues, Expenditures and Changes in Fund Balances* (Basic Financial Statements, page 24) presents the changes to fund balances resulting from the FY 2013/14 actual revenue and expenditure activity. A summary of net changes by fund group is shown in the table below.

**Table 3. Summary of Net Changes to Fund Balance by Fund Group**

| <b>Fund Balance</b>    | <b>General Fund</b> | <b>Capital Projects</b> | <b>Other Gov't Funds</b> | <b>Total Gov't Funds</b> |
|------------------------|---------------------|-------------------------|--------------------------|--------------------------|
| Beginning Fund Balance | \$5,426,289         | \$2,581,861             | \$1,992,609              | \$10,000,759             |
| Ending Fund Balance    | 5,339,788           | 9,020,657               | 2,054,183                | 16,414,628               |
| <b>Net Change</b>      | <b>(\$86,501)</b>   | <b>\$6,438,796</b>      | <b>\$61,574</b>          | <b>\$6,413,869</b>       |

**Town of Moraga  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2014**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

The decrease in fund balance for the General Fund is attributed to the use of reserves for one-time expenses in the Capital Improvement Program. The increase in fund balance in the Capital Projects funds is associated with the proceeds from the issuance of \$7.72 million 2013 Certificates of Participation for Infrastructure Improvements. In the Capital Projects funds, it is expected that the revenue is committed to capital projects, including street rehabilitation projects, where expenditures occur over multiple years.

**STRENGTHS AND RISKS**

**Budget**

The detailed *Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual* for the General Fund (Basic Financial Statements, page 26) illustrates that both revenue receipts and expenditures exceeded budget expectations. Revenues came in over budget by \$317,891 (4.2%) attributed to increases in property taxes, including Real Estate Transfer Taxes, Measure K sales taxes, and planning fees. Expenditures of \$6,640,412 also had a favorable variance of 3.9% relative to the budget. The variance is primarily attributed to salary savings during the year from periodic vacancies, as well as continued conscientiousness amongst Town staff to keep expenditures to a minimum.

**General Fund Reserve**

The General Fund includes the Town’s primary resources for operations. The Town’s policy, per Resolution No. 8-2012 adopted on February 8, 2012, is to achieve and maintain a General Fund balance equal to 50% of the General Fund operating expenditures. At the year ended June 30, 2014, the unassigned fund balance was \$2,879,905, which represents 43.4% of the actual General Fund expenditures (\$6,640,412) for the year ended June 30, 2014 (Basic Financial Statements, page 22).

**Revenue**

The Town’s general operations depend heavily on property taxes, sales taxes and franchise fees.

*Property Taxes*

Historically, property tax revenues have remained relatively flat. The table below provides a three-year history of the Town’s property tax revenue receipts from the *Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual*. Property tax revenues include ad valorem, homeowner’s property tax relief, and real property transfer taxes. For the FY 2013/14, the 4.4% increase is attributed to an increase in property assessed valuations and Real Estate Transfer Taxes that are dependent upon real estate sales activity.

**Table 5. History of Property Tax Revenues**

|              | FY 2011/12  | FY 2012/13  | % Change<br>11/12 to 12/13 | FY 2013/14  | % Change<br>12/13 to 13/14 |
|--------------|-------------|-------------|----------------------------|-------------|----------------------------|
| Property Tax | \$2,949,332 | \$3,070,278 | 4.1%                       | \$3,204,387 | 4.4%                       |

*Sales Taxes*

Sales taxes are the second largest revenue source for the Town. Sales taxes include the Bradley-Burns Uniform Local Sales and Use tax and are derived from the sales transactions located within the Town, a portion of sales from the County pool, and sales tax in-lieu. The Town’s sales and use tax revenues have experienced modest changes during economic downturns and have remained relatively flat.

**Town of Moraga  
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**MANAGEMENT’S DISCUSSION AND ANALYSIS**

In addition to the Bradley-Burns sales tax, the Town’s voters approved Measure K – an additional one-cent local transactions and use (add-on sales) tax on November 6, 2012 with a 70% approval rate. This general sales tax became effective on April 1, 2013 and will sunset in 20 years. The Measure K sales tax measure was approved for general purposes and the Town may use the revenue for a variety of purposes, including but not limited to addressing the Town’s most financially critical need to repair its failing streets and storm drains. The Town Council has consistently stated its intention to spend the proceeds from the additional sales tax for road repair, as reflected in its annual goals since 2010 and unanimously supported by the entire Town Council. In accordance, the Town Council has issued 2013 Certificates of Participation for Infrastructure Improvements leveraging a portion of the additional sales tax revenue for a 3-year intensive road rehabilitation program. FY 2013/14 experienced the first complete year of Measure K sales tax revenue with receipts reaching \$1,492,885.

**Table 6. History of Sales Tax Revenues**

|                                | <b>FY 2011/12</b> | <b>FY 2012/13</b>  | <b>% Change<br/>11/12 to 12/13</b> | <b>FY 2013/14</b>  | <b>% Change<br/>12/13 to 13/14</b> |
|--------------------------------|-------------------|--------------------|------------------------------------|--------------------|------------------------------------|
| Sales and use tax              | \$728,891         | \$746,182          | 2.4%                               | \$746,643          | 0.1%                               |
| Sales and use tax in lieu      | 235,322           | 263,557            | 12.0%                              | 255,268            | (3.1%)                             |
| 1% Local Add-on (“Measure K”)  |                   | 333,008            |                                    | 1,492,885          | 348.3%                             |
| <b>Total Sales Tax Revenue</b> | <b>\$964,213</b>  | <b>\$1,342,747</b> | <b>39.3%</b>                       | <b>\$2,494,796</b> | <b>85.8%</b>                       |

*Franchise Fees*

Franchise fees are the third largest revenue source. Franchise fees include those from Central Contra Costa Solid Waste Authority (CCCSWA), Pacific Gas & Electric (PG&E) and Comcast Cable. In addition, starting on March 1, 2014, a Garbage Vehicle Impact Fee is collected from users and remitted to the Town. The Town transfers these revenues to the Capital Projects fund for street rehabilitation.

**Table 7. History of Franchise Fee Revenues**

|  | <b>FY 2011/12</b> | <b>FY 2012/13</b> | <b>% Change<br/>11/12 to 12/13</b> | <b>FY 2013/14</b> | <b>% Change<br/>12/13 to 13/14</b> |
|--|-------------------|-------------------|------------------------------------|-------------------|------------------------------------|
| CCCSWA                                 | \$282,748         | \$285,979         | 1.1%                               | \$283,698         | (0.8%)                             |
| CCCSWA – Garbage Vehicle<br>Impact Fee |                   |                   |                                    | \$55,667          |                                    |
| PG&E                                   | 179,789           | 174,014           | (3.2%)                             | 178,900           | 2.8%                               |
| Comcast                                | 275,648           | 289,234           | 4.9%                               | 305,036           | 5.5%                               |
| <b>Total Franchise Fee Revenue</b>     | <b>\$738,185</b>  | <b>\$749,227</b>  | <b>1.5%</b>                        | <b>\$823,301</b>  | <b>9.9%</b>                        |

Other revenues used to support general operations based upon their respective restrictions include gas tax, NPDES (Clean Water Act - National Pollutant Discharge Elimination System) revenues, and Lighting Assessment District.

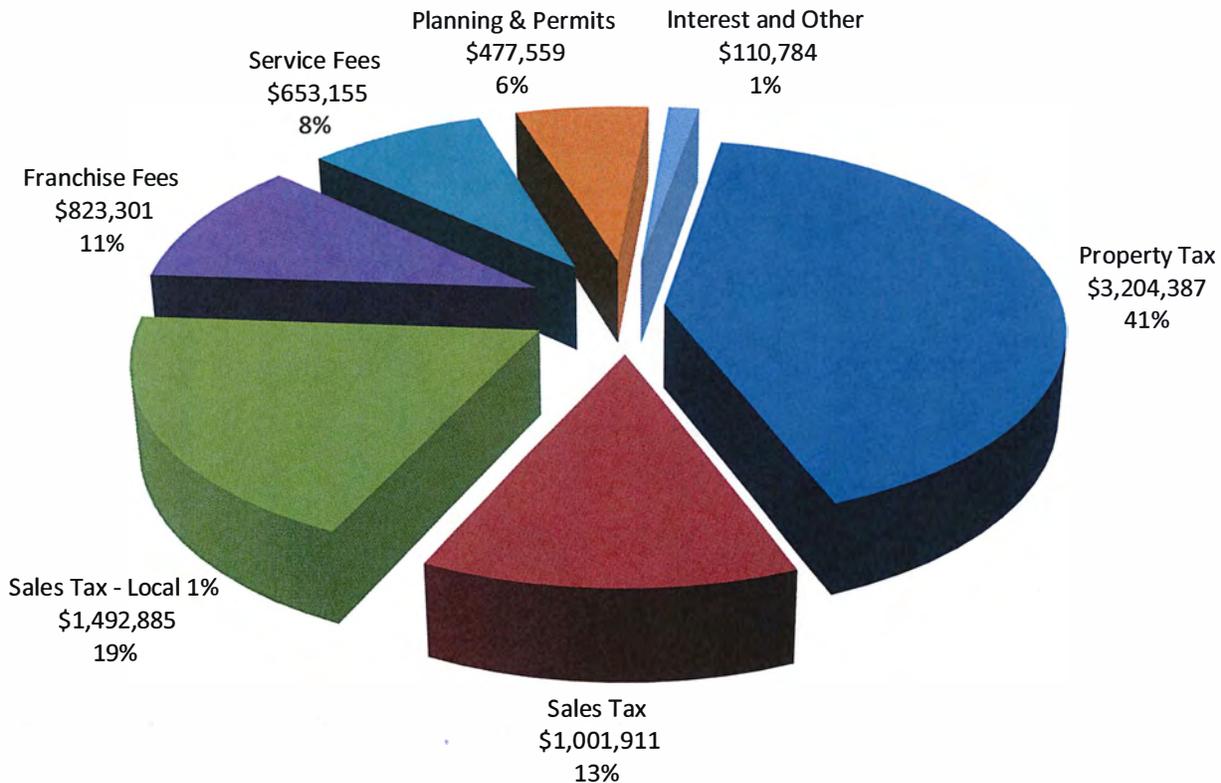
**Town of Moraga  
Comprehensive Annual Financial Report  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

*General Fund*

Specific to the General Fund, the following chart illustrates the major revenues sources (using figures from the *Statement of Revenues, Expenditures and Changes in Fund Balances* on page 24).

**Chart 1. FY 2013/14 General Fund Revenues (\$7,763,982)**



While the Town addresses issues that it has some measure of control over, there exist external factors over which the Town has little or no control. While the Town relies heavily on property tax, it receives a much lower portion of property tax compared to other communities. Most homeowners may know that Proposition 13, passed by California voters in 1978, fixed the property tax rate at 1% of the assessed value of a home, plus any assessment bond approved by popular vote. But many may not know that it also froze how the property tax dollars are distributed among all the benefactors including the Town government, Moraga-Orinda Fire District, schools, Central Contra Costa Solid Waste Authority, East Bay Municipal Utility District, East Bay Regional Park District, BART and Contra Costa County. The distribution of property tax dollars was set under Prop. 13 based on what existed in 1976. At that time, the Town was a young "minimal government," which meant that the Town government was not spending, or receiving, a lot of tax dollars and so the Town's proportion of the property tax was set at 5.3%<sup>5</sup> and has held constant to this day.

<sup>5</sup> The Town of Moraga is comprised of nine (9) Tax Rate Areas (TRA) and the actual rate varies slightly from one TRA to another. The 5.3% represents the rate in TRA 15-002.

Town of Moraga  
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Fiscal Year Ended June 30, 2014

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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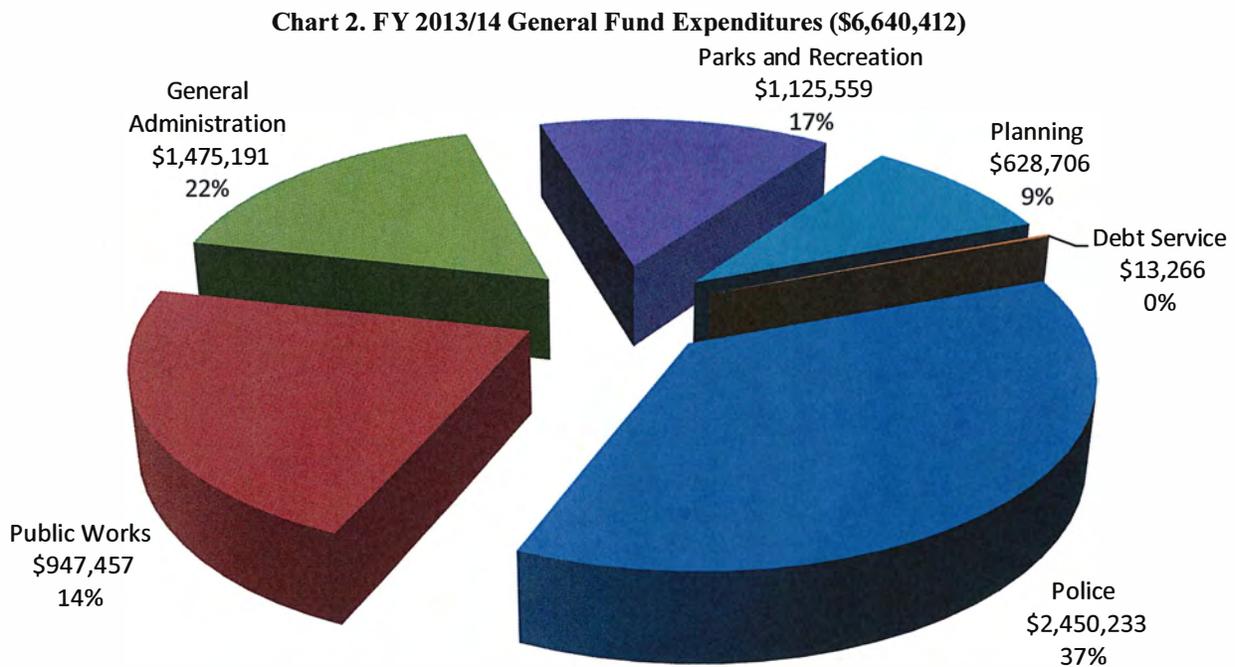
Other government agencies also have an influence on the financial health of the Town. In recent years, the voters have repeatedly passed propositions to prevent the State legislature from continuing to raid local revenues. Consequently, the State is limited in how much revenue it can take back from local government. However, the State has faced its fiscal challenges and program reductions have pushed down service responsibilities from the State level to the county and municipal levels.

In November 6, 2012, the Town's voters approved Measure K – an additional one-cent local sales (transactions and use) tax with a 70% approval rate. This general sales tax became effective on April 1, 2013 and will sunset in 20 years. Since its passage, the Town has seen significant growth in its sales tax revenues specifically from Measure K. Sales taxes now comprise a larger percentage of total General Fund revenues than the prior year. However, the Town Council has taken action to leverage the additional sales tax revenue for an intensive and on-going road infrastructure rehabilitation program and all proceeds from the Sales Tax – 1% Local Add-On are transferred to a Capital Projects fund as an accounting mechanism used to earmark the funds for that purpose.

**Expenditures**

The Town government was founded on a “minimal government” model. In this tradition, the Town endeavors to keep its operating expenses low and the number of employees at a minimum. Volunteers play a critical role in the day-to-day operations, as well as special projects, of the Town government.

The following chart illustrates the relative distribution of the Town's General Fund expenditures (using figures from the *Statement of Revenues, Expenditures, and Changes in Fund Balances* on page 24).



**Town of Moraga  
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Fiscal Year Ended June 30, 2014**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

Expenditures under General Administration include the Town Council, Town Manager, Town Clerk, and Administrative Services departments. General Administration also includes the Town’s contracted services for legal and information technology.

The Town also contracts with Contra Costa County for a variety of services such as animal services, police dispatch, forensics, jail and booking services, Cal-ID, ARIES maintenance, which are all part of the Police Department expenditures. Expenditures for signal and street light maintenance services provided by the County fall under the Public Works Department. The following table shows the historical costs of these services. The significant variances include: an increase in Police Dispatch costs due to a credit applied in FY 2012/13 by the County from unused revenues initially earmarked for their old radio system; an increase in Forensic Services due to an increase in services used; and a decrease in Booking Fees due to a lack of use in those services.

**Table 7. Cost of Services Provided by Contra Costa County**

| <b>Service Type</b>                 | <b>FY 2011/12</b> | <b>FY 2012/13</b> | <b>% Change<br/>11/12 to 12/13</b> | <b>FY 2013/14</b> | <b>% Change<br/>12/13 to 13/14</b> |
|-------------------------------------|-------------------|-------------------|------------------------------------|-------------------|------------------------------------|
| Animal Services                     | \$86,724          | \$85,045          | (1.9%)                             | \$85,767          | 0.8%                               |
| Police Dispatch                     | 99,948            | 70,450            | (29.5%)                            | 92,858            | 31.8%                              |
| Cal-ID                              | 15,839            | 16,589            | 4.7%                               | 17,418            | 5.0%                               |
| ARIES Maintenance (computer system) | 8,350             | 8,350             | 0.0%                               | 8,350             | 0.0%                               |
| Forensic Services                   | 14,263            | 11,378            | (20.2%)                            | 13,252            | 16.5%                              |
| Jail Services / Booking Fees        | 1,128             | 340               | (69.9%)                            | 0                 | (100.0%)                           |
| Signal/Street Light Maintenance     | 18,254            | 46,155            | 152.8%                             | 48,258            | 4.6%                               |
| <b>Total Expenditures</b>           | <b>\$244,506</b>  | <b>\$238,307</b>  | <b>(2.5%)</b>                      | <b>\$265,903</b>  | <b>11.6%</b>                       |

The Town spent \$4,901,833 in all governmental funds on capital improvement projects (Basic Financial Statements, page 24). Projects undertaken during the year include the following:

- Street Rehabilitation – 2013 Program
- Laguna Creek Embankment Restabilization and Repair
- Town Hall Improvements/Community Meeting Room
- Hillsides and Ridgelines Ordinance Update
- Development Impact Fee Nexus Study Update
- Hacienda de las Flores Improvements
- Commons Park Improvements

**Capital Assets**

The Town’s investment in capital assets as of June 30, 2014 totaled \$35,722,105, compared to \$32,420,039 in FY 2012/13 (Basic Financial Statements, Note 5, page 41). This investment in capital assets includes land, buildings and improvements, roadways, storm drains, parks and recreation, and equipment and furniture.

**Town of Moraga  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2014**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Capital projects completed during the year included the Street Rehabilitation – 2013 Program (\$2,491,775); Laguna Creek Embankment Restabilization and Repair (\$1,012,530); Calle La Mesa Storm Drain (\$163,560); Springbrook Computer System Upgrade (\$30,055); Hacienda de las Flores Improvements (\$25,837); Commons Park Improvements (\$25,450); and Police replacement vehicles (\$66,634). These project costs were transferred from being capital assets not being depreciated to depreciable capital assets.

Retirements of \$311,709 include the removal of vehicles and equipment sold and/or removed from the Town's inventory.

Construction in progress during the year included Town Hall Improvements/Community Meeting Room, Livable Moraga Road; Canyon Bridge Replacement, 329 Rheem Boulevard (Town offices) HVAC Replacement, Rheem Boulevard/St. Mary's Road Roundabout, and Annual Street Rehabilitation Program.

**Debt**

The Town's debt totals \$9,054,414 as of June 30, 2014, compared to \$1,453,916 in the prior year (Basic Financial Statements, Note 6, page 42). The remaining debt is attributed to the \$1,525,000 Certificates of Participation issued in 2010 for the Town Hall Improvement Project, an Energy Efficiency Loan taken to complete energy efficiency improvements at various Town facilities, and the \$7,720,000 Certificates of Participation issued in 2013 for Infrastructure Improvements, including streets and storm drains.

**REQUEST FOR INFORMATION**

In this Management's Discussion and Analysis we have attempted to provide the reader with a narrative overview and analysis of the Town's financial statements for the fiscal year ended June 30, 2014. Readers are encouraged to examine the Basic Financial Statements, Notes and Supplemental Information contained in this report.

Questions concerning any information provided in this report or requests for additional financial information should be directed to:

Town of Moraga  
Administrative Services Department  
329 Rheem Boulevard  
Moraga, CA 94556

**TOWN OF MORAGA**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities summarize the entire Town's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the Town's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis - the effect of all the Town's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between Town funds have been eliminated.

The Statement of Net Position reports the difference between the Town's total assets and the Town's total liabilities, including all the Town's capital assets and all its long-term debt. The Statement of Net Position presents information in a way that focuses the reader on the composition of the Town's net position, by subtracting total liabilities from total assets.

The Statement of Net Position summarizes the financial position of all of the Town's Governmental Activities in a single column.

The Town's Governmental Activities include the activities of its General Fund, along with all its Special Revenue and Capital Projects Funds.

The Statement of Activities reports increases and decreases in the Town's net position. It is also prepared on the full accrual basis, which means it includes all the Town's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The Statement of Activities presents the Town's expenses first, listed by program. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental program. The Town's general revenues are then listed in the Governmental Activities and the Change in Net Position is computed and reconciled with the Statement of Net Position.

TOWN OF MORAGA  
STATEMENT OF NET POSITION  
JUNE 30, 2014

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>ASSETS</b>  |                            |
| Current assets:  |                            |
| Cash and investments (Note 3)                                      | \$9,791,033                |
| Restricted cash and investments (Note 3)                           | 5,843,188                  |
| Accounts receivable  | 1,310,891                  |
| Prepays  | 672                        |
| Total current assets   | 16,945,784                 |
| Noncurrent assets:   |                            |
| Capital assets (Note 5)  |                            |
| Capital assets, not being depreciated                              | 12,716,911                 |
| Capital assets, being depreciated, net of accumulated depreciation | 23,005,194                 |
| Total capital assets, net  | 35,722,105                 |
| Total non current assets   | 35,722,105                 |
| Total Assets   | 52,667,889                 |
| <b>LIABILITIES</b>   |                            |
| Current liabilities:   |                            |
| Accounts payable and accrued liabilities                           | 369,905                    |
| Accrued payroll  | 160,401                    |
| Unearned revenue   | 850                        |
| Loan payable - due within one year (Note 6)                        | 14,926                     |
| Certificates of participation - due within one year (Note 6)       | 330,000                    |
| Accrued compensated absences - due within one year (Note 1G)       | 280,758                    |
| Total current liabilities  | 1,156,840                  |
| Noncurrent liabilities:  |                            |
| Loan payable - due in more than one year (Note 6)                  | 47,538                     |
| Certificates of participation - due in more than one year (Note 6) | 8,661,950                  |
| Total noncurrent liabilities                                       | 8,709,488                  |
| Total Liabilities  | 9,866,328                  |
| <b>NET POSITION (Note 8)</b>                                       |                            |
| Net investment in capital assets                                   | 32,510,879                 |
| Restricted for:  |                            |
| Capital projects   | 3,177,469                  |
| Special revenue projects:  |                            |
| Streets and roads  | 1,776,383                  |
| Public safety  | 191,395                    |
| Other projects   | 86,405                     |
| Unrestricted   | 5,059,030                  |
| Total Net Position   | \$42,801,561               |

See accompanying notes to financial statements

TOWN OF MORAGA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014

| Functions/Programs                              | Expenses           | Program Revenues     |                                    | Governmental Activities | Net Revenue (Expense) and Changes in Net Assets |
|---|--------------------|----------------------|------------------------------------|-------------------------|---|
|   |                    | Charges for Services | Operating Grants and Contributions |                         |   |
| <b>Primary Government</b>                       |                    |                      |                                    |                         |   |
| Governmental activities:                        |                    |                      |                                    |                         |   |
| General administration                          | \$1,601,401        | \$103,967            |                                    | \$35,617                | (\$1,461,817)                                   |
| Planning  | 666,363            | 477,559              | \$342,428                          |                         | 153,624   |
| Public safety                                   | 2,551,912          | 113,396              | 163,506                            |                         | (2,275,010)                                     |
| Public works                                    | 1,962,949          | 228,063              | 1,080,697                          | 1,270,863               | 616,674   |
| Parks and recreation                            | 1,568,294          | 366,240              |                                    |                         | (1,202,054)                                     |
| Interest on long-term debt                      | 250,457            |                      |                                    |                         | (250,457)                                       |
| <b>Total</b>                                    | <b>8,601,376</b>   | <b>1,289,225</b>     | <b>1,586,631</b>                   | <b>1,306,480</b>        | <b>(4,419,040)</b>                              |
| <b>Total primary government</b>                 | <b>\$8,601,376</b> | <b>\$1,289,225</b>   | <b>\$1,586,631</b>                 | <b>\$1,306,480</b>      | <b>(4,419,040)</b>                              |
| General revenues:                               |                    |                      |                                    |                         |   |
| Taxes:  |                    |                      |                                    |                         |   |
| Property tax                                    |                    |                      |                                    |                         | 3,204,386                                       |
| Sales tax                                       |                    |                      |                                    |                         | 2,494,796                                       |
| Franchise tax                                   |                    |                      |                                    |                         | 823,301   |
| Interest  |                    |                      |                                    |                         | 25,954  |
| <b>Total general revenues</b>                   |                    |                      |                                    |                         | <b>6,548,437</b>                                |
| Change in Net Position                          |                    |                      |                                    |                         | 2,129,397                                       |
| Net Position - Beginning, as adjusted (Note 1M) |                    |                      |                                    |                         | 40,672,164                                      |
| Net Position - Ending                           |                    |                      |                                    |                         | <b>\$42,801,561</b>                             |

See accompanying notes to financial statements

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**TOWN OF MORAGA**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**FUND FINANCIAL STATEMENTS**  
**GOVERNMENTAL FUNDS**

Major funds are defined generally as having significant activities or balances in the current year.

The funds described below were determined to be Major Funds by the Town for fiscal year 2014. Individual other governmental funds may be found in the Supplemental Section.

**GENERAL FUND**

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**CAPITAL PROJECTS FUND**

The Capital Projects Fund is used to account for funds expended on various capital improvement projects.

TOWN OF MORAGA  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2014

|  | General<br>Fund           | Capital<br>Projects<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------------|-----------------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>                              |                           |                             |                                |                                |
| Cash and investments (Note 3)              | \$5,143,144               | \$2,953,078                 | \$1,694,811                    | \$9,791,033                    |
| Restricted cash and investments (Note 3)   |                           | 5,843,188                   |                                | 5,843,188                      |
| Accounts receivable                        | 539,390                   | 399,364                     | 372,137                        | 1,310,891                      |
| Prepays                                    | 672                       |                             |                                | 672                            |
| Due from other funds                       | 1,178                     |                             |                                | 1,178                          |
| <b>Total Assets</b>                        | <b><u>\$5,684,384</u></b> | <b><u>\$9,195,630</u></b>   | <b><u>\$2,066,948</u></b>      | <b><u>\$16,946,962</u></b>     |
| <b>LIABILITIES</b>                         |                           |                             |                                |                                |
| Accounts payable and accrued expenses      | \$184,195                 | \$174,123                   | \$11,587                       | \$369,905                      |
| Accrued payroll                            | 160,401                   |                             |                                | 160,401                        |
| Unearned revenue                           |                           | 850                         |                                | 850                            |
| Due to other funds                         |                           |                             | 1,178                          | 1,178                          |
| <b>Total Liabilities</b>                   | <b><u>344,596</u></b>     | <b><u>174,973</u></b>       | <b><u>12,765</u></b>           | <b><u>532,334</u></b>          |
| <b>FUND BALANCES (Note 8)</b>              |                           |                             |                                |                                |
| Nonspendable                               | 672                       |                             |                                | 672                            |
| Restricted                                 |                           | 6,811,808                   | 2,054,183                      | 8,865,991                      |
| Committed                                  | 2,007,900                 | 2,208,849                   |                                | 4,216,749                      |
| Assigned                                   | 451,311                   |                             |                                | 451,311                        |
| Unassigned                                 | 2,879,905                 |                             |                                | 2,879,905                      |
| <b>Total Fund Balances</b>                 | <b><u>5,339,788</u></b>   | <b><u>9,020,657</u></b>     | <b><u>2,054,183</u></b>        | <b><u>16,414,628</u></b>       |
| <b>Total Liabilities and Fund Balances</b> | <b><u>\$5,684,384</u></b> | <b><u>\$9,195,630</u></b>   | <b><u>\$2,066,948</u></b>      | <b><u>\$16,946,962</u></b>     |

See accompanying notes to financial statements

TOWN OF MORAGA  
 Reconciliation of the  
 GOVERNMENTAL FUNDS -- BALANCE SHEET  
 with the  
 STATEMENT OF NET POSITION  
 JUNE 30, 2014

|   |                     |
|---|---------------------|
| <b>Total fund balances - governmental funds</b> | <b>\$16,414,628</b> |
|---|---------------------|

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

|  |            |
|--|------------|
| Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. | 35,722,105 |
|--|------------|

Some expenses reported in the Statement of Activities do not require the use of the current financial resources and therefore are not reported as expenditures in the governmental funds:

|                               |                    |
|-------------------------------|--------------------|
| Compensated absences          | (280,758)          |
| Loan payable                  | (62,464)           |
| Certificates of participation | <u>(8,991,950)</u> |

|   |                            |
|---|----------------------------|
| NET POSITION OF GOVERNMENTAL ACTIVITIES | <u><u>\$42,801,561</u></u> |
|---|----------------------------|

See accompanying notes to financial statements

TOWN OF MORAGA  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014

|  | General<br>Fund    | Capital Projects<br>Funds | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|--------------------|---------------------------|--------------------------------|--------------------------------|
| <b>REVENUES</b>  |                    |                           |                                |                                |
| Property taxes and assessments                               | \$1,708,441        |                           | \$1,080,696                    | \$2,789,137                    |
| Property tax - in lieu                                       | 1,342,531          |                           |                                | 1,342,531                      |
| Sales and use tax  | 746,643            |                           |                                | 746,643                        |
| Sales tax - public safety                                    |                    |                           | 61,261                         | 61,261                         |
| Sales and use tax - in lieu                                  | 255,268            |                           |                                | 255,268                        |
| Sales tax - 1% local add-on (Measure K)                      | 1,492,885          |                           |                                | 1,492,885                      |
| Franchise fees   | 823,301            |                           |                                | 823,301                        |
| Real property transfer fees                                  | 137,329            |                           |                                | 137,329                        |
| Motor vehicle license fees                                   |                    |                           |                                |                                |
| Homeowner's property tax relief                              | 16,086             |                           |                                | 16,086                         |
| Planning and permits   | 477,559            |                           |                                | 477,559                        |
| Interest   | 11,502             | \$10,117                  | 4,340                          | 25,959                         |
| Property rentals   | 29,060             |                           |                                | 29,060                         |
| Parks and recreation   | 352,551            |                           | 10,200                         | 362,751                        |
| Police services  | 81,506             |                           |                                | 81,506                         |
| Public works services  | 219,098            |                           |                                | 219,098                        |
| Intergovernmental  |                    | 1,270,863                 | 444,673                        | 1,715,536                      |
| Fines, forfeitures and penalties                             |                    |                           | 31,102                         | 31,102                         |
| Other revenues   | 70,222             | 53,539                    |                                | 123,761                        |
| <b>Total Revenues</b>  | <b>7,763,982</b>   | <b>1,334,519</b>          | <b>1,632,272</b>               | <b>10,730,773</b>              |
| <b>EXPENDITURES</b>  |                    |                           |                                |                                |
| Current operations:  |                    |                           |                                |                                |
| General administration                                       | 1,475,191          |                           |                                | 1,475,191                      |
| Planning   | 628,706            |                           |                                | 628,706                        |
| Public safety  | 2,450,233          |                           |                                | 2,450,233                      |
| Public works   | 947,457            |                           | 137,966                        | 1,085,423                      |
| Parks and recreation   | 1,125,559          |                           |                                | 1,125,559                      |
| Debt service:  |                    |                           |                                |                                |
| Principal  | 9,103              | 355,000                   | 2,349                          | 366,452                        |
| Interest   | 4,163              | 258,216                   | 1,075                          | 263,454                        |
| Capital outlay   |                    | 4,901,833                 |                                | 4,901,833                      |
| <b>Total Expenditures</b>                                    | <b>6,640,412</b>   | <b>5,515,049</b>          | <b>141,390</b>                 | <b>12,296,851</b>              |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <b>1,123,570</b>   | <b>(4,180,530)</b>        | <b>1,490,882</b>               | <b>(1,566,078)</b>             |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                    |                           |                                |                                |
| Bonds issued (Note 6)  |                    | 7,720,000                 |                                | 7,720,000                      |
| Premium on bonds issued (Note 6)                             |                    | 259,947                   |                                | 259,947                        |
| Transfers in (Note 4)  | 802,555            | 5,681,838                 | 30,935                         | 6,515,328                      |
| Transfers out (Note 4)                                       | (2,012,626)        | (3,042,459)               | (1,460,243)                    | (6,515,328)                    |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>(1,210,071)</b> | <b>10,619,326</b>         | <b>(1,429,308)</b>             | <b>7,979,947</b>               |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <b>(86,501)</b>    | <b>6,438,796</b>          | <b>61,574</b>                  | <b>6,413,869</b>               |
| <b>BEGINNING FUND BALANCES<br/>AS ADJUSTED (NOTE 1M)</b>     | <b>5,426,289</b>   | <b>2,581,861</b>          | <b>1,992,609</b>               | <b>10,000,759</b>              |
| <b>ENDING FUND BALANCES</b>                                  | <b>\$5,339,788</b> | <b>\$9,020,657</b>        | <b>\$2,054,183</b>             | <b>\$16,414,628</b>            |

See accompanying notes to financial statements

TOWN OF MORAGA  
 Reconciliation of the  
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS  
 with the  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2014

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

|   |                           |
|---|---------------------------|
| NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS  | \$6,413,869               |
| Governmental funds report capital outlays as expenditures while governmental activities reports depreciation as expense to allocate those expenditures over the life of the assets:   |                           |
| The capitalized expenditures are therefore added back to fund balance   | 4,443,624                 |
| Depreciation expense is deducted from fund balance  | (1,141,558)               |
| Long-Term Debt Proceeds and Payments:   |                           |
| Issuance of bonds provides current financial resources to governmental funds. However, it increases long-term liabilities in the Statement of Net Position.                           | (7,720,000)               |
| Premium on issuance of bonds provides current financial resources to governmental funds. However, it increases long-term liabilities in the Statement of Net Position.                | (259,947)                 |
| Amortization of bond premium is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.                           | 12,997                    |
| Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.                            | 366,452                   |
| Some expenses reported in the Statement of Activities do not require the use of the current financial resources and therefore are not reported as expenditures in governmental funds: |                           |
| Change in accrued compensated absences  | <u>13,960</u>             |
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES   | <u><u>\$2,129,397</u></u> |

See accompanying notes to financial statements

TOWN OF MORAGA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

|  | Budgeted Amounts |                    | Actual Amounts     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|--------------------|--------------------|---|
|  | Original         | Adjusted           |                    |   |
| <b>REVENUES</b>  |                  |                    |                    |   |
| Property taxes and assessments                               | \$1,576,580      | \$1,676,580        | \$1,708,441        | \$31,861  |
| Property tax - in lieu                                       | 1,272,332        | 1,272,332          | 1,342,531          | 70,199  |
| Sales and use tax  | 759,316          | 759,316            | 746,643            | (12,673)  |
| Sales and use tax - in lieu                                  | 259,838          | 259,838            | 255,268            | (4,570)   |
| Sales tax - 1% local add-on (Measure K)                      | 1,000,000        | 1,400,000          | 1,492,885          | 92,885  |
| Franchise fees   | 769,815          | 769,815            | 823,301            | 53,486  |
| Real property transfer fees                                  | 80,745           | 113,629            | 137,329            | 23,700  |
| Homeowner's property tax relief                              | 17,071           | 17,071             | 16,086             | (985)   |
| Planning and permits   | 395,000          | 400,700            | 477,559            | 76,859  |
| Interest   | 16,000           | 16,000             | 11,502             | (4,498)   |
| Property rentals   | 92,512           | 28,909             | 29,060             | 151   |
| Parks and recreation   | 384,941          | 384,941            | 352,551            | (32,390)  |
| Police services  | 70,960           | 70,960             | 81,506             | 10,546  |
| Public works services  | 295,000          | 275,000            | 219,098            | (55,902)  |
| Other revenues   | 1,000            | 1,000              | 70,222             | 69,222  |
| <b>Total Revenues</b>  | <b>6,991,110</b> | <b>7,446,091</b>   | <b>7,763,982</b>   | <b>317,891</b>  |
| <b>EXPENDITURES:</b>   |                  |                    |                    |   |
| Current operations:  |                  |                    |                    |   |
| General government   | 1,498,092        | 1,518,410          | 1,475,191          | 43,219  |
| Planning   | 645,953          | 652,634            | 628,706            | 23,928  |
| Public safety  | 2,492,424        | 2,517,387          | 2,450,233          | 67,154  |
| Public works   | 1,036,989        | 1,042,243          | 947,457            | 94,786  |
| Parks and recreation   | 1,175,042        | 1,176,900          | 1,125,559          | 51,341  |
| Debt service:  |                  |                    |                    |   |
| Principal  |                  |                    | 9,103              | (9,103)   |
| Interest   |                  |                    | 4,163              | (4,163)   |
| <b>Total Expenditures</b>                                    | <b>6,848,500</b> | <b>6,907,574</b>   | <b>6,640,412</b>   | <b>267,162</b>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <b>142,610</b>   | <b>538,517</b>     | <b>1,123,570</b>   | <b>585,053</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                  |                    |                    |   |
| Transfers in   | 1,159,807        | 1,163,901          | 802,555            | (361,346)   |
| Transfers out  | (1,293,832)      | (2,041,593)        | (2,012,626)        | 28,967  |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>(134,025)</b> | <b>(877,692)</b>   | <b>(1,210,071)</b> | <b>(332,379)</b>  |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <b>\$8,585</b>   | <b>(\$339,175)</b> | <b>(86,501)</b>    | <b>\$252,674</b>  |
| <b>BEGINNING FUND BALANCE<br/>AS ADJUSTED (NOTE 1M)</b>      |                  |                    | <b>5,426,289</b>   |   |
| <b>ENDING FUND BALANCE</b>                                   |                  |                    | <b>\$5,339,788</b> |   |

See accompanying notes to financial statements

**TOWN OF MORAGA**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**FUND FINANCIAL STATEMENTS**  
**FIDUCIARY FUNDS**

**Agency Fund** is a clearing type fund for the collection of taxes or deposits held, on behalf of individuals, private organizations and other governments. The fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

TOWN OF MORAGA  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2014

|                                       | Agency<br>Fund |
|---------------------------------------|----------------|
| <b>ASSETS</b>                         |                |
| Cash and investments (Notes 1M and 3) | \$462,502      |
| Accounts receivables                  | 60             |
| Total Assets                          | \$462,562      |
| <br><b>LIABILITIES</b>                |                |
| Accounts payable                      | \$114,820      |
| Deposits payable                      | 280,638        |
| Due to others                         | 67,104         |
| Total Liabilities                     | \$462,562      |

See accompanying notes to financial statements

**TOWN OF MORAGA**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Moraga was incorporated in November 1974. The Town operates under a Council-Manager form of government and provides the following services: public safety (police), highways and streets, culture-recreation, public improvements, planning and zoning, and general administrative services.

**A. Reporting Entity**

The Basic Financial Statements of the Town include only the financial activities of the Town, which has no component units.

**B. Basis of Presentation**

The Town's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These Statements require that the financial statements described below be presented.

**Government-wide Statements:** The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include the financial activities of the overall Town government, except for fiduciary activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category — *governmental* and *fiduciary* — are presented. The emphasis of fund financial statements is on major individual governmental funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

**TOWN OF MORAGA**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*C. Major Funds*

The Town's major governmental funds are identified and presented separately in the fund financial statements. All other funds, called other governmental funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The Town may also select other funds it believes should be presented as major funds.

The Town reported the following major governmental funds in the accompanying financial statements:

The **General Fund** is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources of the general government, except those required to be accounted for in the other funds.

The **Capital Projects Fund** is used to account for funds expended on various capital improvement projects.

The fiduciary funds are used to report assets held in an agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. Since these assets are being held for the benefit of a third party, these funds are not incorporated into the government-wide statements.

The Town reports the following fiduciary funds:

**Agency Fund** is a clearing type fund for the collection of taxes or deposits held, on behalf of individuals, private organizations and other governments. The fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

Specific activities in the Agency Fund include planning and private development-related deposits, public works-related deposits and performance bonds and park facility rental deposits.

**TOWN OF MORAGA**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***D. Basis of Accounting***

The government-wide fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual are property taxes, sales taxes, real property transfer taxes, interest revenue and charges for services. Licenses, use of property and permit revenues are not susceptible to accrual because they are not measurable until received in cash.

Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Certain indirect costs are included in program expenses reported for individual functions and activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's business-type activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for various functions concerned.

**TOWN OF MORAGA**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Capital Assets**

Infrastructure, improvements and equipment purchased or acquired with an original cost of \$100,000, \$50,000, and \$5,000 or more, respectively, are capitalized and reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

|                            |              |
|----------------------------|--------------|
| Buildings and improvements | 50 Years     |
| Equipment and furniture    | 3 - 25 Years |
| Infrastructure             | 7-100 Years  |

**F. Property Taxes**

Property tax revenue is recognized in the fiscal year for which the tax and assessment are levied. The County of Contra Costa levies, bills, and collects property taxes and special assessments for the Town. Under the County’s “Teeter Plan,” the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1.

Secured property tax is due in two installments, on November 1 and February 1, becomes a lien on those dates and becomes delinquent on December 10 and April 10, respectively. Unsecure property tax is due on July 1, and becomes delinquent on August 31.

The term “unsecured” refers to taxes on personal property other than real estate, land, and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the Town in the fiscal year they are assessed.

**G. Compensated Absences**

Compensated absences are comprised of unused vacation leave and compensatory time off, which are accrued as earned. No compensation is payable for sick leave. The Town’s liability for compensated absences is determined annually. The portion expected to be permanently liquidated is recorded in the governmental funds and are recorded as fund liabilities. The long-term portion is recorded in the statement of net position and is liquidated primarily by the General Fund.

**TOWN OF MORAGA**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The activities of the compensated absences for the year ended June 30, 2014 were as follows:

|                   |                  |
|-------------------|------------------|
| Beginning balance | \$294,718        |
| Additions         | 286,544          |
| Payments          | <u>(300,504)</u> |
| Ending Balance    | <u>\$280,758</u> |
| Current Portion   | <u>\$280,758</u> |

**H. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**I. Cash and Investments**

The Town maintains a cash and investments pool that is available for use by all funds. Each fund's portion of this pool is displayed on the Balance Sheets for the governmental funds and Statement of Fiduciary Net Position for the Agency Fund as cash and investments. Investments are stated at fair value. Fair value is estimated based on quoted market prices at year end.

**J. Prepaids**

The Town uses the consumption method to report prepaid items.

**K. New and Closed Funds in Fiscal Year 2014**

**2013 Certificate of Participation (COP) Infrastructure Improvements**

In fiscal year 2014, the Town established the 2013 COP Infrastructure Improvements Capital Projects Fund to account for proceeds from activities related to the issuance of 2013 COP, as well as annual debt service payments.

**Proposition 1B – Local Streets and Roads**

The Town closed the Proposition 1B – Local Streets and Roads fund in fiscal year 2014. The fund was established to account for the Town's allocation of Prop 1B bond funds (\$19.925 billion) approved by California voters in November 2006 for a variety of transportation priorities. Specific uses include improvements to transportation facilities that assist in reducing local traffic congestion, improving traffic flows, or increasing traffic safety, as well as street pavement maintenance and rehabilitation.

**TOWN OF MORAGA**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow or resources (revenue) until that time.

The Town does not have any items that qualify for reporting in this category this fiscal year.

**M. *Prior period Adjustment***

During fiscal year 2008, the Town received and recognized revenues for engineering plan review services specific to the Palos Colorados development project. In fiscal year 2014, the Town management determined that it is more appropriate to account for the revenues and related activities in the Agency Fund. As a result, beginning fund balance of the General Fund and net position of the Governmental Activities were both reduced by \$108,842 and those amounts were recorded in Agency Fund.

**NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING**

**A. *Budgeting Procedures***

Each year, the Town follows these procedures in establishing the budget reflected in the financial statements:

1. In May/June, the Town Manager submits to the Town Council a proposed budget for the fiscal year commencing July 1. The proposed budget includes proposed expenditures and the revenues expected to finance them.
2. The Town Council conducts deliberations on the proposed budget, including receipt of public comment at an open meeting.
3. The Town Council formally adopts the budget by resolution before July 1. The proposed budget becomes the adopted budget.
4. The Town Council may amend the budget at any time during the fiscal year. Amendments to the adopted budget become the adjusted budget.

The Town Manager is authorized to adjust the budget to include prior year budgeted amounts that are encumbered for contracts or unspent for multi-year capital projects. All other unexpended appropriations lapse at year end and must be reappropriated in the budget for the new fiscal year. The Town Manager may also transfer budgeted amounts within or between departments at the fund level, which is the legal level of budgetary control. The Town Council must approve all budget amendments between funds or increases and decreases to a fund's overall budget.

**TOWN OF MORAGA**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING (Continued)**

***B. Budgetary Accounting***

Budgets are adopted on a basis consistent with generally accepted accounting principles. The Town Council approves total appropriations for the General Fund on a departmental basis. The Town Council also approves total appropriations for Other Governmental Funds and the Capital Projects Fund on a fund level to be used for operating activities or for capital projects included in the Capital Improvement Program.

The budget is reflected in the financial statements. A budgetary comparison schedule is presented for the General Fund, including both the original adopted budget and the adjusted budget, and is presented in comparison to actual charges to appropriations.

The Town's Administrative Services Department maintains budget appropriations detail using a computerized financial management system. The system contains an on-going record of budget balances throughout the year based on actual expenditures.

**NOTE 3 – CASH AND INVESTMENTS**

The Town pools cash from all sources and all funds except cash held with fiscal agents so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

***A. Policies***

The Town and its fiscal agents invest only in those instruments authorized by the California Government Code.

The Town and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Town's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the Town's name and places the Town ahead of general creditors of the institution.

The Town's investments are carried at fair value, as required by generally accepted accounting principles. The Town adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

**TOWN OF MORAGA**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

***B. Classification***

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

|                                 |              |
|---------------------------------|--------------|
| Statement of Net Position:      |              |
| Cash and investments            | \$9,791,033  |
| Restricted cash and investments | 5,843,188    |
| Fiduciary Funds:                |              |
| Cash and investments            | 462,502      |
| Total cash and investments      | \$16,096,723 |

Cash and investments as of June 30, 2014 consist of the following:

|                                      |              |
|--------------------------------------|--------------|
| Cash on hand                         | \$500        |
| Deposits with financial institutions | 2,550,672    |
| Investments with fiscal agents       | 5,816,541    |
| Investments                          | 7,729,010    |
| Total cash and investments           | \$16,096,723 |

***C. Investments Authorized by the California Government Code and the Town of Moraga's Investment Policy***

The table below identifies the investment types that are authorized for the Town of Moraga by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Town of Moraga, rather than the general provisions of the California Government Code.

**TOWN OF MORAGA**  
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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

| Authorized Investment Type  | Maximum Maturity | Maximum Percentage Of Portfolio | Maximum Investment In One Issuer |
|---|------------------|---------------------------------|----------------------------------|
| Bank Savings Accounts and Demand Deposits (collateralized or insured) | N/A              | 25%                             | 10%                              |
| Certificate of Deposit (collateralized or insured)                    | 2 years          | 25%                             | 10%                              |
| U.S. Treasury Securities  | 5 years          | None                            | None                             |
| Federal Agency Obligations  | 5 years          | 50%                             | 20%                              |
| Local Agency Investment Fund (LAIF)                                   | N/A              | None                            | None                             |
| Banker's Acceptances  | 180 days         | 20%                             | 10%                              |
| Commercial Paper (rated A1 or greater)                                | 270 days         | 20%                             | 10%                              |
| Negotiable Certificates of Deposit                                    | 2 years          | 25%                             | 10%                              |
| Medium Term Corporate Notes   | 5 years          | 25%                             | 10%                              |

**D. Investments Authorized by Debt Agreements**

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements of the Town which follows the California Government Code and the Town's investment policy.

**E. Interest Rate Risk**

Interest rate risk is the risk that changes in economic markets will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Town manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Town's investments (including investments held with fiscal agents) to market interest rate fluctuations is provided by the following table that shows the distribution of the Town's investments by maturity:

| Investment Type                               | 12 months or less   | 13 to 24 Months    | 25 to 60 Months  | Total               |
|---|---------------------|--------------------|------------------|---------------------|
| <i>Cash and Investments in City Treasury:</i> |                     |                    |                  |                     |
| Local Agency Investment Fund                  | \$7,729,010         |                    |                  | \$7,729,010         |
| <i>Held by Fiscal Agents:</i>                 |                     |                    |                  |                     |
| U.S. Treasury Securities                      |                     | \$996,406          |                  | 996,406             |
| Federal Agency Obligations                    | 2,999,030           | 998,175            | \$407,166        | 4,404,371           |
| Wilmington U.S. Govt. Money Mark Fund         | 415,764             |                    |                  | 415,764             |
| Total Investments                             | <u>\$11,143,804</u> | <u>\$1,994,581</u> | <u>\$407,166</u> | 13,545,551          |
| <i>Cash deposits in banks and petty cash</i>  |                     |                    |                  | <u>2,551,172</u>    |
| Total Cash and Investments                    |                     |                    |                  | <u>\$16,096,723</u> |

**TOWN OF MORAGA**  
**Basic Financial Statements**  
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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

**F. Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Town of Moraga’s investment policy, or debt agreements, and the actual Moody’s rating as of year end for each investment type:

| Investment Type                              | AAA                | Not rated          | Total               |
|--|--------------------|--------------------|---------------------|
| <i>Rated:</i>                                |                    |                    |                     |
| U.S. Treasury Securities                     | \$996,406          |                    | \$996,406           |
| Federal Agency Obligations                   | 4,404,371          |                    | 4,404,371           |
| Wilmington U.S. Govt. Money Mark Fund        | 415,764            |                    | 415,764             |
| <i>Not rated:</i>                            |                    |                    |                     |
| California Local Agency Investment Fund      |                    | \$7,729,010        | 7,729,010           |
| Total Investments                            | <u>\$5,816,541</u> | <u>\$7,729,010</u> | 13,545,551          |
| <i>Cash deposits in banks and petty cash</i> |                    |                    | <u>2,551,172</u>    |
| Total Cash and Investments                   |                    |                    | <u>\$16,096,723</u> |

**G. Concentration of Credit Risk**

The Town’s investment policy regarding the amount that can be invested in any one issuer is stipulated by the California Government Code. However, the Town is required to disclose investments that represent a concentration of five percent or more of investments in any one issuer other than U.S. Treasury Securities, mutual funds and external investment pools.

At June 30, 2014, those investments consisted of:

| Issuer                                | Investment Type            | Reported Amount |
|---------------------------------------|----------------------------|-----------------|
| Federal Farm Credit Bank              | Federal Agency Obligations | \$998,175       |
| Federal National Mortgage Association | Federal Agency Obligations | 1,499,030       |
| Federal Home Loan Bank                | Federal Agency Obligations | 1,500,000       |

**H. Investment in State Investment Pool**

The Town is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Town reports its investment in LAIF at the fair value amount provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF’s investment portfolio are collateralized mortgage obligation, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2014, these investments matured in an average of 232 days.

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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – INTERFUND ACTIVITIES**

***A. Transfers Between Town Funds***

With Council approval, resources may be transferred from one Town fund to another. Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

With respect to the Town's current operations, the General Purpose Fund serves as the primary operating fund for the Town. Transfers of revenue from other funds occur throughout the year to cover operating expenses that meet statutory and/or budgetary requirements of each respective fund.

Transfers between funds also occur to support capital activities. Specific capital projects are typically supported by multiple funding sources. However, for improved transparency and efficiency, a capital project is budgeted and expensed in one fund. At the end of the year and at the completion of the project, transfers of revenue occur to cover the capital expenses, subject to statutory and/or budgetary requirements of the respective funds.

**TOWN OF MORAGA**  
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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – INTERFUND ACTIVITIES (Continued)**

Transfers between Town funds during fiscal year 2013-14 were as follows:

| Transfer From  | Transfer To  | Description                                 | Amount<br>Transferred |
|--|--|---|-----------------------|
| <b>Major Governmental Funds</b>                                    |  |   |                       |
| <b>General Fund</b>  |  |   |                       |
| Fund 100 - Developer Fees  | Fund 700 - Federal Grant/Reimbursement             | Capital Projects - Labor and Materials      | \$157,837             |
| Fund 101 - General Purpose   | Fund 700 - Federal Grant/Reimbursement             | Capital Projects - Labor and Materials      | 78,036                |
|  | Fund 701 - 2010 COP/Town Hall Improvements         | 2010 COP Payment - Principal and Interest   | 114,818               |
|  | Fund 705 - Infrastructure Preserve and Improvement | Committed to Future Capital Projects        | 111,490               |
|  | Fund 711 - Street Pavement Program                 | Pass Thru - Sales Tax Local Add-On          | 1,492,885             |
|  | Fund 711 - Street Pavement Program                 | Pass Thru - Garbage Vehicle Impact Fee      | 55,667                |
|  | Fund 740 - Community Facilities/Open Space         | Mulholland Ridge Open Space Maintenance     | 1,893                 |
| <b>Capital Projects Fund</b>                                       |  |   |                       |
| Fund 700 - Federal Grant/Reimbursement                             | Fund 101 - General Purpose                         | Capital Projects - Labor and Materials      | 4,256                 |
|  | Fund 205 - Gasoline Tax                            | Capital Projects - Labor and Materials      | 498                   |
|  | Fund 210 - Transportation Measure J                | Capital Projects - Labor and Materials      | 5,453                 |
| Fund 701 - 2010 COP/Town Hall Improve                              | Fund 700 - Federal Grant/Reimbursement             | Capital Projects - Labor and Materials      | 151,719               |
| Fund 702 - 2013 COP/Infrastructure Improve                         | Fund 711 - Street Pavement Program                 | Capital Projects - Labor and Materials      | 2,120,376             |
| Fund 705 - Infrastructure Preserve and Improve                     | Fund 700 - Federal Grant/Reimbursement             | Capital Projects - Labor and Materials      | 3,424                 |
| Fund 710 - Prop 1B   | Fund 711 - Street Pavement Program                 | Capital Projects - Labor and Materials      | 52                    |
| Fund 711 - Street Pavement Program                                 | Fund 702 - 2013 COP/Infrastructure Improve         | 2013 COP Payment - Principal and Interest   | 498,347               |
| Fund 716 - Comcast PEG Restricted                                  | Fund 700 - Federal Grant/Reimbursement             | Capital Projects - Labor and Materials      | 26,177                |
| Fund 720 - Public Safety Impact Fees                               | Fund 700 - Federal Grant/Reimbursement             | Capital Projects - Labor and Materials      | 4,000                 |
| Fund 740 - Community Facilities/Open Space                         | Fund 101 - General Purpose                         | Mulholland Ridge Open Space Maintenance     | 449                   |
| Fund 750 - Asset Replacement                                       | Fund 101 - General Purpose                         | Non-Capitalized Asset Replacement           | 13,035                |
|  | Fund 700 - Federal Grant/Reimbursement             | Capital Projects - Labor and Materials      | 156,673               |
| Fund 760 - Local Transportation Impact Fees                        | Fund 700 - Federal Grant/Reimbursement             | Capital Projects - Labor and Materials      | 3,000                 |
| Fund 770 - Storm Drain Impact Fees                                 | Fund 700 - Federal Grant/Reimbursement             | Capital Projects - Labor and Materials      | 23,000                |
| Fund 780 - Gen Govt Facilities Impact Fees                         | Fund 700 - Federal Grant/Reimbursement             | Capital Projects - Labor and Materials      | 13,000                |
| Fund 790 - Park Development Impact Fees                            | Fund 700 - Federal Grant/Reimbursement             | Capital Projects - Labor and Materials      | 19,000                |
| <b>Non-Major Governmental Funds</b>                                |  |   |                       |
| Fund 103 - COPS/AVA  | Fund 101 - General Purpose                         | Police Services                             | 120,080               |
| Fund 140 - Street Lighting   | Fund 500 - Lighting Assessment District            | General Benefits and In Lieu                | 24,984                |
| Fund 109 - Public Safety Sales Tax                                 | Fund 101 - General Purpose                         | Police Services                             | 61,261                |
| Fund 205 - Gasoline Tax  | Fund 101 - General Purpose                         | Streets Maintenance                         | 285,000               |
|  | Fund 711 - Street Pavement Program                 | Capital Projects - Labor and Materials      | 241,462               |
| Fund 210 - Transportation Measure J                                | Fund 101 - General Purpose                         | Transportation & Street-Related Programs    | 38,383                |
|  | Fund 700 - Federal Grant/Reimbursement             | Capital Projects - Labor and Materials      | 67,023                |
|  | Fund 711 - Street Pavement Program                 | Capital Projects - Labor and Materials      | 200,000               |
| Fund 230 - Traffic Safety  | Fund 101 - General Purpose                         | Police Services                             | 28,018                |
|  | Fund 101 - General Purpose                         | Crossing Guard Services                     | 14,255                |
| Fund 500 - Lighting Assessment District                            | Fund 101 - General Purpose                         | Lighting Assessment District Administration | 5,952                 |
|  | Fund 700 - Federal Grant/Reimbursement             | Capital Projects - Labor and Materials      | 10,729                |
| Fund 510 - National Pollution Discharge Elimination System (NPDES) | Fund 101 - General Purpose                         | Storm Drain Maintenance                     | 231,866               |
|  | Fund 700 - Federal Grant/Reimbursement             | Capital Projects - Labor and Materials      | 131,230               |
| Total Interfund Transfers  |  |   | <u>\$6,515,328</u>    |

**TOWN OF MORAGA**  
**Basic Financial Statements**  
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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – CAPITAL ASSETS**

In accordance with GASB Statement No. 34, the Town has reported all capital assets including infrastructure in the Government-wide Statement of Net Position. The Town elected to use the basic approach as defined by GASB Statement No. 34 for all infrastructures reporting, whereby depreciation expense and accumulated depreciation has been recorded. The following table presents the capital assets activity for the year ended June 30, 2014:

|  | Balance<br>June 30, 2013 | Additions          | Retirements      | Transfers          | Balance<br>June 30, 2014 |
|--|--------------------------|--------------------|------------------|--------------------|--------------------------|
| <b>Governmental Activities</b>                     |                          |                    |                  |                    |                          |
| Capital assets not being depreciated:              |                          |                    |                  |                    |                          |
| Land and easements                                 | \$10,680,212             |                    |                  |                    | \$10,680,212             |
| Construction in progress                           | 1,454,278                | \$4,443,624        |                  | (\$3,861,203)      | 2,036,699                |
| <b>Total capital assets, not being depreciated</b> | <b>12,134,490</b>        | <b>4,443,624</b>   |                  | <b>(3,861,203)</b> | <b>12,716,911</b>        |
| Depreciable capital assets:                        |                          |                    |                  |                    |                          |
| Building and improvements                          | 4,945,486                |                    |                  | \$34,008           | 4,979,494                |
| Roadway and related                                | 29,779,974               |                    |                  | 2,491,775          | 32,271,749               |
| Storm drains                                       | 3,078,067                |                    |                  | 1,181,929          | 4,259,996                |
| Parks and recreation                               | 2,726,240                |                    |                  | 25,449             | 2,751,689                |
| Equipment and furniture                            | 1,627,538                |                    | (\$311,709)      | 128,042            | 1,443,871                |
| <b>Total capital assets, being depreciated</b>     | <b>42,157,305</b>        |                    | <b>(311,709)</b> | <b>3,861,203</b>   | <b>45,706,799</b>        |
| Accumulated depreciation:                          |                          |                    |                  |                    |                          |
| Building and improvements                          | (1,283,620)              | (98,745)           |                  |                    | (1,382,365)              |
| Roadway and related                                | (15,972,615)             | (764,095)          |                  |                    | (16,736,710)             |
| Storm drains                                       | (2,177,039)              | (65,337)           |                  |                    | (2,242,376)              |
| Parks and recreation                               | (1,025,067)              | (88,739)           |                  |                    | (1,113,806)              |
| Equipment and furniture                            | (1,413,415)              | (124,642)          | 311,709          |                    | (1,226,348)              |
| <b>Total accumulated depreciation</b>              | <b>(21,871,756)</b>      | <b>(1,141,558)</b> | <b>311,709</b>   |                    | <b>(22,701,605)</b>      |
| <b>Depreciable capital assets, net</b>             | <b>20,285,549</b>        | <b>(1,141,558)</b> |                  | <b>3,861,203</b>   | <b>23,005,194</b>        |
| <b>Governmental capital assets, net</b>            | <b>\$32,420,039</b>      | <b>\$3,302,066</b> |                  |                    | <b>\$35,722,105</b>      |

**TOWN OF MORAGA**  
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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – CAPITAL ASSETS (Continued)**

**A. Depreciation Allocation**

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

| <b>Governmental Activities:</b> |                           |
|---------------------------------|---------------------------|
| General Administration          | \$117,788                 |
| Planning                        | 17,311                    |
| Public Safety:                  |                           |
| Police                          | 46,741                    |
| Public Works                    | 850,206                   |
| Parks and Recreation            | <u>109,512</u>            |
| Total Governmental Activities   | <u><u>\$1,141,558</u></u> |

**NOTE 6 – LONG-TERM LIABILITIES**

The Town generally incurs long-term debt to finance projects, which will have useful lives equal to or greater than the related debt. The Town's debt issues and transactions are related to governmental-type activities are discussed below.

**A. Current Year Transactions and Balances**

|                                    | Original Issue<br>Amount | Balance<br>June 30, 2013 | Additions          | Retirements        | Balance<br>June 30, 2014 | Current<br>Portion |
|------------------------------------|--------------------------|--------------------------|--------------------|--------------------|--------------------------|--------------------|
| 2010 Certificates of Participation | \$1,525,000              | \$1,380,000              |                    | (\$60,000)         | \$1,320,000              | \$60,000           |
| Energy Efficiency Loan             | 198,935                  | 73,916                   |                    | (11,452)           | 62,464                   | 14,926             |
| 2013 Certificates of Participation | 7,720,000                |                          | \$7,720,000        | (295,000)          | 7,425,000                | 270,000            |
| Add: Unamortized Bond Premium      |                          |                          | 259,947            | (12,997)           | 246,950                  |                    |
| <b>Total Governmental Activity</b> |                          | <u>\$1,453,916</u>       | <u>\$7,979,947</u> | <u>(\$379,449)</u> | <u>\$9,054,414</u>       | <u>\$344,926</u>   |

**B. 2010 Certificates of Participation – Town Hall Improvement Project**

Certificates of Participation were executed and delivered pursuant to a trust agreement dated February 1, 2010, by and among the Town, the Association of Bay Area Governments Finance Authority for Nonprofit Corporations (ABAG) and Wilmington Trust (the Trustee, formerly U.S. Bank, National Association) for the purposes of (a) financing a portion of the acquisition of real property located at 331 Rheem Boulevard in the Town and (b) the seismic upgrading and remodeling of the Town offices located at 329 Rheem Boulevard and 331 Rheem Boulevard. Principal is payable annually on October 1. Interest is payable semi-annually on April 1 and October 1. Interest on the Certificates of Participation ranges from 3.0 and 4.625 percent with a final maturity in 2030.

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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – LONG TERM LIABILITIES (Continued)**

**C. 2013 Certificates of Participation –Infrastructure Improvements**

Certificates of Participation were issued and delivered pursuant to a trust agreement dated August 6, 2013 by and among the Town, the Association of Bay Area Governments Finance Authority for Nonprofit Corporations (ABAG) and Wilmington Trust, North America (the Trustee) for the purposes of financing improvements to the Town’s infrastructure including streets and storm drains. Principal is payable annually on April 1. Interest is payable semiannually on April 1 and October 1. Interest on the Certificates of Participation ranges from 2.0 and 5.0 percent with a final maturity in 2033.

**D. Energy Efficiency Loan**

In fiscal year 2009-10, the Town entered into a loan agreement with the California Energy Commission for \$198,935, at three percent (3%) interest rate, for various energy savings projects throughout the Town of Moraga. The agreement was amended on January 29, 2013 with a revised loan amount of \$73,916. Principal and interest payments are payable semiannually with the first loan repayment due December 22, 2013 and last payment due June 2018.

**E. Debt Service Requirements**

Annual debt service requirements are shown below for all long-term debt with specified repayment terms:

| <u>Year ending June 30</u> | <u>Principal</u>   | <u>Interest</u>    |
|----------------------------|--------------------|--------------------|
| 2015                       | \$357,923          | \$381,682          |
| 2016                       | 368,372            | 373,958            |
| 2017                       | 378,839            | 362,966            |
| 2018                       | 394,318            | 351,236            |
| 2019                       | 387,997            | 336,268            |
| 2020-2024                  | 2,179,985          | 1,439,490          |
| 2025-2029                  | 2,704,985          | 915,551            |
| 2029-2033                  | 2,281,995          | 272,557            |
|                            | <u>\$9,054,414</u> | <u>\$4,433,708</u> |

**TOWN OF MORAGA**  
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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – PENSION PLAN**

**A. CalPERS Safety and Miscellaneous Employee Plans**

Substantially, all Town employees are eligible to participate in pension plans offered by the California Public Employees' Retirement System ("CalPERS"), a multiple employer defined benefit pension plan that acts as a common investment and administrative agent for its participating member employers. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries.

The Town's employees participate in the separate Safety Police and Miscellaneous (all other) Plans. In addition, since the Town has less than 100 active members, it is required to participate in a risk pool that pools together similarly-sized entities into a Plan. Effective January 1, 2013, the Town's employees also conform to the Public Employees' Pension Reform Act of 2013 ("PEPRA") such that new employee members participate in a lower-benefit plan than members enrolled before January 1, 2013. An employee participates in one of the respective Plans depending on an employee's position and CalPERS membership date.

Benefit provisions under the Plans are established by State statute and Town resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions made by the Town for each Plan are determined by CalPERS annually on an actuarial basis as of June 30. The Town is required to contribute the determined amounts.

The Plans' provisions and benefits in effect at June 30, 2014 are summarized as follows:

For employees hired and enrolled in CalPERS before January 1, 2013 (i.e., "Classic" members):

|   | <u>Safety</u>    | <u>Miscellaneous</u> |
|---|------------------|----------------------|
| Benefit vesting schedule                  | 5 years service  | 5 years service      |
| Benefit payments                          | monthly for life | monthly for life     |
| Retirement age                            | 50               | 55                   |
| Monthly benefits, as a % of annual salary | 2%               | 2%                   |
| Required employee contribution rates      | 9%               | 7%                   |
| Required employer contribution rates      | 19.900%          | 10.282%              |

For employees hired and enrolled in CalPERS on January 1, 2013 or later (i.e., "New" members):

|   | <u>Safety</u>    | <u>Miscellaneous</u> |
|---|------------------|----------------------|
| Benefit vesting schedule                  | 5 years service  | 5 years service      |
| Benefit payments                          | monthly for life | monthly for life     |
| Retirement age                            | 57               | 62                   |
| Monthly benefits, as a % of annual salary | 2.7%             | 2%                   |
| Required employee contribution rates      | 11.50%           | 6.25%                |
| Required employer contribution rates      | 11.50%           | 6.25%                |

**TOWN OF MORAGA**  
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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – PENSION PLAN (Continued)**

CalPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the Town's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this Method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability.

*Safety Police Plan*

| Fiscal<br>Year<br>Ended | Annual<br>Pension<br>Cost (APC) | Percentage<br>of APC<br>Contributed | Net<br>Pension<br>Obligation |
|-------------------------|---------------------------------|-------------------------------------|------------------------------|
| 2012                    | \$184,026                       | 100%                                | ---                          |
| 2013                    | 188,113                         | 100%                                | ---                          |
| 2014                    | 208,740                         | 100%                                | ---                          |

*Miscellaneous Plan*

| Fiscal<br>Year<br>Ended | Annual<br>Pension<br>Cost (APC) | Percentage<br>of APC<br>Contributed | Net<br>Pension<br>Obligation |
|-------------------------|---------------------------------|-------------------------------------|------------------------------|
| 2012                    | \$178,022                       | 100%                                | ---                          |
| 2013                    | 186,549                         | 100%                                | ---                          |
| 2014                    | 212,625                         | 100%                                | ---                          |

The Town uses the actuarially determined percentages of payroll to calculate and pay contributions to CalPERS. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all contributions required by CalPERS, for the years ended June 30, 2014, 2013, and 2012, amounted to \$421,365, \$374,662, and \$362,048.

For the year ended June 30, 2014, the Annual Pension Costs were based in the Annual Valuation Report as of June 30, 2011. CalPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.50% is assumed, including inflation at 2.75%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll over 16 years from the valuation date for the safety plan and over 20 years from the valuation date for the miscellaneous plan. Gain and losses that occur in the operation of risk pool are amortized over a rolling thirty-year period.

**TOWN OF MORAGA**  
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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – PENSION PLAN (Continued)**

As required by State law, effective July 1, 2005, the Town’s Miscellaneous and Safety Plans were terminated, and the employees in those plans were required by CalPERS to join new State-wide pools. One of the conditions of entry to these pools was that the Town true-up any unfunded liability in the former Plans, either by paying cash or increasing its future contribution rates through a Side Fund offered by CalPERS. In June 2008, the Town paid off its Side Funds for both the Miscellaneous (\$524,772) and Safety (\$929,430) Plans in the total amount of \$1,454,202, funding the payment from the One-Time Developer Fee Fund (i.e., Palos Colorados settlement funds).

*Funded Status and Funding Progress*

The following schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

*State-Wide Pool - Safety Police Plan:*

| Actuarial      |                             |                 |                                 |              |                        |   |
|----------------|-----------------------------|-----------------|---------------------------------|--------------|------------------------|---|
| Valuation Date | Entry Age Accrued Liability | Value of Assets | Unfunded (Overfunded) Liability | Funded Ratio | Annual Covered Payroll | Unfunded (Overfunded) Liability as % of Payroll |
| 2010           | \$469,525,634               | \$396,740,091   | \$72,785,543                    | 84.5%        | \$61,878,177           | 117.6%  |
| 2011           | 503,491,275                 | 421,374,728     | 82,116,547                      | 83.7%        | 63,392,685             | 129.5%  |
| 2012           | 475,963,729                 | 407,411,936     | 68,551,793                      | 85.6%        | 59,986,230             | 114.3%  |

The Town’s Safety Police Plan represents approximately 1.86%, 1.76% and 1.75% of the state-wide Safety 2% at 50 Risk Pool for the valuation years ended June 30, 2012, 2011 and 2010 respectively, based on covered payroll of \$1,115,224, \$1,116,816 and \$1,083,940 for those years.

*State-Wide Pool - Miscellaneous Plan:*

| Actuarial      |                             |                 |                                 |              |                        |   |
|----------------|-----------------------------|-----------------|---------------------------------|--------------|------------------------|---|
| Valuation Date | Entry Age Accrued Liability | Value of Assets | Unfunded (Overfunded) Liability | Funded Ratio | Annual Covered Payroll | Unfunded (Overfunded) Liability as % of Payroll |
| 2010           | \$3,309,064,934             | \$2,946,408,106 | \$362,656,828                   | 89.0%        | \$748,401,352          | 48.5%   |
| 2011           | 3,619,835,876               | 3,203,214,899   | 416,620,977                     | 88.5%        | 759,263,518            | 54.9%   |
| 2012           | 4,175,139,166               | 3,686,598,343   | 488,540,823                     | 88.3%        | 757,045,663            | 64.5%   |

The Town’s Miscellaneous Plan represents approximately 0.26%, 0.23% and 0.23% of the state-wide Miscellaneous 2% at 55 Risk Pool for the valuation years ended June 30, 2012, 2011 and 2010 respectively, based on covered payroll of \$2,005,865, \$1,735,744 and \$1,735,518 for those years.

Audited annual financial statements and ten year statistical comparison are available from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

**TOWN OF MORAGA**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – PENSION PLAN (Continued)**

**B. *Deferred Compensation Plan***

Town employees may defer a portion of their compensation under a Town sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination of employment, retirement, death or in an emergency as defined by the plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. The funds have been placed in a trust administered by ICMA-RC (International City/County Management Association Retirement Corporation) and are not available to the Town's general creditors. Accordingly, the Town does not report the assets in the financial statements.

**C. *Defined Contribution Plan***

The Town sponsors a defined contribution plan created in accordance with Internal Revenue Code Section 401(a). Under this plan, the Town may make discretionary contributions to the plan each year on behalf of designated employees up to the maximum allowed by law. Town employees are fully vested in amounts contributed to the plan. Town employees may also contribute to the plan on an after-tax basis as long as the combined employer and employee contributions do not exceed the maximum allowed by law.

Contributions to the plan are held by a Trust, administered by ICMA-RC, for the exclusive benefit of plan participants and their beneficiaries. The assets are not available to the Town's general creditors and thus, the Town does not report the assets in the financial statements.

**NOTE 8 – NET POSITION AND FUND BALANCES**

Net Position is measured on the full accrual basis, while Fund Balance is measured on the modified accrual basis.

**A. *Net Position***

Net Position is the excess of all the Town's assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

*Net Investment in Capital Assets*, describes the portion of net position which is represented by the current net book value of the Town's capital assets, less the outstanding balance of any debt issued to finance these assets. At June 30, 2014 the breakout of this calculation is reflected as follows:

|  |             |              |
|--|-------------|--------------|
| Total Capital Assets at June 30, 2014:                         |             | \$35,722,105 |
| Related Debts at June 30, 2014:                                |             |              |
| Loan Payable   | \$62,464    |              |
| Certificates of Participation (COP)                            | 8,991,950   |              |
| Less: Portion of the Debt Attributable to the Unspent Proceeds | (5,843,188) |              |
| Net Related Debt   | 3,211,226   |              |
| Net Investment in Capital Assets                               |             | \$32,510,879 |

**TOWN OF MORAGA**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 – NET POSITION AND FUND BALANCES (Continued)**

*Restricted* describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Town cannot unilaterally alter.

*Unrestricted* describes the portion of net position which is not restricted to use.

**B. Fund Balance**

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The Town's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the Town prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

*Nonspendables* represents balances set aside to indicate items that are not available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

*Restricted* fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

*Committed* fund balances are established, modified and rescinded by resolution of the Town Council. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

*Assigned* fund balances are amounts constrained by the Town's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the Town Council or its designee and may be changed at the discretion of the Town Council or its designee. The Town Manager is authorized to assign amounts to a specific purpose in accordance with the Municipal Code, Chapter 3.04 – Purchasing System approved by the Town Council under Ordinance No. 231. This category includes encumbrances and unspent capital project balances for active projects; Nonspendables, when it is the Town's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue and Capital Projects Funds which have not been restricted or committed.

*Unassigned* fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds. The Town Council, per resolution No. 8-2012, has established a policy to achieve and maintain a General Fund unassigned fund balance equal to fifty percent (50%) of General Fund operating expenditures from the same fiscal year.

**TOWN OF MORAGA**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 – NET POSITION AND FUND BALANCES (Continued)**

Detailed classifications of the Town’s Fund Balances, as of June 30, 2014, are below:

|  | General<br>Fund | Capital Projects<br>Fund | Other<br>Governmental<br>Funds | Total        |
|--|-----------------|--------------------------|--------------------------------|--------------|
| Nonspendable:                                |                 |                          |                                |              |
| Prepays                                      | \$672           |                          |                                | \$672        |
| Total Nonspendable                           | 672             |                          |                                | 672          |
| Restricted for:                              |                 |                          |                                |              |
| Streets and roads                            |                 |                          | \$1,776,383                    | 1,776,383    |
| Public safety                                |                 |                          | 191,395                        | 191,395      |
| Traffic safety                               |                 |                          | 29,164                         | 29,164       |
| Future projects                              |                 |                          | 17,289                         | 17,289       |
| Clean water and storm drain                  |                 |                          | 39,952                         | 39,952       |
| Capital projects                             |                 | \$6,389,714              |                                | 6,389,714    |
| Debt service                                 |                 | 422,094                  |                                | 422,094      |
| Total Restricted                             |                 | 6,811,808                | 2,054,183                      | 8,865,991    |
| Committed to:                                |                 |                          |                                |              |
| Future projects (Palos Developer Fees)       | 2,007,900       |                          |                                | 2,007,900    |
| Capital projects                             |                 | 1,773,976                |                                | 1,773,976    |
| Asset replacements                           |                 | 434,873                  |                                | 434,873      |
| Total Committed                              | 2,007,900       | 2,208,849                |                                | 4,216,749    |
| Assigned for:                                |                 |                          |                                |              |
| On-going capital projects<br>and maintenance | 451,311         |                          |                                | 451,311      |
| Total Assigned                               | 451,311         |                          |                                | 451,311      |
| Unassigned                                   | 2,879,905       |                          |                                | 2,879,905    |
| Total fund balances                          | \$5,339,788     | \$9,020,657              | \$2,054,183                    | \$16,414,628 |

**TOWN OF MORAGA**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 – RISK MANAGEMENT**

The Town is a member of the Municipal Pooling Authority (MPA) based in Walnut Creek, California. The MPA provides coverage against the following types of loss risks under the terms of a joint-powers agreement with the Town and several other cities and governmental agencies as follows:

|                                   | Participating Cities Total<br>Coverage | Deductible<br>(Town Portion) |
|-----------------------------------|--|------------------------------|
| All risk fire and property        | \$1,000,000,000                        | \$25,000                     |
| Cyber liability                   | 2,000,000                              | 50,000                       |
| Public entity pollution liability | 25,000,000                             | 100,000                      |
| Boiler and machinery              | 25,000,000                             | 5,000                        |
| Liability                         | 29,000,000                             | 10,000                       |
| Auto-physical damage              | 250,000                                | 2,000                        |
| Workers' compensation             | 50,000,000                             | 0                            |

The MPA is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of the MPA, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

The Town's deposits with the MPA are in accordance with formulas established by the MPA. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Audited financial statements for the Authority are available from MPA, 1911 San Miguel Drive, Suite 200, Walnut Creek, CA 94596.

The total coverage includes the Town's deductible, the portion underwritten by MPA, and the portion underwritten by other insurance companies. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years by any significant amount.

The Town did not record a liability for outstanding claims at fiscal year-end, as management believes that the claims were minimal.

**NOTE 10 – LAMORINDA FEE AND FINANCING AUTHORITY**

The Lamorinda Fee and Financing Authority (LFFA) is the result of the Town of Moraga entering into a Joint Powers Agreement (JPA) with the cities of Lafayette and Orinda, to administer an adopted sub-regional transportation and traffic impact fee for the Lamorinda region under the authority of the Contra Costa County half cent sales tax measure adopted in 1988. The fees collected under the LFFA from new development are used to mitigate increased traffic in the region. Complete financial statements of the LFFA are available at the City of Lafayette, 3675 Mt. Diablo Blvd., #210 Lafayette, CA 94549.

**TOWN OF MORAGA**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 11 – COMMITMENT AND CONTINGENT LIABILITIES**

The Town participates in several Federal and State grant programs. These programs have been subjected to audits by the Town's independent accountants in accordance with the provisions of the Federal Single Audit Act as amended and applicable State requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The Town expects such amounts, if any, to be immaterial.

The Town is subject to litigation arising in the normal course of business. In the opinion of the Town Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the Town.

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**TOWN OF MORAGA**  
**Supplemental Information**  
**For the Year Ended June 30, 2014**

**GENERAL FUND**

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund is comprised of the following:

The **General Purpose Fund** is the general operating fund of the Town. It is used to account for most discretionary resources except those that require separate accounting for local, state or federal reporting and accountability purposes. Primary sources of General Purpose Fund revenue include property tax, sales tax, franchise fees, parks and recreation fees, as well as transfers in from other funds for eligible uses.

The **One Time Developer Fees Fund (Palos Colorados)** accounts for revenue as the result of a settlement agreement related to the Palos Colorados development project. Through action of the Town Council in approving the settlement agreement, the funds are committed for future projects. Since receipt of the initial deposits, the Town has used these funds for one-time expenditures such as payment of the CalPERS unfunded liability and promissory note due on the purchase of the 331 Rheem Boulevard property, and various capital improvement projects.

TOWN OF MORAGA  
GENERAL FUND  
COMBINING BALANCE SHEETS  
JUNE 30, 2014

|                                       | <u>General Purpose</u> | <u>Developer Fees</u> | <u>Total</u>       |
|---------------------------------------|------------------------|-----------------------|--------------------|
| <b>ASSETS</b>                         |                        |                       |                    |
| Cash and investments                  | \$3,135,244            | \$2,007,900           | \$5,143,144        |
| Accounts receivable                   | 539,390                |                       | 539,390            |
| Prepays                               | 672                    |                       | 672                |
| Due from other funds                  | 1,178                  |                       | 1,178              |
|                                       | <u>1,178</u>           |                       | <u>1,178</u>       |
| Total Assets                          | <u>\$3,676,484</u>     | <u>\$2,007,900</u>    | <u>\$5,684,384</u> |
| <b>LIABILITIES</b>                    |                        |                       |                    |
| Accounts payable and accrued expenses | \$184,195              |                       | \$184,195          |
| Accrued payroll                       | 160,401                |                       | 160,401            |
|                                       | <u>160,401</u>         |                       | <u>160,401</u>     |
| Total Liabilities                     | <u>344,596</u>         |                       | <u>344,596</u>     |
| <b>FUND BALANCES</b>                  |                        |                       |                    |
| Nonspendable                          | 672                    |                       | 672                |
| Committed                             |                        | \$2,007,900           | 2,007,900          |
| Assigned                              | 451,311                |                       | 451,311            |
| Unassigned                            | 2,879,905              |                       | 2,879,905          |
|                                       | <u>2,879,905</u>       |                       | <u>2,879,905</u>   |
| Total Fund Balances                   | <u>3,331,888</u>       | <u>2,007,900</u>      | <u>5,339,788</u>   |
| Total Liabilities and Fund Balances   | <u>\$3,676,484</u>     | <u>\$2,007,900</u>    | <u>\$5,684,384</u> |

TOWN OF MORAGA  
GENERAL FUND  
COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014

|  | <u>General Purpose</u>    | <u>Developer Fees</u>     | <u>Total</u>              |
|--|---------------------------|---------------------------|---------------------------|
| <b>REVENUES</b>  |                           |                           |                           |
| Property taxes and assessments                               | \$1,708,441               |                           | \$1,708,441               |
| Property tax - in lieu                                       | 1,342,531                 |                           | 1,342,531                 |
| Sales and use tax  | 746,643                   |                           | 746,643                   |
| Sales and use tax - in lieu                                  | 255,268                   |                           | 255,268                   |
| Sales tax - 1% local add-on (Measure K)                      | 1,492,885                 |                           | 1,492,885                 |
| Franchise fees   | 823,301                   |                           | 823,301                   |
| Real property transfer fees                                  | 137,329                   |                           | 137,329                   |
| Homeowner's property tax relief                              | 16,086                    |                           | 16,086                    |
| Planning and permits   | 477,559                   |                           | 477,559                   |
| Interest   | 11,502                    |                           | 11,502                    |
| Property rentals   | 29,060                    |                           | 29,060                    |
| Parks and recreation   | 352,551                   |                           | 352,551                   |
| Police services  | 81,506                    |                           | 81,506                    |
| Public works services  | 219,098                   |                           | 219,098                   |
| Other revenues   | 70,222                    |                           | 70,222                    |
|  | <u>7,763,982</u>          |                           | <u>7,763,982</u>          |
| Total Revenues   |                           |                           |                           |
| <b>EXPENDITURES</b>  |                           |                           |                           |
| Current operations:  |                           |                           |                           |
| General administration                                       | 1,475,191                 |                           | 1,475,191                 |
| Planning   | 628,706                   |                           | 628,706                   |
| Public safety  | 2,450,233                 |                           | 2,450,233                 |
| Public works   | 947,457                   |                           | 947,457                   |
| Parks and recreation   | 1,125,559                 |                           | 1,125,559                 |
| Debt service:  |                           |                           |                           |
| Principal  | 9,103                     |                           | 9,103                     |
| Interest   | 4,163                     |                           | 4,163                     |
|  | <u>6,640,412</u>          |                           | <u>6,640,412</u>          |
| Total Expenditures   |                           |                           |                           |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> |                           |                           |                           |
|  | <u>1,123,570</u>          |                           | <u>1,123,570</u>          |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                           |                           |                           |
| Transfers in   | 802,555                   |                           | 802,555                   |
| Transfers out  | <u>(1,854,789)</u>        | <u>(\$157,837)</u>        | <u>(2,012,626)</u>        |
| Total Other Financing Sources (Uses)                         | <u>(1,052,234)</u>        | <u>(157,837)</u>          | <u>(1,210,071)</u>        |
| <b>NET CHANGE IN FUND BALANCES</b>                           |                           |                           |                           |
|  | 71,336                    | (157,837)                 | (86,501)                  |
| <b>BEGINNING FUND BALANCES<br/>AS ADJUSTED</b>               |                           |                           |                           |
|  | <u>3,260,552</u>          | <u>2,165,737</u>          | <u>5,426,289</u>          |
| <b>ENDING FUND BALANCES</b>                                  |                           |                           |                           |
|  | <u><u>\$3,331,888</u></u> | <u><u>\$2,007,900</u></u> | <u><u>\$5,339,788</u></u> |

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**TOWN OF MORAGA**  
**Supplemental Information**  
**For the Year Ended June 30, 2014**

**CAPITAL PROJECTS FUND**

The Capital Projects Fund is used to account for funds expended on various capital improvement projects. Funds in the Capital Projects Fund include the following:

The **Community Facilities/Open Space** fund is committed to open space uses.

The **Asset Replacement** fund is used for the purchase of replacement vehicles, technology, and building and park improvements such as new roofs and replacement play structures.

The **Federal Grant/Reimbursement** fund serves as a clearing fund to capture all capital project expenditures and corresponding revenues, except for those accounted for in the Street Pavement Program fund.

The fund for **Proposition 1B** – Local Streets and Roads was established to account for the Town's allocation of Prop 1B bond funds (\$19.925 billion) approved by California voters in November 2006 for a variety of transportation priorities. Specific uses include improvements to transportation facilities that assist in reducing local traffic congestion, improving traffic flow, or increasing traffic safety, as well as street pavement maintenance and rehabilitation. The fund was closed in fiscal year 2013-14.

The **Street Pavement Program** fund is established to account for all capital activities related to the rehabilitation of the Town's streets.

The Town has two Comcast funds – the **Comcast Grant Unrestricted** is a one-time revenue receipt and the **Comcast PEG Restricted** fund has limitations on how the Town may use these monies in accordance with the franchise agreement. Generally, Comcast funds are to be used for capital costs associated with Public, Educational and Governmental channel access.

The **2010 COP/Town Hall Improvements** fund accounts for the 2010 issuance of Certificates of Participation (COP) for Town Hall Improvements, including the 331 Rheem property purchase and for the renovation of both the 329 Rheem and 331 Rheem buildings.

The **2013 Certificate of Participation (COP) Infrastructure Improvements** fund was established to account for the proceeds from the issuance of the 2013 COP, as well as annual debt service payments. In 2013, \$7.72 million Certificates of Participation were issued for infrastructure improvements, including street and storm drains improvements. The 2013 COP leverages annual revenues received from the Measure K One-Cent Local Add-On Sales Tax approved by voters in November 2012.

The **Infrastructure Preservation and Improvement** fund was established to set aside funds for capital projects that preserve or improve the Town's infrastructure assets such as its streets, storm drains, and building and facilities. In 2012 through Resolution No. 8-2012, the Town Council re-established a policy for annually transferring prior year surplus revenues exceeding the 50% reserve target into the IPI fund.

The various **Development Impact Fee funds** are all funds whose revenues derive from development and use of these funds is restricted.

The **Lamorinda Fee and Financing Authority (LFFA)** is a joint exercise of powers agreement comprised of the jurisdictions of Lafayette, Moraga and Orinda to establish a development mitigation fee program. The program assesses regional and local transportation fees and distributes them back to the member jurisdictions as governed by the Joint Exercise of Powers Agreement. This fund is established to account for both the LFFA regional and local set aside fees distributed to the Town. The use of the funds is also governed by the Joint Exercise of Powers Agreement.

TOWN OF MORAGA  
 CAPITAL PROJECTS FUND  
 COMBINING BALANCE SHEETS  
 JUNE 30, 2014

|  | <u>Community<br/>Facilities/ Open<br/>Space</u> | <u>Asset<br/>Replacement</u> | <u>Federal Grant/<br/>Reimbursement</u> | <u>Street<br/>Pavement<br/>Program</u> | <u>Prop 1B</u> | <u>Comcast<br/>Grant<br/>Unrestricted</u> | <u>Comcast<br/>PEG<br/>Restricted</u> | <u>2010 COP/<br/>Town Hall<br/>Improvements</u> |
|--|---|------------------------------|---|--|----------------|---|---------------------------------------|---|
| <b>ASSETS</b>                              |   |                              |   |  |                |   |                                       |   |
| Cash and investments                       | \$9,550   | \$434,873                    | \$230,787                               | \$1,291,577                            |                | \$86,233                                  | \$385,398                             |   |
| Restricted cash and investments            |   |                              |   |  |                |   |                                       | 145,276   |
| Accounts receivable                        |   |                              | 263,224                                 | 126,192                                |                |   | 9,746                                 | 80  |
| <b>Total Assets</b>                        | <b><u>\$9,550</u></b>                           | <b><u>\$434,873</u></b>      | <b><u>\$494,011</u></b>                 | <b><u>\$1,417,769</u></b>              |                | <b><u>\$86,233</u></b>                    | <b><u>\$395,144</u></b>               | <b><u>\$145,356</u></b>                         |
| <b>LIABILITIES</b>                         |   |                              |   |  |                |   |                                       |   |
| Accounts payable and accrued expenses      |   |                              | \$140,479                               | \$33,644                               |                |   |                                       |   |
| Unearned revenue                           |   |                              | 850                                     |  |                |   |                                       |   |
| <b>Total Liabilities</b>                   |   |                              | <b><u>141,329</u></b>                   | <b><u>33,644</u></b>                   |                |   |                                       |   |
| <b>FUND BALANCE</b>                        |   |                              |   |  |                |   |                                       |   |
| Restricted                                 |   |                              | 352,682                                 |  |                |   | \$395,144                             | \$145,356                                       |
| Committed                                  | \$9,550   | \$434,873                    |   | 1,384,125                              |                | \$86,233                                  |                                       |   |
| <b>Total Fund Balances</b>                 | <b><u>9,550</u></b>                             | <b><u>434,873</u></b>        | <b><u>352,682</u></b>                   | <b><u>1,384,125</u></b>                |                | <b><u>86,233</u></b>                      | <b><u>395,144</u></b>                 | <b><u>145,356</u></b>                           |
| <b>Total Liabilities and Fund Balances</b> | <b><u>\$9,550</u></b>                           | <b><u>\$434,873</u></b>      | <b><u>\$494,011</u></b>                 | <b><u>\$1,417,769</u></b>              |                | <b><u>\$86,233</u></b>                    | <b><u>\$395,144</u></b>               | <b><u>\$145,356</u></b>                         |

| <u>2013 COP<br/>Infrastructure<br/>Improvements</u> | <u>Infrastructure<br/>Preserve and<br/>Improvement</u> | <u>Public Safety<br/>Impact Fees</u> | <u>Local<br/>Transportation<br/>Impact Fees</u> | <u>Storm Drain<br/>Impact Fees</u> | <u>General<br/>Government<br/>Facilities<br/>Impact Fees</u> | <u>Park<br/>Development<br/>Impact Fees</u> | <u>LFFA</u>     | <u>Total<br/>Capital Projects<br/>Fund</u> |
|---|--|--------------------------------------|---|------------------------------------|--|---|-----------------|--|
| \$5,697,912   | \$294,068  | \$2,041                              | \$9,756   | \$90,439                           | \$19,282   | \$3,724                                     | \$95,350        | \$2,953,078                                |
|   |  | 2                                    | 6   | 49                                 | 13   | 9   | 43              | 5,843,188                                  |
|   |  |                                      |   |                                    |  |   |                 | 399,364                                    |
| <u>\$5,697,912</u>                                  | <u>\$294,068</u>                                       | <u>\$2,043</u>                       | <u>\$9,762</u>                                  | <u>\$90,488</u>                    | <u>\$19,295</u>  | <u>\$3,733</u>                              | <u>\$95,393</u> | <u>\$9,195,630</u>                         |
|   |  |                                      |   |                                    |  |   |                 | \$174,123                                  |
|   |  |                                      |   |                                    |  |   |                 | 850  |
|   |  |                                      |   |                                    |  |   |                 | 174,973                                    |
| \$5,697,912   |  | \$2,043                              | \$9,762   | \$90,488                           | \$19,295   | \$3,733                                     | \$95,393        | 6,811,808                                  |
|   | \$294,068  |                                      |   |                                    |  |   |                 | 2,208,849                                  |
| <u>5,697,912</u>                                    | <u>294,068</u>   | <u>2,043</u>                         | <u>9,762</u>                                    | <u>90,488</u>                      | <u>19,295</u>  | <u>3,733</u>                                | <u>95,393</u>   | <u>9,020,657</u>                           |
| <u>\$5,697,912</u>                                  | <u>\$294,068</u>                                       | <u>\$2,043</u>                       | <u>\$9,762</u>                                  | <u>\$90,488</u>                    | <u>\$19,295</u>  | <u>\$3,733</u>                              | <u>\$95,393</u> | <u>\$9,195,630</u>                         |

TOWN OF MORAGA  
CAPITAL PROJECTS FUND  
COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014

|  | Community<br>Facilities/ Open<br>Space | Asset<br>Replacement | Federal Grant/<br>Reimbursement | Street<br>Pavement<br>Program | Prop 1B | Comcast<br>Grant<br>Unrestricted | Comcast<br>PEG<br>Restricted | 2010 COP/<br>Town Hall<br>Improvements |
|--|--|----------------------|---------------------------------|-------------------------------|---------|----------------------------------|------------------------------|--|
| REVENUES   |  |                      |                                 |                               |         |                                  |                              |  |
| Intergovernmental                                    |  |                      | \$1,178,207                     | \$125,999                     |         |                                  |                              |  |
| Interest   |  |                      |                                 | 914                           |         |                                  |                              | \$1,408                                |
| Other revenue  |  |                      |                                 |                               |         |                                  | \$35,617                     |  |
| Total Revenues                                       |  |                      | 1,178,207                       | 126,913                       |         |                                  | 35,617                       | 1,408                                  |
| EXPENDITURES   |  |                      |                                 |                               |         |                                  |                              |  |
| Debt service:  |  |                      |                                 |                               |         |                                  |                              |  |
| Principal  |  |                      |                                 |                               |         |                                  |                              | 60,000                                 |
| Interest   |  |                      |                                 |                               |         |                                  |                              | 54,869                                 |
| Capital outlay:                                      |  |                      |                                 |                               |         |                                  |                              |  |
| General administration                               |  |                      | 43,075                          |                               |         |                                  |                              | 1,000                                  |
| Planning   |  |                      | 447,536                         |                               |         |                                  |                              |  |
| Public safety  |  |                      | 66,634                          |                               |         |                                  |                              |  |
| Public works   |  |                      | 1,385,134                       | \$2,687,891                   |         |                                  |                              |  |
| Total Expenditures                                   |  |                      | 1,942,379                       | 2,687,891                     |         |                                  |                              | 115,869                                |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES |  |                      |                                 |                               |         |                                  |                              |  |
|  |  |                      | (764,172)                       | (2,560,978)                   |         |                                  | 35,617                       | (114,461)                              |
| OTHER FINANCING SOURCES (USES)                       |  |                      |                                 |                               |         |                                  |                              |  |
| Bonds issued   |  |                      |                                 |                               |         |                                  |                              |  |
| Premium on bonds issued                              |  |                      |                                 |                               |         |                                  |                              |  |
| Transfers in   | \$1,893                                |                      | 844,848                         | 4,110,442                     |         |                                  |                              | 114,818                                |
| Transfers (out)                                      | (449)                                  | (\$169,708)          | (10,207)                        | (498,347)                     | (\$52)  |                                  | (26,177)                     | (151,719)                              |
| Total Other Financing Sources (Uses)                 | 1,444                                  | (169,708)            | 834,641                         | 3,612,095                     | (52)    |                                  | (26,177)                     | (36,901)                               |
| NET CHANGE IN FUND BALANCES                          |  |                      |                                 |                               |         |                                  |                              |  |
|  | 1,444                                  | (169,708)            | 70,469                          | 1,051,117                     | (52)    |                                  | 9,440                        | (151,362)                              |
| BEGINNING FUND BALANCES                              |  |                      |                                 |                               |         |                                  |                              |  |
|  | 8,106                                  | 604,581              | 282,213                         | 333,008                       | 52      | \$86,233                         | 385,704                      | 296,718                                |
| ENDING FUND BALANCES                                 |  |                      |                                 |                               |         |                                  |                              |  |
|  | \$9,550                                | \$434,873            | \$352,682                       | \$1,384,125                   |         | \$86,233                         | \$395,144                    | \$145,356                              |

| 2013 COP<br>Infrastructure<br>Improvements | Infrastructure<br>Preserve and<br>Improvement | Public Safety<br>Impact Fees | Local<br>Transportation<br>Impact Fees | Storm Drain<br>Impact Fees | General<br>Government<br>Facilities<br>Impact Fees | Park<br>Development<br>Impact Fees | LFFA       | Total<br>Capital Projects<br>Funds |
|--|---|------------------------------|--|----------------------------|--|------------------------------------|------------|------------------------------------|
|  |   |                              |  |                            |  |                                    | (\$33,343) | \$1,270,863                        |
| \$7,207                                    |   | \$14                         | \$27                                   | \$281                      | \$61   | \$41                               | 164        | 10,117                             |
|  |   | 788                          | 551                                    | 8,414                      | 4,680  | 3,489                              |            | 53,539                             |
| 7,207                                      |   | 802                          | 578                                    | 8,695                      | 4,741  | 3,530                              | (33,179)   | 1,334,519                          |
| 295,000                                    |   |                              |  |                            |  |                                    |            | 355,000                            |
| 203,347                                    |   |                              |  |                            |  |                                    |            | 258,216                            |
| 168,866                                    |   |                              |  |                            | 3,674  |                                    |            | 216,615                            |
|  |   |                              |  | 96,176                     |  |                                    |            | 543,712                            |
|  |   | 1,847                        |  |                            |  |                                    |            | 66,634                             |
|  |   |                              |  |                            |  |                                    |            | 4,074,872                          |
| 667,213                                    |   | 1,847                        |  | 96,176                     | 3,674  |                                    |            | 5,515,049                          |
| (660,006)                                  |   | (1,045)                      | 578                                    | (87,481)                   | 1,067  | 3,530                              | (33,179)   | (4,180,530)                        |
| 7,720,000                                  |   |                              |  |                            |  |                                    |            | 7,720,000                          |
| 259,947                                    |   |                              |  |                            |  |                                    |            | 259,947                            |
| 498,347                                    | \$111,490                                     |                              |  |                            |  |                                    |            | 5,681,838                          |
| (2,120,376)                                | (3,424)                                       | (4,000)                      | (3,000)                                | (23,000)                   | (13,000)   | (19,000)                           |            | (3,042,459)                        |
| 6,357,918                                  | 108,066                                       | (4,000)                      | (3,000)                                | (23,000)                   | (13,000)   | (19,000)                           |            | 10,619,326                         |
| 5,697,912                                  | 108,066                                       | (5,045)                      | (2,422)                                | (110,481)                  | (11,933)   | (15,470)                           | (33,179)   | 6,438,796                          |
|  | \$186,002                                     | 7,088                        | 12,184                                 | 200,969                    | 31,228   | 19,203                             | 128,572    | 2,581,861                          |
| \$5,697,912                                | \$294,068                                     | \$2,043                      | \$9,762                                | \$90,488                   | \$19,295   | \$3,733                            | \$95,393   | \$9,020,657                        |

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**TOWN OF MORAGA**  
**Supplemental Information**  
**For the Year Ended June 30, 2014**

**OTHER GOVERNMENTAL FUNDS**

The Town maintains the following Other Governmental Funds:

***Special Revenue Funds***

**Gasoline Tax** – This fund accounts for revenues and expenditures received from the State of California under Street and Highways Code Section 2105, 2106, 2107, 2107.5, and 7360. Revenue allocations are based on population. Eligible expenditures include the construction and maintenance of streets.

**Transportation Measure J** – This fund accounts the Town’s share of the proceeds of a one-half cent sales tax increase approved by Contra Costa County voters in 2004. Funds can be used for transportation purposes including transportation planning and street construction and maintenance.

**Park Dedication** – This fund accounts for revenues and expenditures of fees in lieu of park dedication pursuant to State of California Government Code Section 66475-66478 also known as the Quimby Act. The Town’s Ordinance No. 221 provides the requirement of three acres per one thousand persons.

**Lighting Assessment District** - This fund accounts for revenues and expenditures of the Moraga Street Lighting Assessment District 1979-1 in accordance with the Landscaping and Lighting Act of 1972 (California Streets & Highways Code Sections 22500-22509). The fund covers the costs to operate the district, which covers a significant portion of the Town, including utilities, repairs, engineering services, administrative cost, and capital improvements. The current annual assessment levied is \$58 for a single detached family residence within the district.

**COPS/AVA** - This fund accounts for COPS funds from the state that are allocated among cities and counties and special districts that provide law enforcement services in proportion to population.

**Traffic Safety** – This fund accounts for restricted funds derived from traffic fines and forfeitures, and must be used to support police activities.

**National Pollution Discharge Elimination System District (NPDES)** – This fund accounts for revenues and expenditures associated with the annual assessment for the National Pollutant Discharge Elimination System created countywide in response to the 1972 Clean Water Act.

**Asset Forfeiture** – Section 309 of Public Law 98-473 (The Comprehensive Crime Control Act of 1984) as implemented by the Attorney General’s Guidelines on Seized and Forfeited Property (July 1990) allows the Drug Enforcement Administration (DEA) to share federally forfeited property with participating law enforcement agencies. The Town’s Asset Forfeiture Fund was set up to receive and expend these funds. Allowable uses include activities calculated to enhance future investigations, law enforcement training, and law enforcement equipment and operations.

**Public Safety Sales Tax** – This fund accounts for the revenues received from a statewide half-cent sales tax for public safety. Revenues in this special revenue fund must only be spent on public safety activities.

**Street Lighting** – This fund accounts for a special allocation of the Basic 1% Property Tax paid by Town property owners. The revenues are intended to cover street lighting activities not included in the Town of Moraga Lighting Assessment District.

TOWN OF MORAGA  
OTHER GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2014

|                                       | Gasoline<br>Tax  | Transportation<br>Measure J | Park<br>Dedication | Lighting<br>Assessment<br>District | COPS/AVA         |
|---------------------------------------|------------------|-----------------------------|--------------------|------------------------------------|------------------|
| <b>ASSETS</b>                         |                  |                             |                    |                                    |                  |
| Cash and investments                  | \$297,812        | \$473,376                   | \$17,284           | \$432,328                          | \$157,756        |
| Accounts receivable                   | 51,726           | 281,979                     | 5                  | 196                                | 8,909            |
| Total Assets                          | <u>\$349,538</u> | <u>\$755,355</u>            | <u>\$17,289</u>    | <u>\$432,524</u>                   | <u>\$166,665</u> |
| <b>LIABILITIES</b>                    |                  |                             |                    |                                    |                  |
| Accounts payable and accrued expenses |                  |                             |                    | \$11,587                           |                  |
| Due to other fund                     |                  |                             |                    |                                    |                  |
| Total Liabilities                     |                  |                             |                    | <u>11,587</u>                      |                  |
| <b>FUND BALANCE</b>                   |                  |                             |                    |                                    |                  |
| Restricted                            | <u>\$349,538</u> | <u>\$755,355</u>            | <u>\$17,289</u>    | <u>420,937</u>                     | <u>\$166,665</u> |
| Total Fund Balances                   | <u>349,538</u>   | <u>755,355</u>              | <u>17,289</u>      | <u>420,937</u>                     | <u>166,665</u>   |
| Total Liabilities and Fund Balances   | <u>\$349,538</u> | <u>\$755,355</u>            | <u>\$17,289</u>    | <u>\$432,524</u>                   | <u>\$166,665</u> |

| Traffic<br>Safety | NPDES           | Asset<br>Forfeiture | Public Safety<br>Sales Tax | Street<br>Lighting | Total<br>Nonmajor<br>Governmental<br>Funds |
|-------------------|-----------------|---------------------|----------------------------|--------------------|--|
| \$21,950          | \$33,837        | \$10,036            |                            | \$250,432          | \$1,694,811                                |
| 7,214             | 6,115           | 5                   | \$15,867                   | 121                | 372,137                                    |
| <u>\$29,164</u>   | <u>\$39,952</u> | <u>\$10,041</u>     | <u>\$15,867</u>            | <u>\$250,553</u>   | <u>\$2,066,948</u>                         |
|                   |                 |                     |                            |                    | \$11,587                                   |
|                   |                 |                     | 1,178                      |                    | 1,178                                      |
|                   |                 |                     | 1,178                      |                    | 12,765                                     |
| <u>\$29,164</u>   | <u>\$39,952</u> | <u>\$10,041</u>     | <u>\$14,689</u>            | <u>\$250,553</u>   | <u>2,054,183</u>                           |
| 29,164            | 39,952          | 10,041              | 14,689                     | 250,553            | 2,054,183                                  |
| <u>\$29,164</u>   | <u>\$39,952</u> | <u>\$10,041</u>     | <u>\$15,867</u>            | <u>\$250,553</u>   | <u>\$2,066,948</u>                         |

TOWN OF MORAGA  
OTHER GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014

|  | Gasoline<br>Tax  | Transportation<br>Measure J | Park<br>Dedication | Lighting<br>Assessment<br>District | COPS/AVA         |
|--|------------------|-----------------------------|--------------------|------------------------------------|------------------|
| REVENUES   |                  |                             |                    |                                    |                  |
| Taxes and assessment   | \$522,430        |                             |                    | \$196,053                          |                  |
| Sales tax - public safety                                    |                  |                             |                    |                                    |                  |
| Intergovernmental  |                  | \$342,428                   |                    |                                    | \$102,245        |
| Interest   | 950              | 1,318                       | \$17               | 819                                | 407              |
| Fines, forfeitures and penalties                             |                  |                             |                    |                                    |                  |
| Parks and recreation   |                  |                             | 10,200             |                                    |                  |
| <b>Total Revenues</b>  | <b>523,380</b>   | <b>343,746</b>              | <b>10,217</b>      | <b>196,872</b>                     | <b>102,652</b>   |
| EXPENDITURES   |                  |                             |                    |                                    |                  |
| Current operations:  |                  |                             |                    |                                    |                  |
| Public safety  |                  |                             |                    |                                    |                  |
| Public works   |                  |                             |                    | 137,966                            |                  |
| Debt service:  |                  |                             |                    |                                    |                  |
| Principal  |                  |                             |                    | 2,349                              |                  |
| Interest   |                  |                             |                    | 1,075                              |                  |
| <b>Total Expenditures</b>                                    |                  |                             |                    | <b>141,390</b>                     |                  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <b>523,380</b>   | <b>343,746</b>              | <b>10,217</b>      | <b>55,482</b>                      | <b>102,652</b>   |
| OTHER FINANCING SOURCES (USES)                               |                  |                             |                    |                                    |                  |
| Transfers in   | 498              | 5,453                       |                    | 24,984                             |                  |
| Transfers (out)  | (526,462)        | (305,406)                   |                    | (16,681)                           | (120,080)        |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>(525,964)</b> | <b>(299,953)</b>            |                    | <b>8,303</b>                       | <b>(120,080)</b> |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <b>(2,584)</b>   | <b>43,793</b>               | <b>10,217</b>      | <b>63,785</b>                      | <b>(17,428)</b>  |
| <b>BEGINNING FUND BALANCES</b>                               | <b>352,122</b>   | <b>711,562</b>              | <b>7,072</b>       | <b>357,152</b>                     | <b>184,093</b>   |
| <b>ENDING FUND BALANCES</b>                                  | <b>\$349,538</b> | <b>\$755,355</b>            | <b>\$17,289</b>    | <b>\$420,937</b>                   | <b>\$166,665</b> |

| Traffic Safety | NPDES     | Asset Forfeiture | Public Safety Sales Tax | Street Lighting | Total Other Governmental Funds |
|----------------|-----------|------------------|-------------------------|-----------------|--------------------------------|
|                | \$234,522 |                  |                         | \$127,691       | \$1,080,696                    |
|                |           |                  | \$61,261                |                 | 61,261                         |
| \$72           | 271       | \$23             | 42                      | 421             | 444,673                        |
| 31,102         |           |                  |                         |                 | 4,340                          |
|                |           |                  |                         |                 | 31,102                         |
|                |           |                  |                         |                 | 10,200                         |
| 31,174         | 234,793   | 23               | 61,303                  | 128,112         | 1,632,272                      |
|                |           |                  |                         |                 | 137,966                        |
|                |           |                  |                         |                 | 2,349                          |
|                |           |                  |                         |                 | 1,075                          |
|                |           |                  |                         |                 | 141,390                        |
| 31,174         | 234,793   | 23               | 61,303                  | 128,112         | 1,490,882                      |
| (42,273)       | (363,096) |                  | (61,261)                | (24,984)        | 30,935                         |
| (42,273)       | (363,096) |                  | (61,261)                | (24,984)        | (1,460,243)                    |
| (11,099)       | (128,303) | 23               | 42                      | 103,128         | (1,429,308)                    |
| 40,263         | 168,255   | 10,018           | 14,647                  | 147,425         | 61,574                         |
| \$29,164       | \$39,952  | \$10,041         | \$14,689                | \$250,553       | 1,992,609                      |
|                |           |                  |                         |                 | \$2,054,183                    |

TOWN OF MORAGA  
OTHER GOVERNMENTAL FUNDS  
COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

|  | Gasoline Tax       |                  |   | Transportation Measure J |                  |   |
|--|--------------------|------------------|---|--------------------------|------------------|---|
|  | Final<br>Budget    | Actual Amounts   | Variance with<br>Final Budget<br>Positive<br>(Negative) | Final<br>Budget          | Actual Amounts   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| REVENUES   |                    |                  |   |                          |                  |   |
| Taxes and assessment                                 | \$486,002          | \$522,430        | \$36,428  |                          |                  |   |
| Sales tax - public safety                            |                    |                  |   |                          |                  |   |
| Intergovernmental                                    |                    |                  |   | \$301,163                | \$342,428        | \$41,265  |
| Interest   |                    | 950              | 950   | 1,054                    | 1,318            | 264   |
| Fines, forfeitures and penalties                     |                    |                  |   |                          |                  |   |
| Parks and recreation                                 |                    |                  |   |                          |                  |   |
| Total Revenues                                       | <u>486,002</u>     | <u>523,380</u>   | <u>37,378</u>   | <u>302,217</u>           | <u>343,746</u>   | <u>41,529</u>   |
| EXPENDITURES   |                    |                  |   |                          |                  |   |
| Current operations:                                  |                    |                  |   |                          |                  |   |
| General government                                   |                    |                  |   |                          |                  |   |
| Public safety  |                    |                  |   |                          |                  |   |
| Public works   |                    |                  |   |                          |                  |   |
| Debt Service:  |                    |                  |   |                          |                  |   |
| Principal  |                    |                  |   |                          |                  |   |
| Interest   |                    |                  |   |                          |                  |   |
| Total Expenditures                                   |                    |                  |   |                          |                  |   |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES | <u>486,002</u>     | <u>523,380</u>   | <u>37,378</u>   | <u>302,217</u>           | <u>343,746</u>   | <u>41,529</u>   |
| OTHER FINANCING SOURCES (USES)                       |                    |                  |   |                          |                  |   |
| Transfers in   |                    | 498              |   |                          | 5,453            | 5,453   |
| Transfers (out)                                      | <u>(661,676)</u>   | <u>(526,462)</u> | <u>135,214</u>  | <u>(611,974)</u>         | <u>(305,406)</u> | <u>306,568</u>  |
| Total Other Financing Sources (Uses)                 | <u>(661,676)</u>   | <u>(525,964)</u> | <u>135,214</u>  | <u>(611,974)</u>         | <u>(299,953)</u> | <u>312,021</u>  |
| NET CHANGE IN FUND BALANCES                          | <u>(\$175,674)</u> | <u>(2,584)</u>   | <u>\$172,592</u>  | <u>(\$309,757)</u>       | <u>43,793</u>    | <u>\$353,550</u>  |
| BEGINNING FUND BALANCES                              |                    | <u>352,122</u>   |   |                          | <u>711,562</u>   |   |
| ENDING FUND BALANCES                                 |                    | <u>\$349,538</u> |   |                          | <u>\$755,355</u> |   |

| Park Dedication |                |  | Lighting Assessment District |                    |  | COPS/AVA         |                  |  |
|-----------------|----------------|--|------------------------------|--------------------|--|------------------|------------------|--|
| Final Budget    | Actual Amounts | Variance with Final Budget Positive (Negative) | Final Budget                 | Actual Amounts     | Variance with Final Budget Positive (Negative) | Final Budget     | Actual Amounts   | Variance with Final Budget Positive (Negative) |
|                 |                |  | \$196,590                    | \$196,053          | (\$537)  |                  |                  |  |
|                 | \$17           | \$17   | 800                          | 819                | 19   | \$100,000<br>380 | \$102,245<br>407 | \$2,245<br>27                                  |
|                 | 10,200         | 10,200   |                              |                    |  |                  |                  |  |
|                 | 10,217         | 10,217   | 197,390                      | 196,872            | (518)  | 100,380          | 102,652          | 2,272  |
|                 |                |  | 206,559                      | 137,966            | 68,593   |                  |                  |  |
|                 |                |  |                              | 2,349              | (2,349)  |                  |                  |  |
|                 |                |  |                              | 1,075              | (1,075)  |                  |                  |  |
|                 |                |  | 206,559                      | 141,390            | 65,169   |                  |                  |  |
|                 | 10,217         | 10,217   | (9,169)                      | 55,482             | 64,651   | 100,380          | 102,652          | 2,272  |
|                 |                |  | 24,984<br>(65,000)           | 24,984<br>(16,681) | 48,319   | (120,080)        | (120,080)        |  |
|                 |                |  | (40,016)                     | 8,303              | 48,319   | (120,080)        | (120,080)        |  |
|                 | 10,217         | \$10,217                                       | (\$49,185)                   | 63,785             | \$112,970                                      | (\$19,700)       | (17,428)         | \$2,272  |
|                 | 7,072          |  |                              | 357,152            |  |                  | 184,093          |  |
|                 | \$17,289       |  |                              | \$420,937          |  |                  | \$166,665        |  |

(Continued)

TOWN OF MORAGA  
OTHER GOVERNMENTAL FUNDS  
COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

|  | Traffic Safety          |                        |   | NPDES                     |                         |   |
|--|-------------------------|------------------------|---|---------------------------|-------------------------|---|
|  | Final<br>Budget         | Actual Amounts         | Variance with<br>Final Budget<br>Positive<br>(Negative) | Fiscal<br>Budget          | Actual Amounts          | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| REVENUES   |                         |                        |   |                           |                         |   |
| Taxes and assessment                                 |                         |                        |   | \$237,900                 | \$234,522               | (\$3,378)   |
| Sales tax - public safety                            |                         |                        |   |                           |                         |   |
| Intergovernmental                                    |                         |                        |   |                           |                         |   |
| Interest   | \$174                   | \$72                   | (\$102)   | 293                       | 271                     | (22)  |
| Fines, forfeitures and penalties                     | 52,520                  | 31,102                 | (21,418)  |                           |                         |   |
| Parks and recreation                                 |                         |                        |   |                           |                         |   |
| <b>Total Revenues</b>                                | <b>52,694</b>           | <b>31,174</b>          | <b>(21,520)</b>   | <b>238,193</b>            | <b>234,793</b>          | <b>(3,400)</b>  |
| EXPENDITURES   |                         |                        |   |                           |                         |   |
| Current operations:                                  |                         |                        |   |                           |                         |   |
| General government                                   |                         |                        |   |                           |                         |   |
| Public safety  |                         |                        |   |                           |                         |   |
| Public works   |                         |                        |   |                           |                         |   |
| Debt Service:  |                         |                        |   |                           |                         |   |
| Principal  |                         |                        |   |                           |                         |   |
| Interest   |                         |                        |   |                           |                         |   |
| <b>Total Expenditures</b>                            |                         |                        |   |                           |                         |   |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES | <b>52,694</b>           | <b>31,174</b>          | <b>(21,520)</b>   | <b>238,193</b>            | <b>234,793</b>          | <b>(3,400)</b>  |
| OTHER FINANCING SOURCES (USES)                       |                         |                        |   |                           |                         |   |
| Transfers in   |                         |                        |   |                           |                         |   |
| Transfers (out)                                      | (60,801)                | (42,273)               | 18,528  | (400,589)                 | (363,096)               | 37,493  |
| <b>Total Other Financing Sources (Uses)</b>          | <b>(60,801)</b>         | <b>(42,273)</b>        | <b>18,528</b>   | <b>(400,589)</b>          | <b>(363,096)</b>        | <b>37,493</b>   |
| <b>NET CHANGE IN FUND BALANCES</b>                   | <b><u>(\$8,107)</u></b> | <b><u>(11,099)</u></b> | <b><u>(\$2,992)</u></b>                                 | <b><u>(\$162,396)</u></b> | <b><u>(128,303)</u></b> | <b><u>\$34,093</u></b>                                  |
| BEGINNING FUND BALANCES                              |                         | 40,263                 |   |                           | 168,255                 |   |
| ENDING FUND BALANCES                                 |                         | <b><u>\$29,164</u></b> |   |                           | <b><u>\$39,952</u></b>  |   |

| Asset Forfeiture |                 |  | Public Safety Sales Tax |                 |  | Street Lighting  |                  |  |
|------------------|-----------------|--|-------------------------|-----------------|--|------------------|------------------|--|
| Final Budget     | Actual Amounts  | Variance with Final Budget Positive (Negative) | Final Budget            | Actual Amounts  | Variance with Final Budget Positive (Negative) | Final Budget     | Actual Amounts   | Variance with Final Budget Positive (Negative) |
|                  |                 |  | \$56,080                | \$61,261        | \$5,181  | \$112,924        | \$127,691        | \$14,767                                       |
| \$38             | \$23            | (\$15)   |                         | 42              | 42   |                  | 421              | 421  |
| 38               | 23              | (15)   | 56,080                  | 61,303          | 5,223  | 112,924          | 128,112          | 15,188   |
| 38               | 23              | (15)   | 56,080                  | 61,303          | 5,223  | 112,924          | 128,112          | 15,188   |
|                  |                 |  | (56,080)                | (61,261)        | (5,181)  | (114,377)        | (24,984)         | 89,393   |
|                  |                 |  | (56,080)                | (61,261)        | (5,181)  | (114,377)        | (24,984)         | 89,393   |
| <u>\$38</u>      | 23              | <u>(\$15)</u>                                  |                         | 42              | <u>\$42</u>                                    | <u>(\$1,453)</u> | 103,128          | <u>\$104,581</u>                               |
|                  | <u>10,018</u>   |  |                         | <u>14,647</u>   |  |                  | <u>147,425</u>   |  |
|                  | <u>\$10,041</u> |  |                         | <u>\$14,689</u> |  |                  | <u>\$250,553</u> |  |

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**TOWN OF MORAGA**  
**Supplemental Information**  
**For the Year Ended June 30, 2014**

**AGENCY FUNDS**

All Agency Funds, representing all fiduciary funds of the Town are custodial in nature and do not involve measurement of results of operations. Such funds have no equity since any assets are due to individuals or other entities at some future time.

These funds are presented separately from the Governmental and Fund Financial Statements.

TOWN OF MORAGA  
 AGENCY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2014

|                      | Balance<br>June 30, 2013 | Additions        | Deductions       | Balance<br>June 30, 2014 |
|----------------------|--------------------------|------------------|------------------|--------------------------|
| ASSETS               |                          |                  |                  |                          |
| Cash and investments | \$401,839                | \$462,502        | \$401,839        | \$462,502                |
| Accounts receivable  | 69                       | 60               | 69               | 60                       |
| Total Assets         | <u>\$401,908</u>         | <u>\$462,562</u> | <u>\$401,908</u> | <u>\$462,562</u>         |
| LIABILITIES          |                          |                  |                  |                          |
| Accounts payable     | \$45,710                 | \$114,820        | \$45,710         | \$114,820                |
| Deposits             | 274,615                  | 280,638          | 274,615          | 280,638                  |
| Due to others        | 81,583                   | 67,104           | 81,583           | 67,104                   |
| Total Liabilities    | <u>\$401,908</u>         | <u>\$462,562</u> | <u>\$401,908</u> | <u>\$462,562</u>         |

**TOWN OF MORAGA  
STATISTICAL SECTION**

This part of the Town's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

***Financial Trends***

These schedules contain trend information to help the reader understand how the Town's financial performance and well being have changed over time:

1. Net Position by Component - Last Ten Fiscal Years
2. Changes in Net Position - Last Ten Fiscal Years
3. Fund Balances of Governmental Funds - Last Ten Fiscal Years
4. Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years

***Revenue Capacity***

These schedules contain information to help the reader assess the Town's most significant local revenue sources, the property tax and sales tax:

1. Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years
2. Assessed Value of Property by Use Code
3. Property Tax Rates - Direct and Overlapping
4. Principal Property Tax Payers - Current Year and Nine Years Ago
5. General Fund Property Tax Levies and Collections - Last Ten Fiscal Years
6. Sales Tax Rates
7. Principal Sales Tax Producers – Current Year and Nine Years Ago
8. Sales Tax Revenues - Last Ten Fiscal Years
9. Taxable Retail Sales

***Debt Capacity***

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type - Last Ten Fiscal Years
2. Direct and Overlapping Debt Computation
3. Legal Bonded Debt Margin Computation

***Demographic and Economic Information***

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers - Contra Costa County

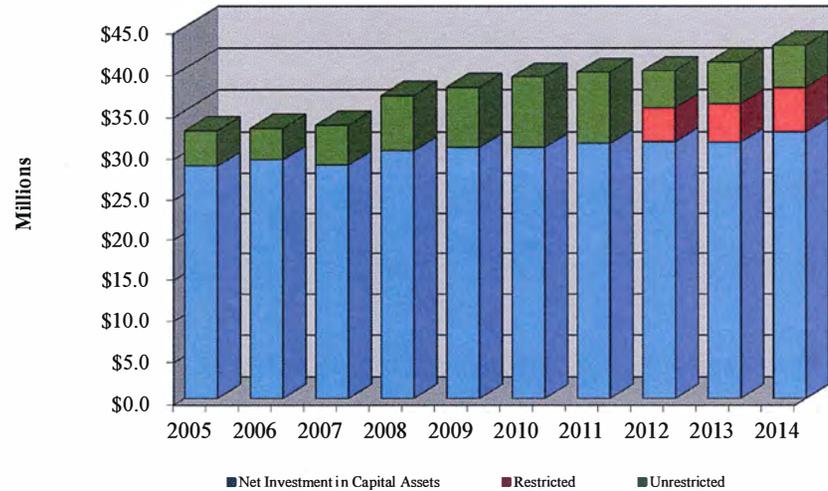
***Operating Information***

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs:

1. Full-Time Equivalent Town Employees by Function - Last Ten Years
2. Operating Indicators by Function
3. Capital Asset Statistics by Function - Last Ten Years

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**TOWN OF MORAGA  
NET POSITION BY COMPONENT  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)**



|                                      | Fiscal Year Ended June 30 |                     |                     |                     |                     |                     |                     |                     |                         |                     |  |
|--------------------------------------|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------------|---------------------|--|
|                                      | 2005                      | 2006                | 2007                | 2008                | 2009                | 2010                | 2011 (a)            | 2012                | 2013 (b)                | 2014                |  |
| <b>Governmental activities:</b>      |                           |                     |                     |                     |                     |                     |                     |                     |                         |                     |  |
| Net investment                       |                           |                     |                     |                     |                     |                     |                     |                     |                         |                     |  |
| in capital assets                    | \$28,396,153              | \$29,153,081        | \$28,517,706        | \$30,258,389        | \$30,658,278        | \$30,636,715        | \$31,117,713        | \$31,326,914        | \$31,262,841            | \$32,510,879        |  |
| Restricted                           |                           |                     |                     |                     |                     |                     |                     | 4,020,379           | 4,574,470               | 5,231,652           |  |
| Unrestricted                         | 4,275,254                 | 3,798,245           | 4,793,445           | 6,541,410           | 7,099,523           | 8,353,521           | 8,448,856           | 4,394,197           | 4,943,695               | 5,059,030           |  |
| <b>Total governmental activities</b> |                           |                     |                     |                     |                     |                     |                     |                     |                         |                     |  |
| net position                         | <u>\$32,671,407</u>       | <u>\$32,951,326</u> | <u>\$33,311,151</u> | <u>\$36,799,799</u> | <u>\$37,757,801</u> | <u>\$38,990,236</u> | <u>\$39,566,569</u> | <u>\$39,741,490</u> | <u>\$40,781,006 (c)</u> | <u>\$42,801,561</u> |  |

(a) Effective 2011, the Town implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, more clearly defining fund balance categories (e.g., "restricted" and "unrestricted") to make the nature and extent of the constraints placed on a government's fund balances more transparent.

(b) The Town implemented the provisions of GASB Statement 63 in 2013, which replaced the term "net assets" with the term "net position."

(c) In fiscal year 2013, the Town restated its net pension asset, reducing the beginning net position by \$1,260,310. This restatement is applied to prior fiscal years back to 2008 when the net pension asset was initially applied.

**TOWN OF MORAGA  
CHANGES IN NET POSITION  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)**

|   | Fiscal Year Ended June 30 |                      |                      |                      |                      |
|---|---------------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2005                      | 2006                 | 2007                 | 2008                 | 2009                 |
| <b>Expenses</b>   |                           |                      |                      |                      |                      |
| Governmental activities:                                  |                           |                      |                      |                      |                      |
| General administration                                    | \$804,983                 | \$1,078,312          | \$1,004,281          | \$1,509,936          | \$1,439,693          |
| Planning  | 346,032                   | 400,498              | 561,547              | 880,282              | 673,332              |
| Public safety   | 1,946,308                 | 1,974,900            | 2,528,217            | 2,522,333            | 2,232,131            |
| Public works  | 819,962                   | 1,654,466            | 1,809,005            | 2,143,704            | 2,432,465            |
| Parks and recreation                                      | 717,873                   | 1,136,680            | 1,064,012            | 703,257              | 589,678              |
| Town Center   |                           |                      |                      |                      |                      |
| Infrastructure depreciation                               | 587,921                   |                      |                      |                      |                      |
| Interest and long-term debt                               |                           |                      |                      |                      |                      |
| Other   | 9,882                     |                      |                      |                      |                      |
| <b>Total Governmental activities expenses</b>             | <u>5,232,961</u>          | <u>6,244,856</u>     | <u>6,967,062</u>     | <u>7,759,512</u>     | <u>7,367,299</u>     |
| Business-type activities:                                 |                           |                      |                      |                      |                      |
| Rental property   | 143,592                   | 186,100              | 167,427              |                      |                      |
| <b>Total Business-type activities expenses</b>            | <u>143,592</u>            | <u>186,100</u>       | <u>167,427</u>       | <u>0</u>             | <u>0</u>             |
| <b>Total Primary Government Expenses</b>                  | <u>\$5,376,553</u>        | <u>\$6,430,956</u>   | <u>\$7,134,489</u>   | <u>\$7,759,512</u>   | <u>\$7,367,299</u>   |
| <b>Program Revenues</b>                                   |                           |                      |                      |                      |                      |
| Governmental activities:                                  |                           |                      |                      |                      |                      |
| Charges for services:                                     |                           |                      |                      |                      |                      |
| General administration                                    | \$0                       | \$0                  | \$0                  | \$183,562            | \$4,122              |
| Planning  | 171,454                   | 381,002              | 377,596              | 297,407              | 330,784              |
| Public safety   | 43,247                    | 116,496              | 137,973              | 142,806              | 129,263              |
| Public works  | 0                         | 0                    | 0                    | 201,199              | 486,270              |
| Parks and recreation                                      | 187,082                   | 225,887              | 236,398              | 308,927              | 200,241              |
| Operating Grants and Contributions                        | 957,301                   | 532,344              | 436,072              | 599,347              | 379,519              |
| Capital Grants and Contributions                          | 91,700                    | 371,246              | 347,960              | 1,015,873            | 958,016              |
| <b>Total Governmental activities program revenues</b>     | <u>1,450,784</u>          | <u>1,626,975</u>     | <u>1,535,999</u>     | <u>2,749,121</u>     | <u>2,488,215</u>     |
| Business-type activities:                                 |                           |                      |                      |                      |                      |
| Charges for services:                                     |                           |                      |                      |                      |                      |
| Rental property   | 87,028                    | 108,242              | 149,248              |                      |                      |
| <b>Total Business-type program revenues</b>               | <u>87,028</u>             | <u>108,242</u>       | <u>149,248</u>       | <u>0</u>             | <u>0</u>             |
| <b>Net Revenues / (Expenses)</b>                          |                           |                      |                      |                      |                      |
| Governmental activities                                   | (\$3,782,177)             | (\$4,617,881)        | (\$5,431,063)        | (\$5,010,391)        | (\$4,879,084)        |
| Business-type activities                                  | (56,564)                  | (77,858)             | (18,179)             |                      |                      |
| <b>Total Primary Government Net Expense</b>               | <u>(\$3,838,741)</u>      | <u>(\$4,695,739)</u> | <u>(\$5,449,242)</u> | <u>(\$5,010,391)</u> | <u>(\$4,879,084)</u> |
| <b>General Revenues and Other Changes in Net Position</b> |                           |                      |                      |                      |                      |
| Governmental activities:                                  |                           |                      |                      |                      |                      |
| Taxes:  |                           |                      |                      |                      |                      |
| Property tax  | \$2,166,604               | \$2,551,775          | \$2,899,156          | \$2,938,034          | \$2,894,886          |
| Sales tax   | 733,649                   | 1,092,002            | 1,196,485            | 1,028,004            | 944,820              |
| Franchise tax   | 459,640                   | 533,628              | 621,824              | 659,421              | 693,239              |
| Motor vehicle in-lieu                                     | 78,883                    | 128,595              | 104,498              |                      | 56,154               |
| Gas tax   |                           | 277,814              | 307,501              | 329,735              | 272,452              |
| Vehicle fines   |                           |                      |                      |                      |                      |
| GAP loan receivable                                       |                           |                      |                      |                      |                      |
| Transfer tax  | 140,604                   | 126,823              | 120,339              | 110,431              |                      |
| Sale of property  |                           | 2,753                |                      |                      |                      |
| Interfund transfer  | 8,750                     | (480,952)            | (23,530)             |                      |                      |
| Assessment  |                           |                      |                      | 221,634              | 383,682              |
| Developer Fees  |                           |                      | 250,000              | 3,500,000            |                      |
| Interest and use of property                              | 155,017                   | 124,348              | 189,670              | 257,116              | 345,365              |
| Other   | 106,379                   | 114,494              | 119,597              | 419,700              | 230,818              |
| <b>Total Governmental activities</b>                      | <u>3,849,526</u>          | <u>4,471,280</u>     | <u>5,785,540</u>     | <u>9,464,075</u>     | <u>5,821,416</u>     |
| Business-type activities:                                 |                           |                      |                      |                      |                      |
| Interfund transfer  | (8,750)                   | 504,378              | 23,530               |                      |                      |
| <b>Total Business-type activities</b>                     | <u>(8,750)</u>            | <u>504,378</u>       | <u>23,530</u>        | <u>0</u>             | <u>0</u>             |
| <b>Change in Net Position</b>                             |                           |                      |                      |                      |                      |
| Governmental activities                                   | 67,349                    | (146,601)            | 354,477              | 4,453,684            | 942,332              |
| Business-type activities:                                 | (65,314)                  | 426,520              | 5,351                | 0                    | 0                    |
| <b>Total Primary Government Change in Net Position</b>    | <u>\$2,035</u>            | <u>\$279,919</u>     | <u>\$359,828</u>     | <u>\$4,453,684</u>   | <u>\$942,332</u>     |

(a) The Town implemented the provisions of GASB Statement 63 in 2013, which replaced the term "net assets" with the term "net position."

(b) Starting fiscal year 2012-13, gas tax and assessments are classified as program revenues.

(c) In fiscal year 2013, the Town restated its net pension asset, reducing general administration expenses by \$48,473 in net pension asset amortization expense.

This restatement is applied to prior years back to 2009 when the amortization expense was initially applied.

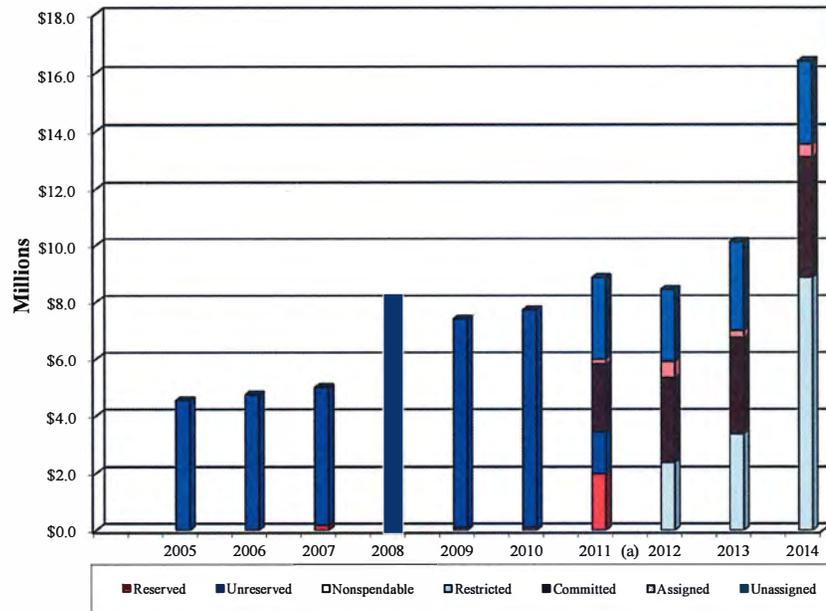
Source: Town of Moraga: Basic Financial Statements

**Fiscal Year Ended June 30**

| <u>2010</u>          | <u>2011</u>          | <u>2012</u>          | <u>2013</u> (a)      | <u>2014</u>          |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$1,364,119          | \$1,208,943          | \$1,310,021          | \$1,528,140 (c)      | \$1,601,401          |
| 547,238              | 462,025              | 443,788              | \$445,705            | 666,363              |
| 2,007,108            | 2,150,458            | 2,280,426            | 2,288,770            | 2,551,912            |
| 2,704,268            | 2,310,181            | 3,154,962            | 2,342,094            | 1,962,949            |
| 606,949              | 809,048              | 632,177              | 679,215              | 1,568,294            |
| 3,453                | 63,176               | 58,394               | 56,669               | 250,457              |
| <u>7,233,135</u>     | <u>7,003,831</u>     | <u>7,879,768</u>     | <u>7,340,593</u>     | <u>8,601,376</u>     |
| <u>0</u>             | <u>0</u>             | <u>0</u>             | <u>0</u>             | <u>0</u>             |
| \$7,233,135          | \$7,003,831          | \$7,879,768          | \$7,340,593          | \$8,601,376          |
| \$8,569              | \$20                 | \$72,735             | \$38,637             | \$103,967            |
| 230,970              | 233,432              | 289,690              | 383,754              | 477,559              |
| 110,398              | 121,097              | 123,787              | 132,932              | 113,396              |
| 407,342              | 316,124              | 160,832              | 294,212              | 228,063              |
| 210,303              | 216,358              | 411,117              | 398,321              | 366,240              |
| 110,000              | 100,000              | 109,016              | 1,365,249 (b)        | 1,586,631            |
| <u>1,729,067</u>     | <u>593,824</u>       | <u>1,096,496</u>     | <u>430,697</u>       | <u>1,306,480</u>     |
| <u>2,806,649</u>     | <u>1,580,855</u>     | <u>2,263,673</u>     | <u>3,043,802</u>     | <u>4,182,336</u>     |
| <u>0</u>             | <u>0</u>             | <u>0</u>             | <u>0</u>             | <u>0</u>             |
| (\$4,426,486)        | (\$5,422,976)        | (\$5,616,095)        | (\$4,296,791)        | (\$4,419,040)        |
| <u>(\$4,426,486)</u> | <u>(\$5,422,976)</u> | <u>(\$5,616,095)</u> | <u>(\$4,296,791)</u> | <u>(\$4,419,040)</u> |
| \$2,936,896          | \$2,978,396          | \$3,065,030          | \$3,070,278          | \$3,204,386          |
| 976,416              | 967,688              | 1,018,561            | 1,342,747            | 2,494,796            |
| 710,239              | 735,390              | 738,185              | 749,227              | 823,301              |
| 48,468               | 48,982               | 43,316               | 7,011                |                      |
| 277,534              | 417,903              | 467,217              |                      | (b)                  |
| 396,643              | 488,980              | 431,447              |                      | (b)                  |
| 263,151              | 249,441              | 27,260               | 22,544               | 25,954               |
| 195,572              | 112,529              |                      | 144,500              |                      |
| <u>5,804,919</u>     | <u>5,999,309</u>     | <u>5,791,016</u>     | <u>5,336,307</u>     | <u>6,548,437</u>     |
| <u>0</u>             | <u>0</u>             | <u>0</u>             | <u>0</u>             | <u>0</u>             |
| 1,378,433            | 576,333              | 174,921              | 1,039,516 (c)        | 2,129,397            |
| <u>0</u>             | <u>0</u>             | <u>0</u>             | <u>0</u>             | <u>0</u>             |
| <u>\$1,378,433</u>   | <u>\$576,333</u>     | <u>\$174,921</u>     | <u>\$1,039,516</u>   | <u>\$2,129,397</u>   |

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**TOWN OF MORAGA  
FUND BALANCES OF GOVERNMENTAL FUNDS  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)**



|   | Fiscal Year Ended June 30 |                    |                    |                    |                    |                    |                    |                    |                    |                     |
|---|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
|   | 2005                      | 2006               | 2007               | 2008               | 2009               | 2010               | 2011 (a)           | 2012               | 2013               | 2014                |
| <b>General Fund</b>                       |                           |                    |                    |                    |                    |                    |                    |                    |                    |                     |
| Reserved                                  |                           |                    | 166,995            | \$112,274          | \$85,132           |                    |                    |                    |                    |                     |
| Unreserved                                | \$1,562,876               | \$1,331,829        | \$1,709,244        | 3,976,595          | 4,626,093          | 5,100,186          |                    |                    |                    |                     |
| Nonspendable                              |                           |                    |                    |                    |                    |                    | 767                | \$421              | \$629              | \$672               |
| Committed                                 |                           |                    |                    |                    |                    |                    | 2,390,737          | 2,140,737          | 2,165,737 (b)      | 2,007,900           |
| Assigned                                  |                           |                    |                    |                    |                    |                    | 164,070            | 484,100            | 243,113            | 451,311             |
| Unassigned                                |                           |                    |                    |                    |                    |                    | 2,879,061          | 2,523,411          | 3,125,652          | 2,879,905           |
| <b>Total General Fund</b>                 | <u>\$1,562,876</u>        | <u>\$1,331,829</u> | <u>\$1,876,239</u> | <u>\$4,088,869</u> | <u>\$4,711,225</u> | <u>\$5,100,186</u> | <u>\$0</u>         | <u>\$5,148,669</u> | <u>\$5,535,131</u> | <u>\$5,339,788</u>  |
| <b>All Other Governmental Funds</b>       |                           |                    |                    |                    |                    |                    |                    |                    |                    |                     |
| Reserved                                  |                           |                    |                    |                    |                    | \$85,513           | \$1,975,000        |                    |                    |                     |
| Unreserved, reported in:                  |                           |                    |                    |                    |                    |                    |                    |                    |                    |                     |
| Special revenue funds                     | \$1,929,414               | \$2,292,455        | \$2,037,708        | \$2,064,948        | \$534,963          | 659,352            | 1,068,931          |                    |                    |                     |
| Capital project funds                     | 1,040,504                 | 1,108,142          | 1,075,639          | 1,190,962          | 2,144,583          | 1,857,112          | 376,266            |                    |                    |                     |
| Restricted                                |                           |                    |                    |                    |                    |                    |                    | \$2,360,273        | \$3,356,540        | \$8,865,991         |
| Committed                                 |                           |                    |                    |                    |                    |                    |                    | 839,669            | 1,217,930          | 2,208,849           |
| Assigned                                  |                           |                    |                    |                    |                    |                    |                    | 86,375             |                    |                     |
| <b>Total All Other Governmental Funds</b> | <u>\$2,969,918</u>        | <u>\$3,400,597</u> | <u>\$3,113,347</u> | <u>\$3,255,910</u> | <u>\$2,679,546</u> | <u>\$2,601,977</u> | <u>\$3,420,197</u> | <u>\$3,286,317</u> | <u>\$4,574,470</u> | <u>\$11,074,840</u> |

(a) GASB Statement No. 54, implemented in 2011, modified the fund balance classifications to reflect a hierarchy based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of resources. The classifications include nonspendable, committed, assigned, and unassigned balances.

(b) The General Fund balance includes monies derived from the Palos Colorados development. The Town Council has committed these funds for future projects.

Source: Town of Moraga: Basic Financial Statements

**TOWN OF MORAGA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

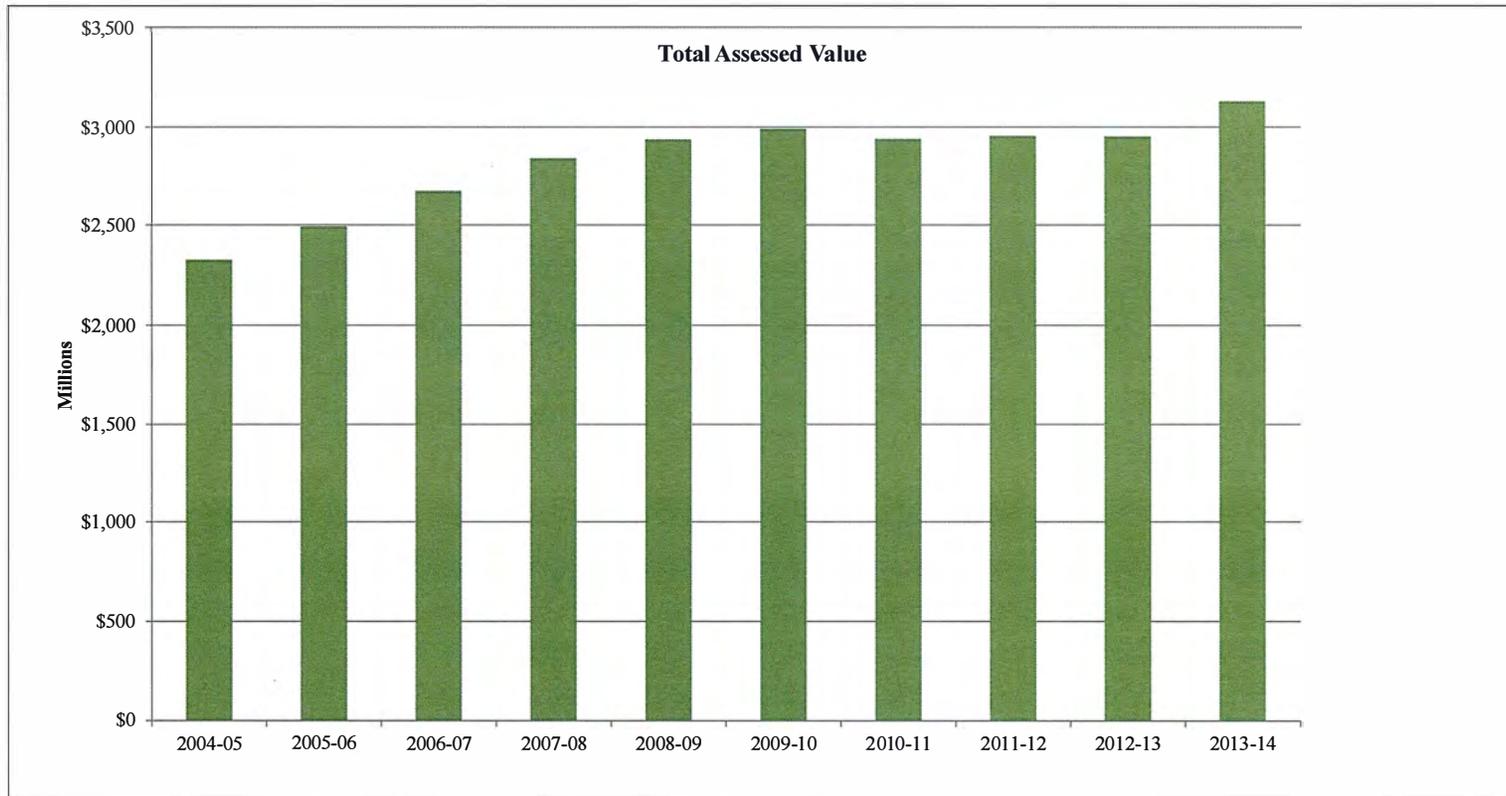
|  | <b>Fiscal Year Ended June 30</b> |                    |                  |                    |
|--|----------------------------------|--------------------|------------------|--------------------|
|  | <b>2005</b>                      | <b>2006</b>        | <b>2007</b>      | <b>2008</b>        |
| <b>Revenues</b>  |                                  |                    |                  |                    |
| Property taxes and assessments                                 | \$2,183,950                      | \$3,042,316        | \$2,281,710      | \$2,492,828        |
| Property taxes - in lieu (motor vehicle)                       |                                  |                    | \$1,136,007      | 1,206,210          |
| Sales taxes  | 733,649                          | 846,412            | 714,923          | 787,291            |
| Sales & use tax - in lieu                                      |                                  |                    | 216,998          | 240,713            |
| Sales tax - 1% local add-on                                    |                                  |                    |                  |                    |
| Franchise fees   | 459,640                          | 337,722            | 418,616          | 449,789            |
| Real property transfer fees                                    | 140,604                          | 126,823            | 116,179          | 110,431            |
| Motor vehicle license fees                                     | 359,102                          | 115,421            | 104,498          | 73,242             |
| Planning and permits   | 171,454                          | 439,403            | 497,080          | 346,414            |
| Parks and recreation   | 54,187                           | (125)              | 5,984            | 352,573            |
| Police services  | 43,247                           | 38,944             | 69,693           | 74,905             |
| Public works services  |                                  |                    |                  | 396,021            |
| Intergovernmental  | 1,049,001                        | 1,149,180          | 1,048,596        | 1,615,220          |
| Fines, forfeitures and penalties                               | 36,430                           | 74,727             | 63,698           | 100,296            |
| Interest   | 155,017                          | 124,348            | 189,670          | 162,231            |
| Property rentals   | 155,921                          | 166,161            | 159,078          | 94,885             |
| Other revenues   | 29,577                           | 115,122            | 322,339          | 3,710,147          |
| <b>Total Revenues</b>  | <b>5,571,779</b>                 | <b>6,576,454</b>   | <b>7,345,069</b> | <b>12,213,196</b>  |
| <b>Expenditures</b>  |                                  |                    |                  |                    |
| Current operations:  |                                  |                    |                  |                    |
| General administration   | 759,414                          | 853,348            | 941,443          | 2,784,797          |
| Planning   | 346,032                          | 403,978            | 447,552          | 815,723            |
| Police   | 1,930,572                        | 2,025,405          | 2,177,986        | 2,311,571          |
| Public works   | 864,704                          | 987,590            | 1,497,488        | 1,784,512          |
| Parks and recreation   | 673,426                          | 872,739            | 988,650          | 511,247            |
| Other  | 388,630                          |                    |                  |                    |
| Debt service:  |                                  |                    |                  |                    |
| Principal  |                                  |                    |                  | 78,770             |
| Interest   |                                  |                    |                  |                    |
| Capital outlay   |                                  | 1,473,492          | 581,447          | 2,051,045          |
| <b>Total Expenditures</b>                                      | <b>4,962,778</b>                 | <b>6,616,552</b>   | <b>6,634,566</b> | <b>10,337,665</b>  |
| Revenues over (under) expenditures                             | 609,001                          | (40,098)           | 710,503          | 1,875,531          |
| <b>Other Financing Sources (Uses)</b>                          |                                  |                    |                  |                    |
| Transfers in   | 106,306                          | 190,497            | 271,254          |                    |
| Transfers (out)  | (97,556)                         | (671,449)          | (294,784)        |                    |
| Proceeds from loan / debt issuance                             |                                  |                    |                  |                    |
| Fund balance transfer  |                                  |                    |                  | 199,627            |
| Gain on sale of property                                       |                                  | 2,753              |                  |                    |
| <b>Total Other Financing Sources (Uses)</b>                    | <b>8,750</b>                     | <b>(478,199)</b>   | <b>(23,530)</b>  | <b>199,627</b>     |
| <b>Net Change in Fund Balance</b>                              | <b>\$617,751</b>                 | <b>(\$518,297)</b> | <b>\$686,973</b> | <b>\$2,075,158</b> |
| <b>Debt service as a percentage of noncapital expenditures</b> | 0.0%                             | 0.0%               | 0.0%             | 1.0%               |

Source: Town of Moraga: Basic Financial Statements

**Fiscal Year Ended June 30**

| <b>2009</b>      | <b>2010</b>        | <b>2011</b>      | <b>2012</b>      | <b>2013</b>      | <b>2014</b>        |
|------------------|--------------------|------------------|------------------|------------------|--------------------|
| \$2,256,159      | \$2,266,864        | \$2,498,730      | \$2,611,524      | \$2,628,727      | \$2,805,223        |
| 1,247,444        | 1,270,581          | 1,248,672        | 1,255,380        | 1,266,002        | 1,342,531          |
| 709,285          | 773,866            | 747,228          | 783,239          | 803,298          | 807,904            |
| 235,718          | 202,550            | 220,460          | 235,322          | 263,557          | 255,268            |
|                  |                    |                  |                  | 333,008          | 1,492,885          |
| 693,055          | 710,240            | 735,390          | 738,185          | 749,227          | 823,301            |
| 47,504           | 73,628             | 83,629           | 96,790           | 116,309          | 137,329            |
| 56,154           | 48,468             | 48,982           | 43,316           | 7,011            | 0                  |
| 360,099          | 232,319            | 234,144          | 289,690          | 383,754          | 477,559            |
| 245,653          | 245,910            | 271,557          | 283,341          | 398,320          | 362,751            |
| 95,737           | 62,880             | 78,428           | 70,290           | 80,287           | 81,506             |
| 295,805          | 185,757            | 145,808          | 135,533          | 115,651          | 219,098            |
| 1,397,503        | 2,032,453          | 998,079          | 1,162,785        | 763,735          | 1,715,536          |
| 93,850           | 79,027             | 59,540           | 51,271           | 49,895           | 31,102             |
| 125,426          | 37,185             | 38,288           | 27,256           | 22,542           | 25,959             |
| 219,939          | 225,966            | 211,153          | 165,333          | 29,403           | 29,060             |
| 230,300          | 54,388             | 40,002           | 150,217          | 224,883          | 123,761            |
| <b>8,309,631</b> | <b>8,502,080</b>   | <b>7,660,090</b> | <b>8,099,472</b> | <b>8,235,609</b> | <b>10,730,773</b>  |
| 1,345,160        | 1,253,101          | 1,090,454        | 1,202,641        | 1,379,011        | 1,475,191          |
| 662,845          | 530,386            | 444,159          | 430,203          | 434,138          | 628,706            |
| 2,195,268        | 1,977,944          | 2,020,235        | 2,235,142        | 2,247,128        | 2,450,233          |
| 1,748,668        | 1,907,504          | 1,721,121        | 1,645,765        | 1,549,792        | 1,085,423          |
| 523,141          | 563,889            | 565,521          | 554,465          | 582,074          | 1,125,559          |
| 82,690           | 86,800             | 30,000           | 505,000          | 60,000           | 366,452            |
|                  | 3,453              | 63,176           | 58,394           | 56,669           | 263,454            |
| 1,222,742        | 2,830,386          | 1,524,855        | 1,048,899        | 986,244          | 4,901,833          |
| <b>7,780,514</b> | <b>9,153,463</b>   | <b>7,459,521</b> | <b>7,680,509</b> | <b>7,295,056</b> | <b>12,296,851</b>  |
| <b>529,117</b>   | <b>(651,383)</b>   | <b>200,569</b>   | <b>418,963</b>   | <b>940,553</b>   | <b>(1,566,078)</b> |
| 1,135,706        | 434,286            | 1,489,178        | 1,839,348        | 1,973,365        | 6,515,328          |
| (1,135,706)      | (434,286)          | (1,489,178)      | (1,839,348)      | (1,973,365)      | (6,515,328)        |
|                  | 2,004,562          |                  | 29,133           |                  | 7,979,947          |
| <b>0</b>         | <b>2,004,562</b>   | <b>0</b>         | <b>29,133</b>    | <b>0</b>         | <b>7,979,947</b>   |
| <b>\$529,117</b> | <b>\$1,353,179</b> | <b>\$200,569</b> | <b>\$448,096</b> | <b>\$940,553</b> | <b>\$6,413,869</b> |
| 1.3%             | 1.4%               | 1.6%             | 9.3%             | 1.9%             | 9.3%               |

**TOWN OF MORAGA**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**



| <u>Fiscal Year</u> | <u>Local Secured Property</u> | <u>State Unitary Tax</u> | <u>Unsecured Property</u> | <u>Total Assessed Value</u> | <u>Percent Change</u> | <u>Total Direct Tax Rate (a)</u> | <u>Est Actual Taxable Value (b)</u> |
|--------------------|-------------------------------|--------------------------|---------------------------|-----------------------------|-----------------------|----------------------------------|-------------------------------------|
| 2004-05            | \$2,307,028,854               | \$58,439                 | \$17,997,314              | \$2,325,084,607             | 7.3%                  | n/a                              | n/a                                 |
| 2005-06            | 2,475,482,356                 | 56,175                   | 17,895,236                | 2,493,433,767               | 7.2%                  | n/a                              | n/a                                 |
| 2006-07            | 2,653,660,916                 | 56,814                   | 19,605,474                | 2,673,323,204               | 7.2%                  | n/a                              | n/a                                 |
| 2007-08            | 2,817,219,178                 | 56,814                   | 21,084,705                | 2,838,360,697               | 6.2%                  | n/a                              | n/a                                 |
| 2008-09            | 2,914,504,408                 |                          | 20,896,105                | 2,935,400,513               | 3.4%                  | n/a                              | n/a                                 |
| 2009-10            | 2,966,295,435                 |                          | 23,530,177                | 2,989,825,612               | 1.9%                  | n/a                              | n/a                                 |
| 2010-11            | 2,913,959,285                 |                          | 24,304,709                | 2,938,263,994               | -1.7%                 | n/a                              | n/a                                 |
| 2011-12            | 2,928,659,413                 | 202,420                  | 25,182,602                | 2,954,044,435               | 0.5%                  | n/a                              | n/a                                 |
| 2012-13            | 2,927,928,335                 | 116,479                  | 22,847,805                | 2,950,892,619               | -0.1%                 | 1.079%                           | \$5,345,750,006                     |
| 2013-14            | 3,109,299,576                 | 116,479                  | 21,586,880                | 3,131,002,935               | 6.1%                  | 1.091%                           | 6,552,318,608                       |

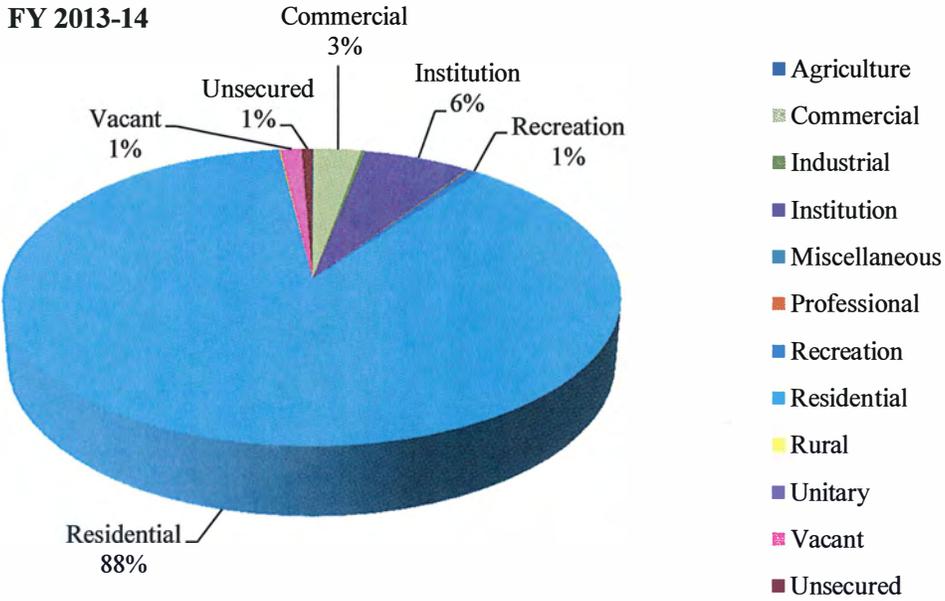
(a) Total tax rate is represented by TRA 15-002.

(b) Estimated actual taxable value is derived from a series of calculations comparing median assessed values from 1940 to current median sales prices. Based on these calculations a multiplier value was extrapolated and applied to current assessed values.

(c) Fiscal Year 2012-13 was the Town's first CAFR publication, some prior year data is unavailable.

*Sources: California Municipal Statistics (2004-05 through 2011-12)  
 Contra Costa County Assessor data, MuniServices, LLC (2012-13 and 2013-14)*

**TOWN OF MORAGA  
 ASSESSED VALUE OF PROPERTY BY USE CODE  
 Last Two Fiscal Years**



| Use Code             | 2012-13                | 2013-14                |
|----------------------|------------------------|------------------------|
| Agriculture          | \$752,745              | \$770,981              |
| Commercial           | 92,450,434             | 95,650,441             |
| Industrial           | 8,111,278              | 8,265,752              |
| Institution          | 209,453,195            | 214,305,204            |
| Miscellaneous        | 450,467                | 450,476                |
| Professional         | 3,282,241              | 3,325,726              |
| Recreation           | 20,438,481             | 21,677,212             |
| Residential          | 2,773,216,943          | 2,940,360,209          |
| Rural                | 2,055,843              | 2,096,956              |
| Unitary              | 116,479                | 116,479                |
| Vacant               | 40,404,507             | 41,360,919             |
| Net Secured Value    | 3,150,732,613          | 3,328,380,355          |
| Unsecured Exemptions | 22,847,805             | 21,586,880             |
|                      | 222,687,799            | 218,964,300            |
| Net Assessed Value   | <u>\$2,950,892,619</u> | <u>\$3,131,002,935</u> |

Notes:

- (1) Use code categories are based on Contra Costa County Assessor's data.
- (2) FY 2012-13 was the Town's first CAFR publication, therefore prior year data is unavailable.

Source: Contra Costa County Assessor data, MuniServices, LLC.

**TOWN OF MORAGA  
DIRECT AND OVERLAPPING PROPERTY TAX RATES**

|  | <b>2012-13</b> | <b>2013-14</b> |
|--|----------------|----------------|
| <b>Basic City and County Levy (1%)</b> |                |                |
| TOWN OF MORAGA                         | 0.052732       | 0.052732       |
| COUNTY OF CONTRA COSTA                 | 0.947268       | 0.947268       |
| Total 1% Basic Levy                    | 1.000000       | 1.000000       |
| <br><b>Override Assessments</b>        |                |                |
| BART                                   | 0.004300       | 0.007500       |
| EAST BAY REG PK BD                     | 0.005100       | 0.007800       |
| ACALANES UNION                         | 0.033300       | 0.036100       |
| MORAGA ELEM BOND                       | 0.027900       | 0.026400       |
| COMMUNITY COLLEGE                      | 0.008700       | 0.013300       |
| Total Override Rate                    | 0.079300       | 0.091100       |
| <br><b>TOTAL TAX RATE</b>              | 1.079300       | 1.091100       |

Notes:

- (1) Rates are not adjusted for ERAF.
- (2) TRA 15-002 is represented for this report.
- (3) FY 2012-13 was the Town's first CAFR publication, therefore prior year data is unavailable.

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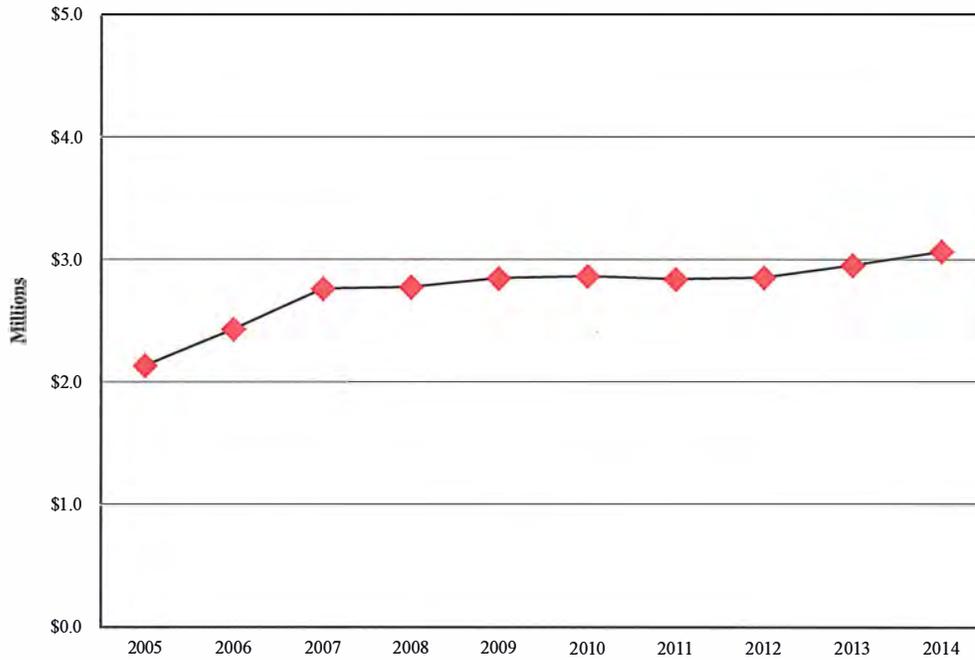
*Source: Contra Costa County Auditor-Controller data, MuniServices, LLC*

**TOWN OF MORAGA**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**Current Year and Nine Years Ago**

| Taxpayer                       | 2013-14                |  | 2004-05                |  |
|--------------------------------|------------------------|--|------------------------|--|
|                                | Taxable Value<br>(\$)  | Percent of<br>Total City<br>Taxable<br>Value (%) | Taxable Value<br>(\$)  | Percent of<br>Total City<br>Taxable<br>Value (%) |
| PK I Rheem Valley Lp           | \$37,875,751           | 1.21%  |                        |  |
| Russell J Bruzzone Inc.        | 21,515,958             | 0.69%  |                        |  |
| Asc Moraga Llc                 | 12,000,000             | 0.38%  |                        |  |
| Moraga Enterprise Inc.         | 9,157,148              | 0.29%  |                        |  |
| Gage George Tre                | 8,399,989              | 0.27%  |                        |  |
| Bigbury Company N V            | 7,842,279              | 0.25%  | \$5,729,011            | 0.25%  |
| Gkhh Royale Investments Lp     | 7,603,769              | 0.24%  | 5,312,091              | 0.23%  |
| Moraga Town Of                 | 7,148,368              | 0.23%  | 6,191,264              | 0.27%  |
| Markets Angelos                | 6,570,000              | 0.21%  |                        |  |
| Jaber Philip J Tre             | 5,136,344              | 0.16%  |                        |  |
| Kn Productions Inc.            | 5,048,596              | 0.16%  | 4,372,635              | 0.19%  |
| Moraga Builders Corp           | 4,988,310              | 0.16%  |                        |  |
| Roman Catholic Bishop Oakland  | 4,831,418              | 0.15%  |                        |  |
| Vrionis Michael G Maria S      | 3,867,877              | 0.12%  |                        |  |
| Vanguard Apts Llc              | 3,775,633              | 0.12%  |                        |  |
| Moraga Cc Holdings Llc         | 3,746,849              | 0.12%  |                        |  |
| Moraga Creekside Llc           | 3,686,440              | 0.12%  |                        |  |
| Gage Deborah S Tre             | 3,565,646              | 0.11%  |                        |  |
| Aaaaa Rent A Space Moraga Ltd. | 3,344,786              | 0.11%  | 2,883,687              | 0.13%  |
| Beeri Giora                    | 3,191,948              | 0.10%  |                        |  |
| Wang Judy                      | 3,132,667              | 0.10%  |                        |  |
| Puri Mahesh K Minoo            | 3,042,000              | 0.10%  |                        |  |
| Bonardi Michael P Deborah J    | 2,696,000              | 0.09%  |                        |  |
| Gerold Charles M Adriana Tre   | 2,531,062              | 0.08%  |                        |  |
| Doyle Patrick K Tre            | 2,524,958              | 0.08%  |                        |  |
| 346 Rheem Blvd LTD             |                        |  | 2,616,644              | 0.11%  |
| Ascot Moraga Associates        |                        |  | 2,148,644              | 0.09%  |
| Bruzzone Russell J & Joan E    |                        |  | 23,676,316             | 1.03%  |
| Burnet Thomas P Ellen S        |                        |  | 2,794,341              | 0.12%  |
| Chiasson William B Carol Tre   |                        |  | 2,203,687              | 0.10%  |
| Comcast Corporation            |                        |  | 3,137,866              | 0.14%  |
| Ct Operating Partnership Lp    |                        |  | 24,264,611             | 1.06%  |
| Granlund James D Candace Tre   |                        |  | 2,155,040              | 0.09%  |
| Gross Max Joyce Tre            |                        |  | 3,270,107              | 0.14%  |
| Isaksson Rolf T Barbara Tre    |                        |  | 3,304,950              | 0.14%  |
| Jaber George J Tre             |                        |  | 2,977,518              | 0.13%  |
| JHC America Group              |                        |  | 4,593,701              | 0.20%  |
| Laird Development Llc          |                        |  | 2,302,035              | 0.10%  |
| Lynda & Jules Properties       |                        |  | 2,097,878              | 0.09%  |
| Mak Paul H Lily Tre            |                        |  | 3,917,995              | 0.17%  |
| Moraga/Rheem LLC               |                        |  | 2,425,805              | 0.11%  |
| Oakmont Of Moraga Llc          |                        |  | 9,452,300              | 0.41%  |
| Quan Jerry Y Cathleen K Tre    |                        |  | 1,970,613              | 0.09%  |
| Tawiah Kofi A                  |                        |  | 2,145,037              | 0.09%  |
| Torres Edwin John              |                        |  | 2,051,730              | 0.09%  |
| <b>Total Top 25 Taxpayers</b>  | <b>177,223,796</b>     | <b>5.66%</b>                                     | <b>127,995,506</b>     | <b>5.58%</b>                                     |
| <b>Total Taxable Value</b>     | <b>\$3,130,886,456</b> | <b>100.00%</b>                                   | <b>\$2,293,413,220</b> | <b>100.00%</b>                                   |

Source: 2013-14 Contra Costa County Assessor data, MuniServices, LLC

**TOWN OF MORAGA  
GENERAL FUND PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years**



| <u>Fiscal Year</u> |     | <u>Property Tax Levied and Collected</u> | (a) | <u>Percent of Total Tax Collections to Tax Levy</u> | (b) |
|--------------------|-----|--|-----|---|-----|
| 2005               | (c) | \$2,135,180                              |     | 100%  |     |
| 2006               | (c) | 2,430,364                                |     | 100%  |     |
| 2007               |     | 2,762,430                                |     | 100%  |     |
| 2008               |     | 2,775,305                                |     | 100%  |     |
| 2009               |     | 2,847,381                                |     | 100%  |     |
| 2010               |     | 2,863,268                                |     | 100%  |     |
| 2011               |     | 2,840,520                                |     | 100%  |     |
| 2012               |     | 2,852,542                                |     | 100%  |     |
| 2013               |     | 2,953,989                                |     | 100%  |     |
| 2014               |     | 3,067,058                                |     | 100%  |     |

- (a) Property tax levied and collected includes secured, unsecured and supplemental property tax revenue, as well as property tax in lieu, and homeowner's property tax relief revenue receipts.
- (b) The Town participates in the County's Teeter Plan and thus receives 100% of secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes.
- (c) In 2005 and 2006, the State required that cities make contributions to the State general fund through a reduction in VLF backfill (or "property tax in lieu of VLF") funding.

*Source: Town of Moraga: Basic Financial Statements, General Fund Statement of Revenues Expenditures and Changes in Fund Balance*

**TOWN OF MORAGA  
SALES TAX RATES  
Effective April 1, 2014**

|  | Rate         |
|--|--------------|
| State General Fund                               | 6.50%        |
| Contra Costa County share                        | 0.25%        |
| Town of Moraga share                             | 0.75% (b)    |
| Contra Costa Transportation Authority            | 0.50%        |
| Bay Area Rapid Transit                           | 0.50%        |
| Town of Moraga Local Transaction and Use Tax (a) | 1.00%        |
| <b>Total</b>                                     | <b>9.50%</b> |

- (a) November 2012 Measure K voter-approved local add-on sales tax.
- (b) Sales tax imposed within the Town are distributed by the State to various agencies, with the Town receiving 1.0% of the amount collected less 0.25% shifted to the State pursuant to a mechanism commonly known as "Triple Flip." The 0.25% reduction in local sales tax is used to pay State economic recovery bonds, but cities and counties are then provided with ad valorem property tax revenues in lieu of these revenues.

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*Source: State of California Board of Equalization*

**TOWN OF MORAGA  
PRINCIPAL SALES TAX PRODUCERS  
Current Year and Nine Years Ago**

| 2013-14                          |                      | 2004-05                     |                      |
|----------------------------------|----------------------|-----------------------------|----------------------|
| Taxpayer                         | Business Type        | Taxpayer                    | Business Type        |
| 7-Eleven Food Stores             | Food Markets         | 7-Eleven Food Stores        | Food Markets         |
| Arco AM/PM Mini Marts            | Service Stations     | Amoroma Ristorante          | Restaurants          |
| Asia Palace Restaurant           | Restaurants          | Arco AM/PM Mini Marts       | Service Stations     |
| Blue Cat                         | Health & Government  | Barnes & Noble Bookstores   | Miscellaneous Retail |
| Chevron Service Stations         | Service Stations     | Blockbuster Entertainment   | Miscellaneous Retail |
| CVS/Pharmacy                     | Drug Stores          | Blue Cat                    | Health & Government  |
| Dollar Tree Stores               | Department Stores    | Burger King Restaurants     | Restaurants          |
| Homegoods                        | Furniture/Appliance  | Chevron Service Stations    | Service Stations     |
| Jack In The Box Restaurants      | Restaurants          | CVS/Pharmacy                | Drug Stores          |
| La Penne Pizza Pub & Pizza       | Restaurants          | Jack In The Box Restaurants | Restaurants          |
| Lamorinda Gasoline & Auto Repair | Service Stations     | Lamorinda Gas & Food Mart   | Service Stations     |
| Mc Caulou Department Store       | Department Stores    | Mc Caulou Department Store  | Department Stores    |
| Moraga Auto Care & Service       | Auto Parts/Repair    | Moraga Auto Care & Service  | Auto Parts/Repair    |
| Moraga Country Club              | Restaurants          | Moraga Beacon               | Service Stations     |
| Moraga Hardware & Lumber         | Bldg.Matls-Retail    | Moraga Country Club         | Restaurants          |
| Moraga Star Service Stations     | Service Stations     | Moraga Hardware & Lumber    | Bldg.Matls-Retail    |
| Moraga Wines & Spirits           | Liquor Stores        | Moraga Wines & Spirits      | Liquor Stores        |
| Nations Giant Hamburgers         | Restaurants          | Nations Giant Hamburgers    | Restaurants          |
| Orchard Supply Hardware          | Bldg.Matls-Retail    | Rheem Unocal                | Service Stations     |
| Proforma Element3                | Business Services    | Safeway Stores              | Food Markets         |
| Safeway Stores                   | Food Markets         | Schoofs Incorporated        | Chemical Products    |
| Saint Mary's College Bookstore   | Miscellaneous Retail | Shell Service Stations      | Service Stations     |
| Sodexho Marriott Management      | Restaurants          | Sodexho Marriott Management | Restaurants          |
| TJ Maxx                          | Apparel Stores       | TJ Maxx                     | Apparel Stores       |
| Tuesday Morning                  | Miscellaneous Retail | Tuesday Morning             | Miscellaneous Retail |

Note:

(1) Taxpayers listed in alphabetical order.

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Source: State Board of Equalization data, MuniServices, LLC

**TOWN OF MORAGA  
SALES TAX REVENUES  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)**



| <u>Fiscal Year</u> | <u>Sales &amp; Use Tax (a)</u> | <u>Sales Tax In-Lieu (a)</u> | <u>Transactions &amp; Use Tax (b)</u> | <u>All Sales Tax Total</u> | <u>Percent Change</u> |
|--------------------|--------------------------------|------------------------------|---------------------------------------|----------------------------|-----------------------|
| 2005               | \$501,999                      | \$175,915                    |                                       | \$677,914                  |                       |
| 2006               | 617,427                        | 174,805                      |                                       | 792,232                    | 16.9%                 |
| 2007               | 657,641                        | 216,998                      |                                       | 874,639                    | 10.4%                 |
| 2008               | 732,322                        | 240,713                      |                                       | 973,035                    | 11.2%                 |
| 2009               | 658,573                        | 235,718                      |                                       | 894,291                    | -8.1%                 |
| 2010               | 723,246                        | 202,550                      |                                       | 925,796                    | 3.5%                  |
| 2011               | 695,885                        | 220,460                      |                                       | 916,345                    | -1.0%                 |
| 2012               | 728,891                        | 235,322                      |                                       | 964,213                    | 5.2%                  |
| 2013               | 746,182                        | 263,557                      | \$333,008                             | 1,342,747                  | 39.3%                 |
| 2014               | 746,643                        | 255,268                      | 1,492,885                             | 2,494,796                  | 85.8%                 |

(a) The Town of Moraga's Sales Tax is comprised of 0.75% of the Bradley Burns 1% base share from Contra Costa County and 0.25% in Sales Tax In Lieu (e.g., the State "Triple Flip"). Excludes State Sales Tax for Public Safety (Proposition 172).

(b) In November 2012, the voters of Moraga approved the 1% Measure K Local Add-On Sales Tax, technically called a Transactions and Use Tax.

*Source: Town of Moraga: Basic Financial Statements*

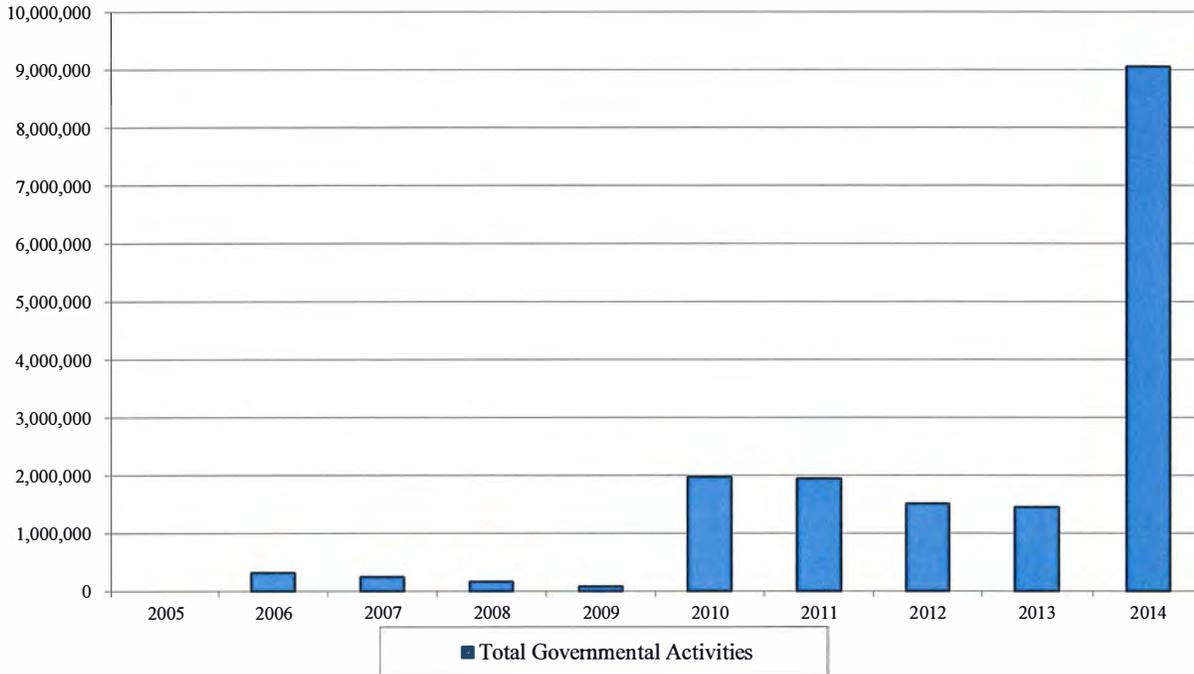
**TOWN OF MORAGA  
TAXABLE RETAIL SALES  
(Dollars in Thousands)**

| <u>Year</u> | <u>Retail Stores</u>     |                             | <u>Total All Outlets</u> |                             |
|-------------|--------------------------|-----------------------------|--------------------------|-----------------------------|
|             | <u>Number of Permits</u> | <u>Taxable Transactions</u> | <u>Number of Permits</u> | <u>Taxable Transactions</u> |
| 2007        | 178                      | \$71,413                    | 400                      | \$81,538                    |
| 2008        | 175                      | 71,029                      | 381                      | 78,865                      |
| 2009 (a)    | 231                      | 69,248                      | 341                      | 76,004                      |
| 2010 (a)    | 246                      | 72,537                      | 346                      | 78,752                      |
| 2011 (a)    | 221                      | 78,327                      | 323                      | 86,329                      |
| 2012 (a)    | 231                      | 78,942                      | 340                      | 89,214                      |

(a) Data not comparable to years prior to 2009. "Retail" category now includes "Food Services."

*Source: State of California Board of Equalization. Taxable Sales in California (Sales & Use Tax).*

**TOWN OF MORAGA  
RATIO OF OUTSTANDING DEBT BY TYPE  
Last Ten Fiscal Years**



| Fiscal Year | Governmental Activities       |                         | Total Governmental Activities | Percentage of Personal Income (a) | Per Capita (a) |
|-------------|-------------------------------|-------------------------|-------------------------------|-----------------------------------|----------------|
|             | Certificates of Participation | Notes and Loans Payable |                               |                                   |                |
| 2005        |                               |                         |                               |                                   |                |
| 2006        |                               | \$323,300               | \$323,300                     |                                   |                |
| 2007        |                               | 248,260                 | 248,260                       |                                   |                |
| 2008        |                               | 169,490                 | 169,490                       |                                   |                |
| 2009        |                               | 86,800                  | 86,800                        |                                   |                |
| 2010        | \$1,525,000                   | 450,000                 | 1,975,000                     |                                   |                |
| 2011        | 1,495,000                     | 450,000                 | 1,945,000                     |                                   |                |
| 2012        | 1,440,000                     | 73,916                  | 1,513,916                     |                                   |                |
| 2013        | 1,380,000                     | 73,916                  | 1,453,916                     | 0.16%                             | \$89.93        |
| 2014        | 8,991,950                     | 62,464                  | 9,054,414                     | 0.95%                             | 553.85         |

(a) See Schedule "Demographic and Economic Statistics" for personal income and population data. 2013 was the Town of Moraga's first CAFR publication, certain prior year data is unavailable.

Source: *Town of Moraga: Basic Financial Statements*

**TOWN OF MORAGA  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
JUNE 30, 2014**

2013-14 Assessed Valuation \$3,131,002,935

| <b>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>                 | Total<br>Debt<br>Outstanding | Percent<br>Applicable<br>To Town of<br>Moraga (a) | Amount<br>Applicable<br>To Town of<br>Moraga |
|---|------------------------------|---|--|
| <b>Overlapping Tax and Assessment Debt:</b>                           |                              |   |  |
| Bay Area Rapid Transit District                                       | \$648,275,000                | 0.601%  | \$3,896,133                                  |
| Contra Costa Community College District                               | 343,945,000                  | 2.157%  | 7,418,894                                    |
| Acalanes Union High School District                                   | 162,906,665                  | 12.425%   | 20,241,153                                   |
| Moraga School District  | 6,400,000                    | 97.491%   | 6,239,424                                    |
| Orinda Union School District  | 8,860,426                    | 0.268%  | 23,746                                       |
| East Bay Regional Park District                                       | 202,210,000                  | 0.928%  | 1,876,509                                    |
| <b>Total Gross Overlapping Tax and Assessment Debt</b>                | <b>\$1,372,597,091</b>       |   | <b>\$39,695,859</b>                          |
| <b>Direct and Overlapping General Fund Debt</b>                       |                              |   |  |
| Contra Costa County General Fund Obligation Bonds                     | \$274,600,304                | 2.148%  | \$5,898,415                                  |
| Contra Costa County Pension Obligation Bonds                          | 258,500,000                  | 2.148%  | 5,552,580                                    |
| Contra Costa Community College District Certificates of Participation | 700,000                      | 2.157%  | 15,099                                       |
| Moraga-Orinda Fire District Pension Obligation Bonds                  | 22,050,000                   | 38.302%   | 8,445,591                                    |
| <b>Town of Moraga Certificates of Participation - Direct Debt</b>     | 8,745,000                    | 100.000%  | 8,745,000                                    |
| <b>Town of Moraga Energy Efficiency Loan - Direct Debt</b>            | 62,464                       | 100.000%  | 62,464                                       |
| <b>Total Gross Direct and Overlapping General Fund Debt</b>           | <b>\$564,657,768</b>         |   | <b>\$28,719,149</b>                          |
| Less: Contra Costa County Obligations supported by revenue bonds      |                              |   | 2,335,650                                    |
| <b>Total Net Direct and Overlapping General Fund Debt</b>             |                              |   | <b>\$26,383,499</b>                          |
| <b>Direct Debt Total</b>  |                              |   | \$8,807,464                                  |
| <b>Gross Overlapping Debt Total</b>                                   |                              |   | \$59,607,544                                 |
| <b>Net Overlapping Debt Total</b>                                     |                              |   | \$57,271,894                                 |
| <b>Gross Combined Debt Total</b>                                      |                              |   | \$68,415,008 (b)                             |
| <b>Net Combined Debt Total</b>  |                              |   | \$66,079,358                                 |

- (a) The percentage of overlapping debt applicable to the Town is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the Town divided by the district's total taxable assessed value.
- (b) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

**RATIOS TO ASSESSED VALUATION:**

|   |              |
|---|--------------|
| Total Overlapping Tax and Assessment Debt | 1.27%        |
| <b>Total Direct Debt</b>                  | <b>0.28%</b> |
| Total Gross Combined Debt                 | 2.19%        |
| Total Net Combined Debt                   | 2.11%        |

Sources: California Municipal Statistics and MuniServices LLC (for 2013-14 Assessed Valuation)

**TOWN OF MORAGA  
COMPUTATION OF LEGAL BONDED DEBT MARGIN  
JUNE 30, 2014**

ASSESSED VALUATION:

|  |                 |
|--|-----------------|
| Secured property assessed value, net of exempt real property | \$3,131,002,935 |
|--|-----------------|

|   |               |
|---|---------------|
| BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a) | \$117,412,610 |
|---|---------------|

AMOUNT OF DEBT SUBJECT TO LIMIT:

|                   |         |
|-------------------|---------|
| Total Bonded Debt | \$0 (b) |
|-------------------|---------|

|                                 |   |
|---------------------------------|---|
| Amount of debt subject to limit | 0 |
|---------------------------------|---|

|                          |               |
|--------------------------|---------------|
| LEGAL BONDED DEBT MARGIN | \$117,412,610 |
|--------------------------|---------------|

(a) California Government Code, Section 43605 sets the debt limit at 15%. The section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

(b) The Town of Moraga's debt under the 2010 and 2013 Certificates of Participation (COP) are not subject to the computation of bonded debt under the California Government Code, Section 43605.

**TOWN OF MORAGA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
Last Two Fiscal Years**

| <b>Fiscal Year</b> | <b>Population</b> (a) | <b>Personal Income</b> | <b>Per Capita Personal Income</b> (b) | <b>Median Age</b> | <b>Public School Enrollment</b> (c) | <b>County Unemployment Rate (%)</b> (d) | <b>City Unemployment Rate (%)</b> (d) | <b>County Population</b> |
|--------------------|-----------------------|------------------------|---------------------------------------|-------------------|-------------------------------------|---|---------------------------------------|--------------------------|
| 2012-13            | 16,168                | \$921,721,512          | \$57,009                              | 42.6              | 1,856                               | 9.0                                     | 5.3                                   | 1,074,702                |
| 2013-14            | 16,348                | 951,566,401            | 58,207                                | 43.6              | 1,845                               | 7.4                                     | 4.4                                   | 1,087,008                |

Notes:

Fiscal Year 2012-13 was the Town's first CAFR publication, therefore prior year data is unavailable.

The California Department of Finance demographics estimates now incorporate 2010 Census counts as the benchmark.

(a) Population projections are provided by the California Department of Finance Projections.

(b) Income data is provided by the U.S. Census Bureau, 2010 American Community Survey.

(c) Student enrollment reflects the total number of students enrolled in the Moraga School District only. Any other school districts within the Town are not accounted for in this statistic.

(d) Unemployment Data is provided by the EDD's Bureau of Labor Statistics Department.

*Source: MuniServices, LLC*

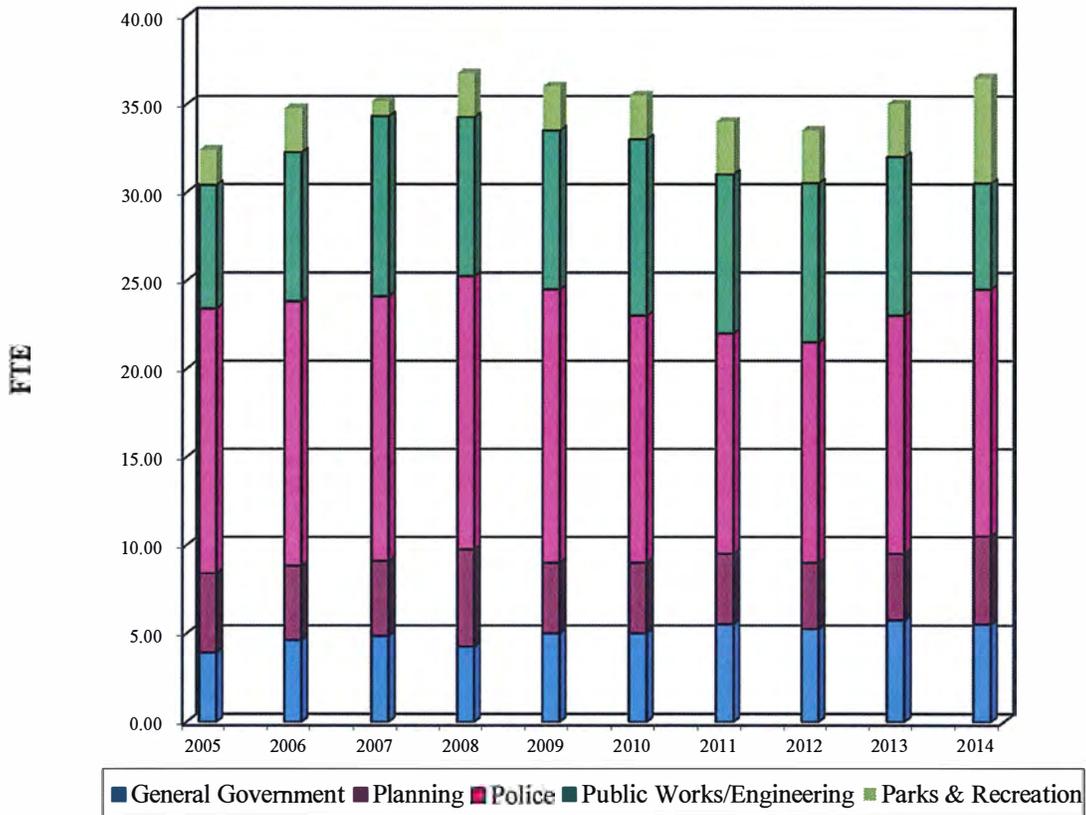
**TOWN OF MORAGA**  
**PRINCIPAL EMPLOYERS (CONTRA COSTA COUNTY)**  
**Current Year (a)**

| <b>Employer Name</b>              | <b>Location</b> | <b>Industry</b>                          | <b>Employer Size</b> |
|-----------------------------------|-----------------|--|----------------------|
| AAA Northern Ca Nevada & Utah     | Walnut Creek    | Automobile Clubs                         | 5,000-9,999          |
| BART                              | Richmond        | Transit Lines                            | 1,000-4,999          |
| Bayer Health Care Phrmctcls       | Richmond        | Laboratories-Pharmaceutical (Mfrs)       | 500-999              |
| Bio-Rad Laboratories Inc          | Hercules        | Biological Products (Mfrs)               | 500-999              |
| Chevron Corp                      | San Ramon       | Oil Refiners (Mfrs)                      | 10,000+              |
| Chevron Global Downstream Llc     | San Ramon       | Marketing Programs & Services            | 1,000-4,999          |
| Concord Naval Weapons Station     | Concord         | Federal Government-National Security     | 500-999              |
| Contra-Costa Regional Med Ctr     | Martinez        | Hospitals                                | 1,000-4,999          |
| Department of Veterans Affairs    | Martinez        | Clinics                                  | 500-999              |
| Doctors Medical Ctr               | San Pablo       | Hospitals                                | 1,000-4,999          |
| John Muir Health Physical Rhb     | Concord         | Physical Therapists                      | 1,000-4,999          |
| John Muir Medical Center          | Concord         | Hospitals                                | 1,000-4,999          |
| John Muir Medical Center          | Walnut Creek    | Hospitals                                | 1,000-4,999          |
| Kaiser                            | Martinez        | Clinics                                  | 1,000-4,999          |
| Kaiser Permanente                 | Antioch         | Hospitals                                | 1,000-4,999          |
| Kaiser Permanente                 | Walnut Creek    | Hospitals                                | 1,000-4,999          |
| La Raza Market                    | Richmond        | Grocers-Retail                           | 1,000-4,999          |
| Muirlab                           | Walnut Creek    | Laboratories-Medical                     | 500-999              |
| Richmond City Offices             | Richmond        | Government Offices-City, Village & Twp   | 500-999              |
| San Ramon Regional Medical Center | San Ramon       | Hospitals                                | 500-999              |
| Shell Oil Products                | Martinez        | Oil & Gas Producers                      | 500-999              |
| Saint Mary's College              | Moraga          | Schools-Universities & Colleges Academic | 1,000-4,999          |
| Sutter Delta Medical Ctr          | Antioch         | Hospitals                                | 500-999              |
| Tesoro Golden Eagle Refinery      | Pacheco         | Oil Refiners (Mfrs)                      | 500-999              |
| VA Outpatient Clinic              | Martinez        | Surgical Centers                         | 500-999              |

*Source: State of California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2014 2nd Edition.*

(a) Fiscal Year 2012-2013 was the Town's first CAFR publication, therefore certain prior year data is unavailable.

**TOWN OF MORAGA**  
**FULL-TIME EQUIVALENT TOWN EMPLOYEES BY FUNCTION**  
**Last Ten Fiscal Years**



| Function                 | 2005         | 2006         | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General Government       | 3.90         | 4.60         | 4.85         | 4.25         | 5.00         | 5.00         | 5.50         | 5.25         | 5.75         | 5.50         |
| Planning                 | 4.50         | 4.22         | 4.25         | 5.50         | 4.00         | 4.00         | 4.00         | 3.75         | 3.75         | 5.00         |
| Police                   | 15.00        | 15.00        | 15.00        | 15.50        | 15.50        | 14.00        | 12.50        | 12.50        | 13.50        | 14.00        |
| Public Works/Engineering | 7.00         | 8.43         | 10.21        | 9.00         | 9.00         | 10.00        | 9.00         | 9.00         | 9.00         | 6.00         |
| Parks & Recreation       | 2.00         | 2.50         | 0.85         | 2.50         | 2.50         | 2.50         | 3.00         | 3.00         | 3.00         | 6.00         |
| <b>Total FTE</b>         | <b>32.40</b> | <b>34.75</b> | <b>35.16</b> | <b>36.75</b> | <b>36.00</b> | <b>35.50</b> | <b>34.00</b> | <b>33.50</b> | <b>35.00</b> | <b>36.50</b> |

Source: Town of Moraga Adopted Budget Documents

**TOWN OF MORAGA  
OPERATING INDICATORS BY FUNCTION**

| FUNCTION                                    | Calendar Year |            |            |            |            |            |            |            |            |            |
|---|---------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|   | 2004          | 2005       | 2006       | 2007       | 2008       | 2009       | 2010       | 2011       | 2012       | 2013       |
| <b>Police</b>                               |               |            |            |            |            |            |            |            |            |            |
| Crime by type:                              |               |            |            |            |            |            |            |            |            |            |
| Homicide                                    | 0             | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| Forcible Rape                               | 0             | 4          | 2          | 4          | 2          | 4          | 0          | 5          | 1          | 4          |
| Robbery                                     | 3             | 2          | 4          | 1          | 1          | 2          | 3          | 1          | 0          | 0          |
| Assault                                     | 35            | 20         | 35         | 29         | 18         | 22         | 27         | 17         | 40         | 30         |
| Burglary                                    | 34            | 32         | 43         | 43         | 47         | 34         | 39         | 34         | 29         | 39         |
| Larceny                                     | 175           | 140        | 153        | 193        | 148        | 140        | 173        | 122        | 112        | 90         |
| Auto Theft                                  | 25            | 20         | 19         | 18         | 11         | 5          | 10         | 17         | 11         | 21         |
| <b>Total crime by type</b>                  | <b>272</b>    | <b>218</b> | <b>256</b> | <b>288</b> | <b>227</b> | <b>207</b> | <b>252</b> | <b>196</b> | <b>193</b> | <b>184</b> |
| Various enforcement statistics:             |               |            |            |            |            |            |            |            |            |            |
| Traffic Citations                           |               |            |            |            |            |            | 1,290      | 1,316      | 1,420      | 794        |
| Speed                                       |               |            |            |            |            |            | 716        | 810        | 864        | 410        |
| Stop Sign                                   |               |            |            |            |            |            | 45         | 60         | 56         | 86         |
| Red Light                                   |               |            |            |            |            |            | 10         | 16         | 18         | 14         |
| Cell Phones                                 |               |            |            |            |            |            | 97         | 125        | 71         | 70         |
| Total Arrests                               |               |            |            |            |            |            | 118        | 106        | 130        | 94         |
| Adult DUI                                   |               |            |            |            |            |            | 43         | 27         | 66         | 24         |
| Juvenile DUI                                |               |            |            |            |            |            | 4          | 1          | 1          | 0          |
| Non-Injury Collisions                       |               |            |            |            |            |            | 67         | 45         | 61         | 100        |
| Injury Collisions                           |               |            |            |            |            |            | 18         | 16         | 11         | 12         |
| Alcohol-Related Incidents                   |               |            |            |            |            |            | 179        | 142        | 188        | 213        |
| Drug-Related Incidents                      |               |            |            |            |            |            | 67         | 43         | 41         | 48         |
| Sr. Citizen-Related Incidents               |               |            |            |            |            |            | 97         | 98         | 101        | 101        |
| Domestic Violence                           |               |            |            |            |            |            | 5          | 7          | 19         | 14         |
| Saint Mary's College-Related Incidents      |               |            |            |            |            |            | 140        | 110        | 109        | 154        |
| Auto Burglaries                             |               |            |            |            |            |            | 33         | 19         | 15         | 6          |
| False Alarm Responses                       |               |            |            |            |            |            | 196        | 207        | 195        | 310        |
| <b>Public Works</b>                         |               |            |            |            |            |            |            |            |            |            |
| Potholes repaired (square miles)            |               |            |            |            |            |            |            |            | 9          | 9          |
| Street Sweeping (linear miles)              |               |            |            |            |            |            |            |            | 104        | 104        |
| Volume of material removed (cubic yards)    |               |            |            |            |            |            |            |            | 80         | 65         |
| Storm Drains:                               |               |            |            |            |            |            |            |            |            |            |
| Catch basins cleaned                        |               |            |            |            |            |            |            |            | 20         | 15         |
| Volume of material removed (cubic yards)    |               |            |            |            |            |            |            |            | 12         | 10         |
|   | Academic Year |            |            |            |            |            |            |            |            |            |
|   | 2005          | 2006       | 2007       | 2008       | 2009       | 2010       | 2011       | 2012       | 2013       | 2014       |
| <b>FUNCTION</b>                             |               |            |            |            |            |            |            |            |            |            |
| <b>Community Facilities</b>                 |               |            |            |            |            |            |            |            |            |            |
| Parks and recreation class offerings (c)    |               |            |            |            |            |            |            |            | 194        | 162        |
| Parks and recreation class participants (c) |               |            |            |            |            |            |            |            | 2,262      | 2,046      |

(a) FY 2012-13 was the Town's first CAFR publication, therefore not all prior year data is available.

(b) Crime statistics as reported to the Department of Justice.

(c) Parks and recreation data is based on an "academic year" of Fall through Summer.

*Source: Town Departments*

**TOWN OF MORAGA  
CAPITAL ASSET STATISTICS BY FUNCTION  
Last Ten Years**

| FUNCTION                      | (a) | Fiscal Year |      |      |      |      |      |      |      |       |       |
|-------------------------------|-----|-------------|------|------|------|------|------|------|------|-------|-------|
|                               |     | 2005        | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013  | 2014  |
| <b>Public Safety</b>          |     |             |      |      |      |      |      |      |      |       |       |
| Police stations               |     | 1           | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1     | 1     |
| Fire stations                 | (b) | 2           | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2     | 2     |
| <b>Public Works</b>           |     |             |      |      |      |      |      |      |      |       |       |
| Streets (miles of)            |     |             |      |      |      |      |      |      |      | 56    | 56    |
| Street lights                 |     |             |      |      |      |      |      |      |      | 974   | 976   |
| Traffic signals               | (c) |             |      |      |      |      |      |      |      | 9.5   | 9.5   |
| Storm drains pipes (miles of) |     |             |      |      |      |      |      |      |      | 30    | 30    |
| Storm drainage inlets         |     |             |      |      |      |      |      |      |      | 1,824 | 1,824 |
| <b>Community Facilities</b>   |     |             |      |      |      |      |      |      |      |       |       |
| Parks                         |     | 3           | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3     | 3     |
| Park acreage                  |     | 57          | 57   | 57   | 57   | 57   | 57   | 57   | 57   | 57    | 57    |
| Open space acreage            |     | 250         | 250  | 250  | 250  | 250  | 250  | 250  | 250  | 250   | 250   |
| Libraries                     | (d) | 1           | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1     | 1     |

- (a) FY 2012-13 was the Town's first CAFR publication, therefore not all prior year data is available.  
 (b) The Moraga-Orinda Fire District provides fire services.  
 (c) Moraga shares responsibility of one traffic signal located at Moraga Way @ Ivy Drive with the City of Orinda.  
 (d) Contra Costa County leases the Town's building and operates library services.

*Source: Various Town documents, including Adopted Budgets, General Plan, Parks & Recreation Master Plan, Lighting Assessment District Engineer's Report, GASB 34 Implementation Study*